COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION
OFFICE OF PUBLIC-PRIVATE PARTNERSHIPS
1401 E Broad St, Richmond, VA 23219

Charles A. Kilpatrick, P.E.
Commissioner

September 23, 2016

RE: Transform 66 P3 Project – Final RFP Addendum #2 Statement of Clarification

To Whom it May Concern:

With respect to its Final Request for Proposals ("Final RFP"), issued by the Virginia Department of Transportation (the "Department") on July 29, 2016, Addendum #1 issued August 19, 2016, Addendum #2 issued September 12, 2016, the Department makes the following Statement of Clarification:

- Section 5.12.4.1 of the Instructions to Proposers ("ITP") has been amended to clarify that "All Benchmark Rates and credit spreads provided by the Proposer shall be priced as of 10:00 a.m. Eastern Daylight Time on the date of submittal."

- Section 1.5.1 of the ITP has been amended to include the following in the definition of Financial Proposal Escrow Documents: Tabs D3, D7 and D9 of the Financial Proposal.

- ITP Exhibit C, Sections 6.4 and 6.5 have been amended as reflected in Appendix A, attached hereto.

- ITP Forms K-1 and K-2 have been revised to reflect (1) that delivery of the Proposal Security and the Financial Close Security will be to the Department's Chief Financial Officer, and (2) that any sight drafts of the Proposal Security and the Financial Close Security will be signed by the Department's Chief Financial Officer.

- Proposers need not include ITP Form M in their Proposals. Proposers either may submit a blank Form M, or ignore submittal requirements related to Form M.

- Exhibit A to the Comprehensive Agreement ("CA") has been amended to alter the definition of Refinancing Gain to replace reference to an Exempt Refinancing under "clause (a) of the definition of Exempt Refinancing" with "Section 7.08(c)(ii)."

- CA Exhibit H has been revised as reflected in the attached Appendix C.

Redline pages showing the above changes to the ITP and amended Forms are attached hereto as Appendix A. Redline pages showing the above changes to the CA are attached hereto as Appendix B.

The Department looks forward to receiving and reviewing your Proposals as we continue in the procurement process.

Sincerely,

Dr. Morteza Farajian
Virginia Office of Public-Private Partnerships

APPENDIX A

"**Executive Summary**" has the meaning set forth in Exhibit B, Section 3.1.

"**Financial Model**" means the tool described at Section 6 of Exhibit C that a Proposer shall use to calculate projections in support of its Financial Proposal.

"**Financial Model Audit**" has the meaning set forth in Section 5.12.3.

"**Financial Model Auditor**" has the meaning set forth in Section 5.12.3.

"**Financial Proposal**" means the portion of the Proposal described in Exhibit C.

"**Financial Proposal Escrow Documents**" means the following tab references as set forth in ITP Exhibit D relating to submission of the Financial Proposal: Tab C1 ("Range of Financing Sources"), Tab C6 ("Feasibility of Financing Plan"), Tab D1 ("Financial Model Outputs"), Tab D2 ("Financial Model Scenarios"), Tab D**3 ("Financial Model Assumptions Book"), Tab D**4 ("Financial Model Instructions Guide"), Tab D5 ("Detailed Costing Form – Form N"), Tab **D7 ("Preliminary Independent Model Auditor Report"), Tab D9 ("Financial Model Summary Tables"), Tab** E1 ("Financial Request/Offer - Form J-1"), Tab E2 ("Support for Corridor Improvements - Form J-2") and Tab E3 ("Revenue Sharing Payments – Form T").

"**Financially Responsible Party**" has the meaning set forth in Exhibit C, Section 4.1.

"**Financing Plan**" means the information that Proposers must provide pursuant to Section 5 of Exhibit C.

"**Indicative Rating Base Case**" means the base case that produces the more conservative debt sizing profile, as prepared by a Rating Agency that is utilized to established the indicative rating for the Senior Developer Debt and the TIFIA loan.

"**Indicative Rating Case"** means the low case that produces the more conservative debt sizing profile, as prepared by a Rating Agency that is utilized to establish the indicative rating for the Senior Developer Debt and the TIFIA loan.

"**Indicative TIFIA Term Sheet**" has the meaning set forth in Section 1.8.2(a).

"**Innovative Financial Concepts**" or "**IFCs**" means the concepts described in Section 3.5.

"**Instructions to Proposers**" or "**ITP**" means the documents and information contained in Volume I and described in this ITP.

"**Key Personnel**" means the individuals designated by a Proposer pursuant to Exhibit B, Section 3.2.5.

"**Lead Underwriter**" has the meaning set forth in Section 1.8.2(b).

"Lenders' Base Case" means the base case prepared by the Lender's Traffic Advisor in connection with the underwriting of the initial Senior Developer Debt.

regarding a Proposer's submittal, the Department may extend the date by which it must approve the selected indices and Benchmark Rate(s), as the case may be, while it addresses the clarification or issue with such Proposer and, assuming and following the resolution thereof, the approved indices and Benchmark Rate(s), as the case may be, shall be included in the Proposal (and the delay in approval shall not affect other deadlines set forth in Section 1.6.1), *provided*, that such resolution occurs prior to the Proposal Due Date.

Prior to the required submission of Benchmark Rates that the Proposer intends to use in the Financial Model as specified in Section 1.6.1, the Proposer will be required to submit a draft submittal of the Benchmark Rates with supporting information ("Draft Submittal – Benchmark Rates"), so that the Department can provide approval to the Proposers on the debt instruments and the corresponding Benchmark Rates being used. The timing for the draft submittal is indicated in Section 1.6.1. Proposers will provide the Draft Benchmark Rates in a draft version of Form O.

The Benchmark Rate(s) submitted by Proposers must be independently verifiable by the Department using Bloomberg U.S.-based screens or another independently verifiable source acceptable to the Department, as appropriate. Pricing should not assume any forward component.

In the case of a bank or private placement financing, the Department reserves the right to request additional information if needed to verify the submitted Benchmark Rate(s). ~~**Any bank debt, private placement or TIFIA financing**~~**All Benchmark Rates and credit spreads** provided by the Proposer shall be ~~**(i)**~~ priced as of 10:00 a.m. Eastern Daylight Time on the date of submittal. In the case of bank financing, it should be priced without any swap margin. In addition, Proposers must provide, at a minimum, detailed supporting documentation on the relevant date set forth in Section 1.6.1, in order for the Department to verify the Benchmark Rate(s), such as step-by-step screenshots on Bloomberg or any price calculations.

Proposer shall use Form O for purposes of the Benchmark Rate submittal. The Comprehensive Agreement sets forth the process, mechanics and constraints on any applicable market interest rate adjustment.

5.12.4.2 Credit Spread Adjustment

As provided in Section 7.06(b)(ii) of the Comprehensive Agreement, the Department will bear a certain level of risk and benefit of changes in credit spreads (either positive or negative) with respect to a PABs financing or any capital markets financing the Department approves in writing. The Comprehensive Agreement sets forth the process, mechanics and constraints on any applicable adjustment of the Public Funds Amount due to changes in credit spreads.

On the relevant date and time specified in Section 1.6.1, each Proposer must submit to the Department for approval the credit spreads that the Proposer intends to use in the Financial Model supporting its Financial Proposal. As part of this submittal, Proposer shall provide its bond maturities and credit rating assumptions, market comparables and/or other supporting data. Proposer shall use Form O for purposes of the credit spread submittal. Depending on the

(l) Appropriate reserves as required by Lenders' term sheets, which may include a debt service reserve account and a maintenance reserve account. The Department will expect the Financial Model to incorporate the benefit of interest earned on all Developer cash balances; and

(m) The impact of all claims for tax allowances made by the Proposer.

6.3.4 Financial Model Functionality and Sensitivity Analysis

Each Financial Model is to provide the ability to run sensitivities to absolute or percentage changes, whichever is appropriate, in each of the following areas:

(a) traffic and revenue;

(b) inflation rates;

(c) interest rates;

(d) capital costs; and

(e) operating cost, maintenance cost and rehabilitation costs.

Running a sensitivity analysis only shall require change to a single model input. The Department anticipates that when an input variable is changed, the effect will flow through the model to all relevant outputs (subject to re-optimization of the Financial Model through the use of a macro, if applicable). Major variable cost items (e.g. toll collection costs) must dynamically adjust when running sensitivities.

6.4 Financial Model Scenarios

Each Financial Model is to provide and include the Financial Model ~~**Inputs, Outputs and Specifications**~~**inputs, outputs and specifications** for the following **six (6) modeling** scenarios:

(a) "Bid Case" (the case on which the Public Funds Amount or Concession Fee for the Financial Proposal will be based) **("Scenario 1")**; and the

(b) Lenders' base scenarios to assess compliance with the ~~**requirements of**~~**covenants referenced in relation to the Base Case Financial Model (as defined in** the Indicative TIFIA Term Sheet ~~**as it relates to the TIFIA Base Case Financial Model**~~**)**:

i. Lenders' Base Case scenario (based on the Lenders' Base Case traffic and revenue and reflecting Lenders' ~~**Technical Advisor's**~~**technical advisor's** considerations, and excluding all refinancings) **("Scenario 2")**;

ii. Indicative Rating Base Case (based on the ~~**Indicative Rating Base Case**~~**base** traffic and revenue **projections referenced in Exhibit C,** Section 6.5(d)ii and reflecting any other Rating Agency assumptions) ("Scenario 3");

~~Compliance with the TIFIA base case revenue assumptions indicated under the table entitled "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet is not required for the submission of a compliant Financial Proposal. However, protection on changes in the Assumed TIFIA Financial Terms will be based on the relevant provisions of Exhibit H of the Comprehensive Agreement.~~

(c) Lenders' ~~Low Case and Indicative Rating Case as referenced in the TIFIA Term Sheet~~stress cases to assess compliance with the ~~requirements of~~downside covenants referenced in the Indicative TIFIA Term Sheet~~ as it relates to the TIFIA Base Case Financial Model~~:

i. Lenders' Low Case scenario (Lenders' Base Case scenario using the Lenders' Low Case traffic and revenue) ("Scenario 4"); ~~and~~

ii. Indicative Rating Case (Indicative Rating Base Case using the ~~Indicative Rating Case~~low traffic and revenue~~).~~ projections referenced in Exhibit C, Section 6.5(d)ii) ("Scenario 5"); and

~~Submission of a P90 scenario as indicated under the table entitled "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet is not required for the submission of a compliant Financial Proposal. However, protection on changes in the Assumed TIFIA Financial Terms will be based on the relevant provisions of Exhibit H of the Comprehensive Agreement.~~

iii. A scenario based on the Proposer's traffic and revenue advisor's base case that also includes at least the TIFIA base case revenue assumptions (as indicated under "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet) stressed at the P90 level ("Scenario 6"). If a traffic and revenue advisor is not employed by the Proposer, the Proposer must either (i) provide a letter from the Lenders' Traffic Advisor confirming that the traffic and revenue projections provided by the Proposer approximates a P90 case, or (ii) use a scenario based on the Proposer's traffic and revenue base case that also includes at least the TIFIA base case revenue assumptions (as indicated under "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet) and stressed by the Lenders' traffic advisor at the P90 level.

6.5 Financial Model Assumptions Book

Proposers shall submit an Assumptions Book describing fully all the assumptions underlying the financial projections within each Financial Model and at a minimum include the items listed below:

(a) Dates as listed in the RFP documents;

(b) Assumptions relating to general inflation and, where different, specific inflation relating to each component of expenditure, including construction costs and revenue for each year;

(c) Depreciation assumptions – split between the various categories of fixed asset;

(d) Traffic assumptions underlying the revenue forecasts including the following reports or information:

i. Lender's ~~Traffic Revenue~~traffic revenue report (including assumptions for base and low cases);

ii. ~~Revenue projections used by Ratings Agencies to determine the~~From one Rating Agency, base and low ~~cases~~revenue projections developed by it and used to determine its indicative credit rating;

iii. The Proposer's traffic and revenue advisor's report on the base case and the traffic and revenue projections used in Exhibit C, Section 6.4(c)iii with supporting information;

~~iii. If the traffic and revenue projections in the Lender's Base Case do not reflect the TIFIA base case revenue assumptions indicated under "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet and the revenue projections in the Lender's Low Case do not reflect a P90 scenario, provide the following two scenarios of traffic and revenue projections, supported with data and assumptions used, developed by each Proposer's independent traffic and revenue advisor:~~

~~A. A base case that complies with the TIFIA base case revenue assumptions indicated under "TIFIA Modeling" in Schedule 2 of the Indicative TIFIA Term Sheet; and~~

~~B. A P90 scenario;~~

(e) Lender's ~~Technical Advisor Report~~technical advisor report;

(f) Average actual tolls for each year of the term of the Comprehensive Agreement; and

(g) All financing assumptions, including but not limited to drawdowns, capital repayment moratoria, repayment schedules and maturity, interest rates and margin, and arrangement and other fees (all must be referenced to the relevant credit provider term sheet).

Any third party reports developed to support the **above required** revenue and cost estimates used in developing the financial offer shall be appended to the Assumptions Books.

6.6 Financial Model Instructions Guide

Proposers shall provide details of how each Financial Model operates. Such details shall include identifying all worksheets and describing their respective functions.

The instructions shall include step by step instructions on the procedure to run and to optimize each Financial Model, including any constraints imposed by the credit providers on results of downside sensitivities. The instructions shall also explain how to print the model.

6.7 Detailed Cost and Pricing Data

Proposer shall complete Form N for Phase 1 scope. Form N shall be included in the Financial Proposal and shall be clearly labeled. Mobilization Costs to be included on Form N shall not exceed $50 million. The Proposer shall provide the detailed back-up information regarding the basis for the Proposer's cost estimates for development, operations and maintenance of the P3 Project, meeting all requirements of this Section 6.7 (the "Cost and Pricing Data"). The Cost and Pricing Data shall be separately sealed, and shall include copies of all offers and all data and information received from all Contractors (at all tiers) identified in the Proposal and any other potential Contractors that provided data and information used as the basis for Form N. The Cost and Pricing Data shall include supporting data, technical memoranda, calculations, formulas, unit and materials prices (if applicable) and such other cost, charge and fee information used by Proposer in the creation and derivation of its Proposal. The Proposer shall submit its Cost and Pricing Data in hard copy and whenever possible shall also provide electronic copies. The Proposer shall submit the Cost and Pricing Data in such format as is used by the Proposer and its Contractors in connection with the Proposal. The Cost and Pricing Data provided with the Proposal shall be personally examined by an authorized officer of the Proposer, who shall ensure that they meet the requirements of this Section 6.7 prior to delivery.

6.8 Inclusion of IFCs

The Proposer specifically must state whether any approved IFCs are included, with reference to the IFC identification number assigned by the Department, and shall describe how the IFC is used and provide cross-references to other elements of the Proposal that are affected by the IFC.

FORM K-1
PROPOSAL LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

ISSUER	[•] [*Name and address of banking institution with offices in the City of New York, New York or the City of Richmond, Virginia*]
PLACE FOR PRESENTATIO N OF DRAFT	[*Name and Address of Bank/Branch—Must be in the City of New York, New York or the City of Richmond, Virginia unless otherwise approved by the Department*]
APPLICANT	[•]
BENEFICIARY	VIRGINIA DEPARTMENT OF TRANSPORTATION 1401 EAST BROAD STREET RICHMOND, VA 23219 ATTN: ~~[•]~~**JOHN LAWSON, VDOT CFO**
PROJECT	Transform 66 P3 Project
LETTER OF CREDIT NUMBER	[•]
PLACE AND DATE OF ISSUE	[•]
AMOUNT	Ten Million U.S. Dollars ($10,000,000) [*The amount of a single Proposal letter of credit may be less on the condition that the Proposer submits more than one Proposal letter of credit and the sum of such Proposal letters of credit together is $10,000,000.*]
EXPIRATION DATE	[•] [*Insert date that is 210 days after the Financial Proposal Due Date*]

Issuer hereby issues this Irrevocable Standby Letter of Credit (this "Letter of Credit") in favor of
Beneficiary in the amount of [Ten Million] United States Dollars (US$[10,000,000]) (such amount, the "Stated Amount"). Funds under this Letter of Credit are available to Beneficiary upon Beneficiary's presentation to Issuer of one or more sight drafts drawn on Issuer for a sum or
sums in an aggregate amount not exceeding the Stated Amount. Any sight draft under this Letter of Credit will identify this Letter of Credit by the name of Issuer and the Letter of Credit number,
amount, and place and date of issue. Such sight draft will be signed by [~~***an officer of Beneficiary*] or his designee**~~***VDOT Chief Financial Officer*]** and will contain a statement that Beneficiary is entitled to make
such draw or will be accompanied by a signed statement of [~~***an officer of Beneficiary***~~***VDOT Chief Financial Officer***] to the same effect. Partial drawings and multiple drawings under this Letter of Credit are permitted.

FORM K-2
FINANCIAL CLOSE LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

ISSUER	[•] [*Name and address of banking institution with offices in the City of New York, New York or the City of Richmond, Virginia*]
PLACE FOR PRESENTATION OF DRAFT	[*Name and Address of Bank/Branch—Must be in the City of New York, New York or the City of Richmond, Virginia unless otherwise approved by the Department*]
APPLICANT	[•]
BENEFICIARY	VIRGINIA DEPARTMENT OF TRANSPORTATION 1401 EAST BROAD STREET RICHMOND, VA 23219 ATTN: ~~[•]~~**JOHN LAWSON, VDOT CFO**
PROJECT	Transform 66 P3 Project
LETTER OF CREDIT NUMBER	[•]
PLACE AND DATE OF ISSUE	[•]
AMOUNT	Twenty Million U.S. Dollars ($20,000,000) [*The amount of a single Proposal letter of credit may be less on the condition that the Proposer submits more than one Proposal letter of credit and the sum of such Proposal letters of credit together is $20,000,000.*]
EXPIRATION DATE	[•] [*Insert date that is 70 days after the Financial Close Deadline*]

Issuer hereby issues this Irrevocable Standby Letter of Credit (this "Letter of Credit") in favor of
Beneficiary in the amount of [Twenty Million] United States Dollars (US$[20,000,000]) (such amount, the "Stated Amount"). Funds under this Letter of Credit are available to Beneficiary upon Beneficiary's presentation to Issuer of one or more sight drafts drawn on Issuer for a sum or
sums in an aggregate amount not exceeding the Stated Amount. Any sight draft under this Letter of Credit will identify this Letter of Credit by the name of Issuer and the Letter of Credit number,
amount, and place and date of issue. Such sight draft will be signed by [~~*an officer of Beneficiary*] or his designee~~***VDOT Chief Financial Officer*]** and will contain a statement that Beneficiary is entitled to make

such draw or will be accompanied by a signed statement of [~~***an officer of Beneficiary***~~***VDOT Chief Financial Officer***] to the same effect. Partial drawings and multiple drawings under this Letter of Credit are permitted.

This Letter of Credit will be honored by Issuer if the above-referenced sight draft is presented to [•] at [***NEW YORK, NEW YORK or RICHMOND, VIRGINIA*** *Bank/Branch—Name & Address*] on or before [*Insert date that is 70 days after the Financial Close Deadline*] (the "Expiration Date"). If a drawing in compliance with the terms and conditions of this Letter of Credit is presented at or prior to [•], Eastern time, on any Banking Day, Issuer will honor the drawing on the same day. If such drawing is presented after [•], Eastern time, on such day, Issuer will honor the drawing before [•], Eastern time, on the following Banking Day. Drawings under this Letter of Credit may be made between 9:00 AM and 5:00 PM, Eastern time, on any Banking Day. As used herein "Banking Day" means any day that is not a Saturday or Sunday or any other day on which commercial banks in [•] are authorized by law or executive order to close.

The obligations of Issuer hereunder are primary obligations to Beneficiary and will not be affected by the performance or non-performance by [*Name of Applicant*] under any agreement with Beneficiary or by any bankruptcy, insolvency or other similar proceeding initiated by or against [*Name of Applicant*]. [*Name of Applicant*] is not the beneficiary under this Letter of Credit and possesses no interest whatsoever in proceeds of any draw hereon. Issuer will pay to Beneficiary any amount drawn hereunder within three Business Days of receipt of a draw in immediately available funds free and clear of and without deduction for any taxes, duties, fees, liens, set-offs or other deductions of any kind and regardless of any objection by any third party. This Letter of Credit will terminate on the earlier of (i) the close of business on the Expiration Date and (ii) the date on which Issuer has honored one or more draws in the full amount of the Stated Amount. This Letter of Credit may not be transferred by Beneficiary to any other person. Drawings by facsimile to facsimile number [•] are acceptable and will be honored by the Issuer (each such drawing, a "Fax Drawing"), provided, however, that a Fax Drawing will not be effectively presented until Beneficiary confirms, by telephone, Issuer's receipt of such Fax Drawing by calling Issuer at telephone number [•]. Within the same Banking Day of Issuer's receipt of a Fax Drawing, Issuer will acknowledge Beneficiary's presentment by sending a confirmation electronic mail to the electronic mail address provided by Beneficiary to Issuer within the Fax Drawing itself.

To the extent not inconsistent with the express provisions hereof, this Letter of Credit is subject
to the rules of the International Standby Practices ISP98 ("ISP98"), as interpreted under the laws of the Commonwealth of Virginia, and will, as to matters not governed by ISP98, be governed and construed in accordance with the laws of the Commonwealth of Virginia, without
regard to conflict of laws principles.

With respect to any suit, action or proceedings relating to this Letter of Credit ("Proceedings"),

APPENDIX B

(b) the issuance by the Developer of any Developer Debt other than the Developer Debt incurred pursuant to the Project Financing Agreements, secured or unsecured, including issuance of any reimbursement agreement respecting a letter of credit;

(c) the disposition of any rights or interests in, or the creation of any rights of participation in respect of, any Developer Debt, Project Financing Agreement or Financing Assignment or the creation or granting of any other form of benefit or interest in any Developer Debt, Project Financing Agreement or Financing Assignment, or the revenues, assets or other contracts of the Developer whether by way of security or otherwise; or

(d) any other arrangement put in place by the Developer or another person which has an effect similar to clause (a), (b) or (c) of this definition;

excluding, however, any capitalization of interest or accretion of principal or other committed increases on any Developer Debt incurred or committed on or prior to the Agreement Date, that is not part of any planned refinancing.

Refinancing Gain means, for any Refinancing, other than an Exempt Refinancing and other than as set forth below, an amount equal to the greater of zero and the amount equal to (A – B) – C, where:

A = the net present value of the Distributions to be made over the remaining Term following the Refinancing, as projected immediately prior to the Refinancing (taking into account the effect of the Refinancing and any previous Refinancings which resulted in no Refinancing Gain (other than any Exempt Refinancing under ~~**clause (a) of the definition of Exempt Refinancing)**~~ **Section 7.08(c)(ii))** being paid to the Department and using the relevant Base Case Financial Model as updated (including as to the performance of the Project) so as to be current immediately prior to the Refinancing);

The intention is to share in incremental increases in Distributions above the Base Case Financial Model projections of Distributions resulting solely from the initial financing and Refinancings. Among other things, the Parties will (a) include in Distributions under factor "A" of the Refinancing Gain definition changes to any Distributions made prior to the date of Refinancing or projected to be made, resulting from changes to the financing terms (including changes to equity funding arrangements resulting therefrom) as compared to the Base Case Financial Model, and (b) adjust Distributions under factor "a" of the Refinancing Gain definition to reflect changes in equity contributions paid or projected to be paid to the Developer resulting from changes to the financing terms as compared to the Base Case Financial Model.

B = the net present value of the Distributions to be made over the remaining Term following the Refinancing, as projected immediately prior to the Refinancing (but without taking into account the effect of the Refinancing or any previous Refinancings which resulted in no Refinancing Gain (other than any Exempt Refinancing under ~~**clause (a) of the definition of Exempt Refinancing)**~~ **Section 7.08(c)(ii))** being paid to the Department and using the Base

APPENDIX C

EXHIBIT H

DEPARTMENT PROTECTED TIFIA FINANCIAL TERMS[1]

<table>
<tr><th>Term</th><th>Change from:</th></tr>
<tr><td>Loan Term</td><td>35 years post Substantial Completion Date</td></tr>
<tr><td>Percentage of Eligible Project Costs for Initial Principal Amount of the TIFIA Loan</td><td>Lower of 33 percent or the percentage in the Initial Base Case Financial Model of Eligible Project Costs</td></tr>
<tr><td>Eligible Project Costs</td><td>Incurred or to be incurred by the Department: $215 million
Concession Fee, if applicable, to be included in Eligible Project Costs
Transit Costs of $42.5 million</td></tr>
<tr><td>TIFIA Debt Service Profile</td><td>In the Base Case Financial Model (as defined in the Indicative TIFIA Term Sheet) repayment:
Years 1-5: Interest Capitalization
Years 6-15: Interest Only
Years 16-25 Principal payments begin
Years 26-35: Level payments of principal and interest
Lenders’ Low Case to be assessed at the P90 level.
The Base Case Financial Model (as defined in the Indicative TIFIA Term Sheet):
No more than 50% of the unpaid principal amount of the TIFIA Loan (including capitalized interest) may remain outstanding by the end of Year 25 after the Substantial Completion Date.
Must reflect a minimum Total Debt Service Coverage Ratio of 1.40x, minimum Loan Life Coverage Ratio of 1.35x, minimum Project Life Coverage Ratio of 2.35x
Under both the Lenders’ Low Case and the Rating Case: [2]
No more than 70% of the unpaid principal amount of the TIFIA Loan (including capitalized interest) may remain outstanding by the end of Year 25 after the Substantial Completion Date.
Must reflect a debt service coverage ratio for Senior Debt Service plus TIFIA Mandatory Debt Service of at least 1.00x in all years. Releases from the RURA can be included for purposes of the calculation of this debt service coverage ratio.</td></tr>
</table>

[1] Capitalized terms referenced herein and not defined in the Agreement have the meaning given in the Indicative TIFIA Term Sheet.

[2] Protection will be provided based on the lower of the following three cases:

(i) Lenders’ Low Case,

(ii) Rating Case, and

(iii) the Proposer’s traffic and revenue advisor case based on the TIFIA base case assumptions provided in the Indicative TIFIA Term Sheet and stressed at the P90 level. If an independent traffic and revenue advisor is not employed, the Proposer must either provide a letter from the Lenders’ Traffic Advisor confirming that the scenario submitted by the Proposer approximates a P90 case or otherwise protection will be based on a scenario based on the Proposer’s traffic and revenue base case that also includes at least the TIFIA base case revenue assumptions (as indicated under “TIFIA Modeling” in Schedule 2 of the Indicative TIFIA Term Sheet) and stressed by the Lenders’ Traffic Advisor at the P90 level. If due to a change in the Work, the traffic and revenue projections are impacted, the revenue line based on which the Department is providing protection will be adjusted accordingly.

Term	Change from:
Reserves	• $30M size of the Ramp Up Reserve Account and release date of no earlier than the sixth anniversary of Substantial Completion • TIFIA Debt Service Reserve Account based on 12-months look forward • O&M Reserve Account based on 50% of the 12-months look forward • Major Maintenance Reserve Account based on 5 year look forward (100% /80% /60% /40% /20%)