



Because demand for the Transportation Infrastructure Finance and Innovation Act (TIFIA) credit program exceeds budgetary resources, the DOT is utilizing periodic fixed-date solicitations to establish a competitive group of projects to be evaluated against the TIFIA program statute, regulation, and objectives. Applicants must prepare a Letter of Interest using the format provided below.

Letters of Interest being submitted for this funding cycle are due by 4:30 p.m. ET on December 30, 2011. Applicants that submitted Letters of Interest for a prior fiscal year must resubmit using the current form to be considered. The total narrative for this letter should not exceed 20 pages, excluding any exhibits.

Applicants for Federal credit assistance for Federal fiscal year 2012 must compete at the Letter of Interest stage to secure an invitation to submit a formal application. As such, this Letter of Interest format incorporates requirements related to satisfying project fundamentals and addressing the statutory TIFIA evaluation criteria, as detailed in the November 2011 Federal Register. Please reference this Notice of Funding Availability and the TIFIA Program Guide for guidance on the TIFIA evaluation criteria and the application process.

After concluding its review of the Letters of Interest, the DOT will invite complete applications (including the Executive Summary, preliminary rating opinion letter and detailed plan of finance). The application due date will be established after consultation between the TIFIA JPO and the applicant. By submitting this Letter of Interest, the applicant certifies that if selected to submit a formal application and enter negotiations, the applicant will pay the required fees.

If you have any questions regarding completing this form, please contact Duane Callender at (202) 366-9644. Please complete all applicable information using this Letter of Interest form and attach this request via email to TIFIACredit@dot.gov by 4:30 p.m. ET on December 30, 2011.

A) Project Description. Describe the project, including its location, purpose, design features, estimated capital cost, and development schedule.

The Tappan Zee Bridge ("Bridge"), spanning the Hudson River 10 miles north of New York City, carries 50 million vehicles annually. In addition to being a major metropolitan New York transportation asset, the Bridge is a key economic generator for New York, New Jersey, Connecticut, and Southern New England. The Bridge must be replaced. The structure itself is three miles long and its interstate highway approaches are complex, making replacement a challenging undertaking. It is the only major crossing of the Hudson River for 50 miles north of New York City. Engineering and economic analysis has determined that replacement of the Bridge is now necessary to:

- Correct structural deficiencies that are requiring ongoing extraordinary maintenance,
- Address longstanding safety concerns, and
- Provide sufficient capacity to serve current usage safely and allow for future economic growth.

Safety and Congestion

The Bridge has accident rates that are twice that of comparable highways in New York State, in large part due to an abrupt change in grade between the causeway sections and the main span. To accommodate daily travel by 138,000 vehicles, 40% above the Bridge's original design capacity, utilization of the existing deck area has been maximized by using a movable barrier to create a reversible lane to meet peak hour requirements. As a result, the seven travel lanes do not include shoulders or emergency access lanes and any accident, breakdown or lane closure for maintenance results in long delays extending for miles both on the Bridge and its approaches. The existing structure and approach road configuration cannot be modified to add reserved capacity for transit service, introduce managed lanes, or provide for pedestrian and bicycle access.

State of Good Repair

Deterioration of the existing structure has required costly and disruptive heavy maintenance, including ongoing deck replacement. Since the late 1980's, approximately \$700 million in New York State Thruway Authority funds has been spent on capital repairs beyond regular maintenance of the Bridge - no Title 23 federal assistance has been spent for these



repairs. It is estimated that over the next decade, between \$1.0 and \$1.5 billion will be necessary to maintain the Bridge in a state of good repair. Despite this potential investment, the Bridge still could suffer lane closures and possible imposition of weight restrictions while remaining vulnerable to seismic events, vessel collisions, and shut-downs due to high winds. Ongoing engineering studies have determined it is not financially feasible to extend the useful life of the existing structure or correct its seismic and other design deficiencies.

Regional Significance

An origin-destination survey revealed that one-third of the eastbound traffic over the Bridge originated in New Jersey or points farther away, and one in six vehicles was traveling to Connecticut and other parts of the Northeast. Any weight restrictions or closure of the Bridge would have severe impacts on the movement of goods throughout the Northeast Region, including access to the Port of New York and New Jersey. Losing any functional capacity of the Bridge, either temporarily or permanently will trigger deep economic and livability impacts over the entire New York Metropolitan Area and Southern New England because alternative routes are distant and currently over capacity. The regional planning agency, the New York Metropolitan Transportation Council ("NYMTC"), is projecting that the corridor served by the Bridge will experience a 17% increase in population and a 33% increase in jobs over the next 30 years.

The new Bridge will be designed to provide:

- At least a 100-year design life with lower operating and life-cycle costs,
- Four travel lanes in each direction to match the highway approaches on either side of the Hudson River,
- A structural envelope that will not preclude the introduction of future transit modes, including commuter rail and/or Bus Rapid Transit service,
- Conformance with current seismic, safety and geometric requirements,
- Adequate shoulders to properly manage traffic incidents and emergencies,
- Open road tolling and reconfigured toll plazas to reduce barrier-related congestion, and
- Accommodation for bike/pedestrian use.

Exhibit 1 provides maps of the project area and Exhibit 2 highlights the regional significance of the Bridge with a depiction of traffic origins and destinations.

Final design and initial construction activity is anticipated to begin in 2012, with the replacement Tappan Zee Bridge open for operations in approximately 2017. The Project is estimated to cost between \$5.0-6.0 billion in year-of-expenditure dollars. This application will use the more conservative cost of \$6.0 billion.

B) Project Participants. Describe the overall organizational structure for the project. What entity (i.e., public-sector agency/authority or private-sector company) will serve as the applicant? Will the applicant and the borrower be the same entity? Who are the members of the project team?

Name of Applicant/Borrower:

The New York State Thruway Authority ("Authority") will be the applicant and the borrower.

Organizational Structure:

The Authority, created in 1950, is the owner of the Bridge. The Authority is empowered under law to construct, improve, operate and maintain the Thruway System and independently establish, set and collect tolls. The Authority is governed by a Board of seven members appointed by the Governor of the State, with the advice and consent of the State Senate, and each member serves for a term of nine years. The Authority is one of the oldest and most recognized of the nation's toll agencies and has consistently maintained high levels of patron safety, customer service and financial strength.

The Authority is undertaking the Project as a collaborative initiative with the New York State Department of Transportation ("NYSDOT"). While the Authority will enter into the design/build contract and will be the borrower for TIFIA assistance, a dedicated project team is being formed to manage the procurement and construction of the Project. Key managerial positions within the project team will be drawn from seconded employees of public agencies within the New York metropolitan area, potentially including the Authority, NYSDOT, the New York Metropolitan Transportation Authority, the Port Authority of New York and New Jersey, and the New York State Bridge Authority, among others. The project team



will continue to utilize support from FHWA, including national experts to lead a Peer Advisory Group. The in-house project team will be supported by consultant assistance. A more detailed description of the project team will be provided in the TIFIA application.

Project Website or Applicant/Borrower Website:

www.thruway.ny.gov

www.TZBSite.com

C) Proposed Financing. Describe the plan of finance. State the proposed sources and uses of funds for the project, including the type and the amount of credit assistance sought from DOT. Identify the source(s) of revenue or other security that would be pledged to the TIFIA credit instrument. Address the status of any revenue feasibility study.

Sources and Uses of Funds:

TIFIA loan assistance of \$2.0 billion is requested, representing up to one-third of the assumed total project cost of \$6.0 billion in year-of-expenditure dollars. This preliminary total project cost estimate is at the higher end of the potential range under study and includes: the design/build contract, right of way, interest during construction, owner's costs (contingency, construction inspection, etc.) and eligible costs incurred over prior years. NYSDOT and the Authority (combined, "the Agencies") are undertaking an update of Project costs based upon continuing engineering and geotechnical testing that will be the basis for the plan of finance provided in the TIFIA application.

Recognizing the large amount of the TIFIA loan request, the Authority is requesting a multi-year commitment of TIFIA loan assistance similar to a Federal Transit Administration Full Funding Grant Agreement where the Authority would accept the risk of reauthorization and future Congressional appropriations. The Authority is also prepared to submit applications under future TIGER TIFIA solicitations. TIFIA loan assistance is critical to financing the Project at a cost that is affordable to toll payers using the Tappan Zee Bridge.

Type of Credit Assistance: Direct loan

Amount: \$2.0 billion

Description of Revenue Source(s) Pledged to Repayment:

The TIFIA Loan Assistance will be secured by a system-wide general revenue bond pledge of Authority revenues. The Project is expected to be funded from Bridge revenues, but the creditworthiness of the Project will benefit from the system-wide pledge of Authority revenues. In 2011, the Authority will collect \$130 million in revenue on the Bridge and \$660 million system-wide.

The Thruway Authority Board has the statutory authority, and has covenanted with its bond holders, to raise tolls as necessary to meet its financial obligations. The Authority's toll setting powers are not subject to other governmental approvals and a series of toll increases has been enacted by the Board in recent years. Despite these toll increases, the Authority's toll rates remain among the lowest of its peer agencies, leaving significant capacity for future adjustments to fund the Project while continuing to maintain and improve other portions of the Thruway system.

The interstate highway and bridge system along the Hudson River offers limited diversion alternatives. The George Washington Bridge to the south is already overcrowded; the four-lane, twin span Newburgh-Beacon Bridge (itself in need of a \$100 million deck replacement), is 40 miles to the north; and the two-lane Bear Mountain Bridge which lies in between, lacks direct connections to the interstate highway system. As noted in the project description, the Bridge carries 138,000 vehicles per day and serves a strong, growing market. These factors, combined with significant efforts to contain operating costs and a commitment to maintaining the overall Thruway system in a state of good repair, have contributed to the Authority's healthy financial condition and favorable outlook, as evidenced by its strong credit ratings (A1 from Moody's and A+ from Standard and Poor's).

While the Authority's Fiscal Management Guidelines call for a minimum 1.50X coverage on senior debt, the financing plan assumes that coverage will be maintained at a level that preserves the current senior lien rating. In addition, the plan of



finance assumes a subordinated tranche of TIFIA debt supported by 1.10 – 1.20X in system-wide debt service coverage. The TIFIA loan will be payable from funds available after Operations and Maintenance, Senior Lien Debt Service, Junior Lien Debt Service and the fulfillment of all reserve obligations for senior and any junior lien debt.

In addition to the pledged system-wide revenues, the State of New York will evaluate the need for potential credit enhancements to improve the credit rating for the requested TIFIA Loan and to ensure sufficient resources exist to meet the repayment of the debt. The current credit ratings on New York State's General Obligation bonds, one indicator of the State's general financial condition, are AA by Standard and Poor's, AA by Fitch Rating Services and Aa2 by Moody's.

D) Satisfaction of TIFIA Selection Criteria. Summarize the potential benefits to be achieved through the use of a TIFIA credit instrument with respect to the TIFIA selection criteria. A project that has a negative effect on safety or environmental sustainability needs to demonstrate significant merits in other components to be selected for funding.

Significance (also address issues related to the project's impact on: livability (providing transportation options linked with housing and commercial development to improve the economic opportunities/quality of life in U.S. communities); economic competitiveness (improving the long-term efficiency and reliability in the movement of people and goods); and safety (improving the safety of U.S. transportation facilities and systems and the communities and populations they impact.):

The Project is an unprecedented state of good repair undertaking to preserve and enhance a vital link in the regional and national transportation network that has reached the end of its useful life. The Bridge is operating at 40% above its original design capacity. As noted above, the configuration of the connecting road system and the topography allow few alternative routes for commuters and through traffic. Constraints on the network of approach roads limit capacity enhancement, resulting in a replacement bridge whose primary benefits are system preservation, safety, and increased reliability. The Bridge is a vital truck route between New England, the Port of New York and New Jersey and points south and west.

Rockland and Westchester Counties have grown considerably in population and employment over the last 60 years. During this period, the population of Rockland County more than tripled from 89,000 to 299,000, while Westchester County's population increased by 53% to 962,000. A further 19% increase in these two counties' population is forecast by NYMTC in the next 30 years. Commercial development in Westchester County has surged, with corporate headquarters relocating to the county, especially the White Plains area. The number of jobs in just the two counties at each end of the Bridge is anticipated by NYMTC to grow 36% by 2040. More than 10% of traffic on the Bridge also serves Orange County, the fastest growing county in New York State. Beyond its local service area, about one-third of the Bridge traffic involves travel to New Jersey and more than one-sixth is headed to Connecticut and southern New England.

The Bridge currently carries several major State-supported commuter bus services including the Tappan Zee Express and the Orange-Westchester Link (OWL). In addition, the State supports additional bus segments to New York City along the State Route 9W and State Route 17 corridors to help mitigate bridge congestion during daily peak travel periods. These services provide more than 1.3 million trans-Hudson commuter trips annually and are made possible through the State's commitment of \$9 million in annual operating support. Designs for the Project will not preclude future Bus Rapid Transit and commuter rail improvements. Without a replacement bridge, it will be impossible to enhance future transit alternatives along the I-87/287 corridor.

The Project also will improve recreational and local commuting opportunities by providing a new bicycle and pedestrian route across the Hudson River, potentially linking to Metro-North commuter rail service at Tarrytown.

Private Participation:

After many years of debate, the State adopted design/build legislation in December, 2011 and the Authority will implement the Tappan Zee Replacement Project utilizing this innovative project delivery mechanism. The Project will be the Authority's first major design/build undertaking and will serve as a showcase for future efforts. It is anticipated that use of the design/build method will allow significant construction risks to be shared with private partners, accelerate project delivery, open opportunities for innovative designs, and demonstrate the use of non-traditional project delivery methods on one of the largest and most visible transportation construction projects in the U.S.



Governor Andrew M. Cuomo and the New York State Legislature have identified accelerating infrastructure investment as a key priority for the upcoming legislative session and the Project will benefit from any private initiatives that emerge from these discussions.

Environment (also address issues related to sustainability (improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions and reducing other transportation-related impacts on ecosystems, including the use of tolling or pricing structures to reduce or manage high levels of congestion on highway facilities and encourage the use of alternative transportation options); and state of good repair (improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize lifecycle costs and use environmentally sustainable practices and materials):

As noted in the Project Description, the Project is a massive state of good repair undertaking. Building the new bridge to current standards will reduce energy usage and vehicle emissions caused by accidents and traffic incidents while improving the reliability of mobility and not precluding the opportunity for future bus and other long-term transit improvements..

The Project will encourage use of emerging technologies and materials to decrease life-cycle costs. Construction contracts will encourage the use of recycled materials and renewable fuels in order to substantially reduce greenhouse gas (GHG) emissions during construction. Modern engine technologies also will be required to reduce emissions from construction activities. The Project will be consistent with the New York Climate Action Plan and smart growth regulations.

Project Acceleration:

The Project is listed by the Obama Administration as one of 14 infrastructure projects to be expedited through the permitting and environmental review processes (October 11, 2011). The Agencies expect publication of the Draft Environmental Impact Statement (“EIS”) in January 2012, the Final EIS in July 2012, and the Record of Decision in August 2012. The TIFIA Loan will permit the Authority to continue the rapid pace of accomplishments noted in the table below by entering into a single, multi-billion dollar, design/build contract to accelerate delivery of the Project over conventional, design-bid-build methods. A Request for Qualifications for design/build teams was issued on November 21, 2011 and responses are due on January 10, 2012. A short-list will be announced on January 31, 2012, a preferred bidder will be selected in July 2012, and the contract is due to be executed in August 2012. The Federal Highway Administration is reviewing the procurement documents and contract modifications will be incorporated as the TIFIA, environmental and procurement processes advance in parallel.

| Action | Traditional | Actual |
|---|--------------------|---------------|
| Begin / Close Scoping after NOI | 3 – 9 months | < 6 weeks |
| Convene meeting of Cooperating Agencies | 3 – 6 months | < 2 weeks |
| Secure Cooperative Agreement / Coop Agencies | 2 months | < 2 weeks |
| Revise DEIS / Submit for preliminary review | 9 –12 months | < 3 months |
| Engage Agencies for Permits | After ROD | Ongoing |
| Develop Advanced Geotechnical Testing Program | 6 – 9 months | < 2 months |
| Advertise / Award Boring Contract | 6 months | 6 weeks |
| Advertise / Procure Pile Materials | 6 months | 6 weeks |
| Prepare PS&E for Pile Installation | 6 months | 6 weeks |
| Solicit and designate Financial Advisor | 6 – 9 months | < 6 weeks |

Creditworthiness (to the extent information is available at this stage):

As discussed in the Description of Revenue Sources, while the Bridge will be financially self-sufficient, it is the intent of the Authority to structure the TIFIA Loan to benefit from the use of a system-wide pledge of the Authority and any potential credit enhancement from the State.

Use of Technology:

World-class design/build teams are currently being formed and it is anticipated that reliance on performance specifications will bring forward innovative methods and solutions to the complexities of the Project. The 3-mile length of the Bridge,



complex ground conditions for foundations, the potential width of the structure, the limited land area available at the landing points, and environmental considerations all will require innovative solutions in order to optimize cost and meet rigorous performance specifications.

Budget Authority (to the extent information is available at this stage):

As indicated in the Proposed Financing section above, it is the intent of the Authority to limit the impact of the request for TIFIA loan assistance on the Federal Highway Administration's budget authority through a plan of finance that permits the full TIFIA loan to be realized over several fiscal years, in a manner similar to a Federal Transit Administration Full Funding Grant Agreement. This may be accomplished through a single loan agreement, with out-year loan closings or future loan draws subject to appropriations (and passage of reauthorizing legislation) by Congress, or a series of staged approvals. In addition, the Authority is prepared to submit applications for TIGER TIFIA loan assistance under future application cycles.

The Authority is fully empowered to undertake the Project from its system-wide toll revenues and no further legislation or authorization is required, other than the necessary permits and environmental approvals.

Reduced Federal Grant Assistance:

The Tappan Zee Bridge and the Thruway system are self-supporting from toll revenues (federal funds represent approximately 0.3% of the Authority's budget). The TIFIA Loan will permit a reduced need for future federal grant assistance for the replacement project, or for extraordinary repairs on the current bridge that could result from seismic or other events it is not designed to withstand.

E) Environmental Review. Summarize the status of the project's environmental review. Specifically, discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision or whether a draft Environmental Impact Statement has been circulated.

FHWA, as lead federal agency, published a notice of Intent on October 12, 2011 in the Federal Register. An agency scoping meeting was held in late October 2011 followed by public meetings in early November 2011. An administrative draft of the EIS is under review by State and federal cooperating agencies. Publication of the Draft EIS for public review and comment is expected in January 2012 with a Final EIS in July 2012. A National Environmental Policy Act Record of Decision is anticipated in August 2012. An extraordinary and unique partnership exists between FHWA and project participants that includes regular meetings and rapid response protocols to address issues in real time.

F) Other Information. Briefly discuss any other issues that may affect the development and financing of the project, such as community support, pending legislation or litigation.

Enactment of design/build legislation at a special session of the Legislature in December 2011 is a major accomplishment that has removed a key risk from the Project. No further legislation is required to undertake the procurement that is now in progress for a design/build contractor. The Project is vital to adjacent communities and enjoys strong support from the entire multi-state region. There is no litigation pending.

G) Is the project consistent with the State Transportation Plan and, if applicable, the metropolitan plan?

☐ No

☒ Yes

☐ Not applicable

Please briefly elaborate. The Project is not yet included in the Transportation Improvement Plan ("TIP") or the State Transportation Improvement Plan ("STIP"); however, it will be added as soon as the financial plan is finalized.



H) Is the project prepared to submit an application for TIFIA assistance within a short timeframe after receiving an invitation from the TIFIA JPO? What factors could impact this timetable?

Yes, the Authority is prepared to submit a complete loan application immediately based upon the plan to execute the design/build contract in August, 2012. Updating the project cost is a key schedule driver, with an FHWA risk analysis now contemplated for April, 2012. In addition, the Authority must refinance its outstanding Bond Anticipation Notes by July 2012 and the plan of finance for the Tappan Zee Replacement Project will be a critical component of the Authority's system-wide plan of finance analyzed by the rating agencies, as well as its many stakeholders.

I) Please provide any additional information necessary.

The Project is likely to be among the largest job-creating infrastructure undertakings in the nation. Innovative design characteristics and delivery methods are expected to result in a Project that will favorably impact transportation and livability in a large section of the Northeastern United States for generations. Direct jobs will result from construction and indirect jobs will be created through manufacturing opportunities fostered by Buy America contract provisions.

J) Identify a key contact person with whom all communication should flow.

Name: John M. Bryan
Title: Chief Financial Officer, New York State Thruway Authority
Street Address: 200 Southern Boulevard
City/State: Albany, NY 12201-0189
Phone: 518-436-2820
Fax: 518-471-5974
E-mail: John.Bryan@thruway.ny.gov

K) Additional information requested.

DUNS: 002429355
Project Location:
State: New York County: Rockland and Westchester City: South Nyack, Grandview-on-Hudson, Orangetown, Tarrytown
Congressional Districts Impacted by the Project: NY 17, NY 18
Type of Jurisdiction (e.g., rural, urban): Urban

Fees. The undersigned certifies that, if invited to submit a formal application, payment of a non-refundable \$50,000 application fee will be made to the DOT concurrent with the application submission. For projects that enter credit negotiations, the undersigned further certifies a transaction fee will be paid at closing or, in the event no final credit agreement is reached, upon invoicing by the DOT, in the amount equal to the actual costs incurred by the DOT in procuring the assistance of outside financial advisors and legal counsel. This fee is due whether or not the loan closes.

Debarment. The undersigned certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment and Suspension Regulations: 49 C.F.R. Part 29).

Default/Delinquency. The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.



Signature: By submitting this Letter of Interest, the undersigned certifies that the facts stated herein are true, to the best of the applicant's knowledge and belief after due inquiry, and that the applicant has not omitted any material facts. The undersigned is an authorized representative of the applicant.

Submitted by:

Applicant/Borrower Name: s/s John M. Bryan

Title: Chief Financial Officer

Organization: New York State Thruway Authority

Date: December 30, 2011

Please attach any relevant documents (e.g., maps, organization charts, etc.).



Exhibit 1

Project Context

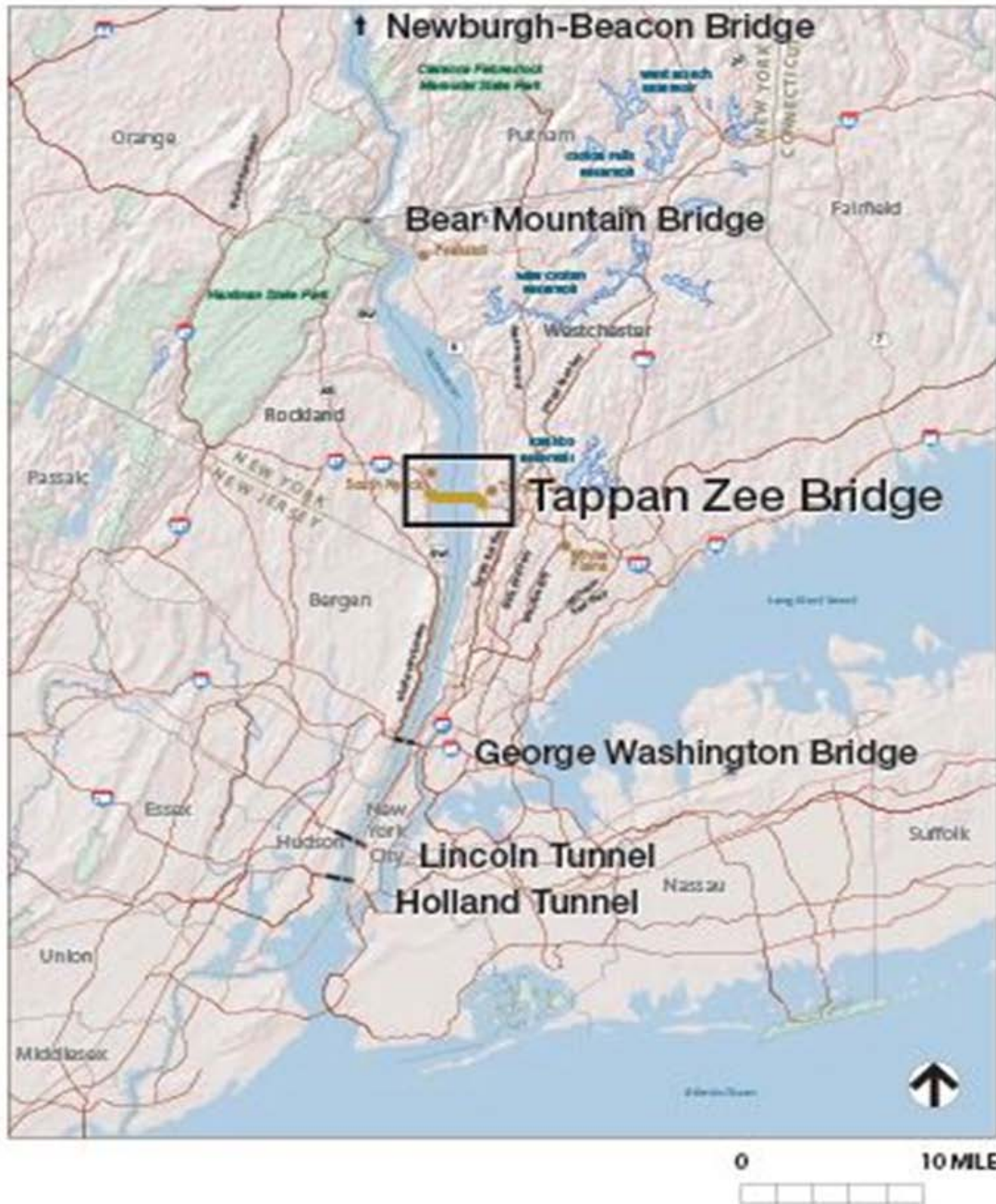




Exhibit 1, continued

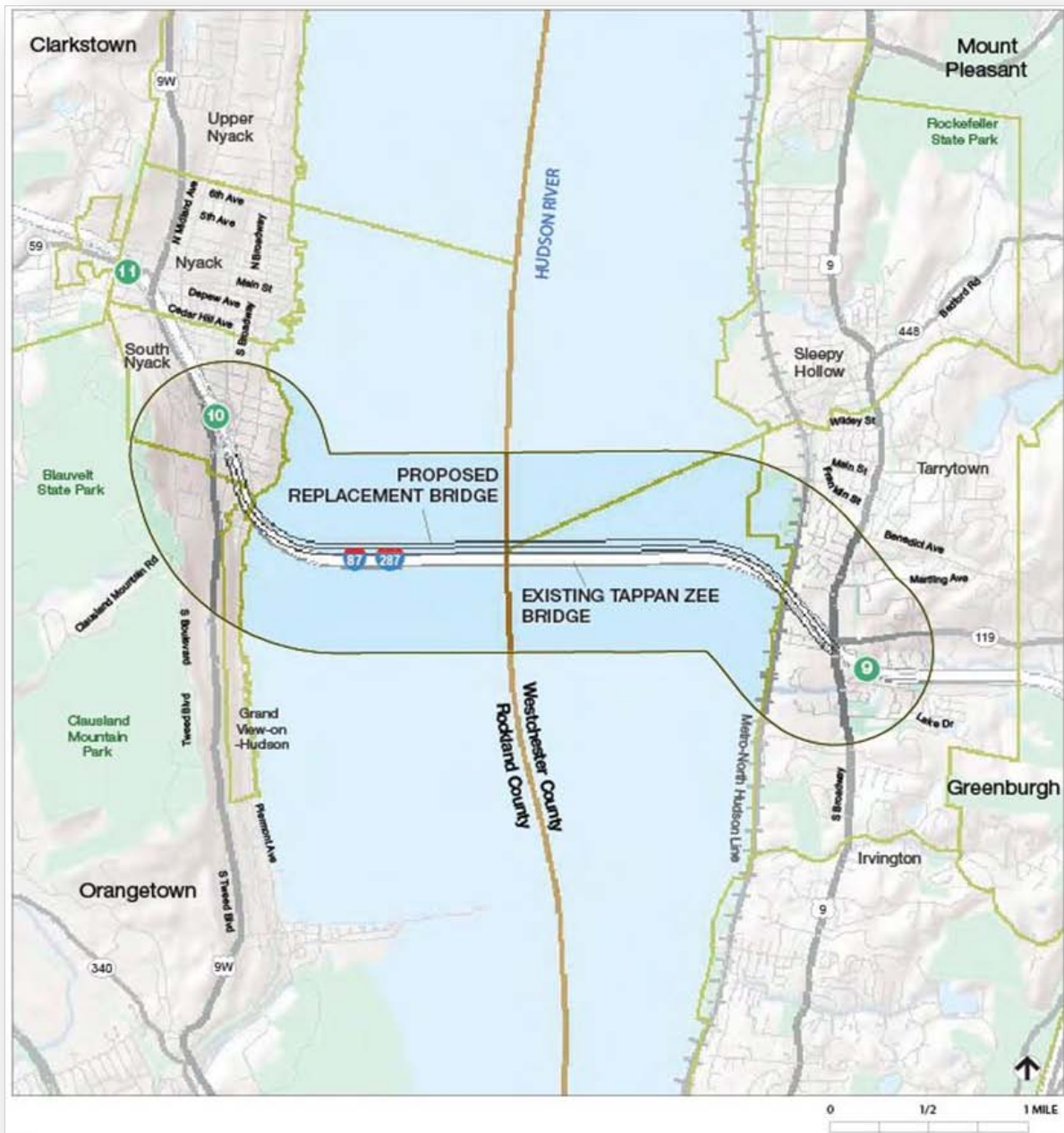




Exhibit 2

Tappan Zee Bridge Regional Origins and Destinations

