

REQUEST FOR INFORMATION

REGARDING THE DEVELOPMENT OF AND PROCUREMENT PROCESS
FOR THE

IH 35E PROJECT

IN DENTON AND DALLAS COUNTIES
TEXAS DEPARTMENT OF TRANSPORTATION

RFI Issuance Date: June 10, 2011

RFI Closing Date: July 20, 2011

The Texas Department of Transportation (“TxDOT”) is seeking information to assist TxDOT, working in cooperation with regional transportation providers and local governments, in developing a strategy for project development and implementing the procurement process for the IH 35E Project (“Project”). This Request for Information (“RFI”) is issued solely to obtain information to assist TxDOT on an administrative level. It does not constitute a Request for Qualifications (“RFQ”), an RFP or other solicitation document nor does it represent a commitment to issue an RFQ or an RFP in the future. This RFI does not commit TxDOT to contract for any supply or service whatsoever. TxDOT will not pay for any information or administrative cost incurred in response to this RFI. Responses to this RFI are due on July 20, 2011. [See Sections 3 and 4 for further information.]

1. OVERVIEW

During the recent legislative session, TxDOT was provided with authority under Senate Bill 1420 to develop certain projects through public-private partnership (P3) agreements under Texas Transportation Code Section 223.201, including the IH 35E Project, as well as the North Tarrant Express and SH 183 projects in the Dallas/Fort Worth area, and the State Highway 99 (Grand Parkway), SH 249, SH 288 and US 290 projects in the Houston area. Subject to Senate Bill 1420 being signed by the Governor or otherwise going into effect, TxDOT intends to expeditiously pursue the development of these projects - working with stakeholders, the public and the private sector to deliver these projects to meet urgent transportation needs in the State of Texas.

Along with TxDOT, the public sector entities in the Dallas/Fort Worth region, including Denton and Dallas counties, the cities along the proposed project route, the North Texas Tollway Authority, the North Central Texas Council of Governments, Dallas Area Rapid Transit (DART) and Denton County Transportation Authority (DCTA) seek the successful development of the Project. The Regional Transportation Council, the policy body of the North Central Texas Council of Governments, has made the Project its highest priority. During the RFI process, these entities will consider additional ways to

assist with the development of the Project, including identifying potential additional sources of funds and other means of support for the project. These entities recognize the need for and support private sector involvement in the Project and assisted in creating the opportunity for such involvement.

A. Purpose of RFI

This document is a Request for Information (RFI) from individual firms or teams with experience in developing and/or financing large transportation infrastructure projects that may be interested in designing, building, financing, operating and / or maintaining the Project. Prospective industry participants are encouraged to review TxDOT's rules regarding organizational conflicts of interest in Title 43 of the Texas Administrative Code, Chapter 27, Subchapter A, § 27.8. Amendments to these rules were proposed by the Texas Transportation Commission on May 26, 2011 and will become final 20 days from the date the amended rules are filed with the Office of Secretary of State of Texas following their final adoption.

The purpose of this RFI is to inform potential respondents of this opportunity and solicit private sector interest and innovation in the delivery of the Project. Specifically, the RFI seeks to:

- Communicate to all parties TxDOT's interest in facilitating a solution to the mobility issues in this corridor.
- Provide general background information related to the Project.
- Communicate to potential private sector partners the objectives for the development of the Project.
- Provide an opportunity for potential respondents to articulate their interest in participating.
- Solicit input from industry on a variety of issues, including Project scope and the delivery method that would have the greatest potential to satisfy the objectives for the Project.

The information gathered from the RFI will be used to assist TxDOT, in cooperation with other stakeholders, with the preparation of any resulting RFP and agreement for the proposed Project. Submissions will be reviewed to assist in refining the approach to Project development, including the scope and structure of any P3 agreement(s). By responding to this RFI, you can provide valuable input and help shape the framework for the development of the Project. One key area of interest is the assignment of financial risk and optimal scope for the Project.

Please note that while a response to this RFI is not a pre-requisite to participating in any resulting procurement process, potential respondents are encouraged to respond to the RFI.

B. Industry Meetings

After receipt and analysis of the responses to the RFI, TxDOT intends to hold one-on-one meetings with companies capable of and expecting to lead prospective developer teams regarding their responses to the RFI on a first come, first served basis. Local transportation partners will be represented in the meetings. During the one-on-one meetings we would like industry participants that lead teams that develop and/or finance major projects to provide their analyses regarding the optimal project development approach for achieving the objectives for the Project. (See Section 2.C.) The one-on-one meetings will be held in Dallas on July 26-28, 2011. TxDOT will notify interested developers of the assigned timeslot and location for the one-on-one meeting in advance of the meeting. **Parties interested in attending a one-on-one meeting regarding the Project must indicate their interest in their response to the RFI.**

2. PROJECT DETAILS

A. Project Description

The Project consists of the redevelopment of a 28-mile section of Interstate 35E (IH 35E) from IH 635 to US 380 in Dallas and Denton Counties. The Project is planned to include reconstruction and widening of the existing IH 35E to incorporate additional main lanes/general purpose lanes, managed lanes and frontage roads through the cities of Farmers Branch and Carrollton in Dallas County, the Town of Hickory Creek, the cities of Lewisville, Highland Village, Lake Dallas, Corinth, Shady Shores and Denton in Denton County.

The Project consists of three segments: north, middle, and south:

North Segment (FM 2181 to North of US 380): The existing configuration for this section consists of four general purpose lanes (two lanes in each direction) and two-lane frontage roads. The new facility will include two to four managed lanes (one to two lanes in each direction), eight general purpose thru lanes (four lanes in each direction) as well as continuous frontage roads of two to three lanes in each direction. The total length of the North Segment is 10.5 miles.

Middle Segment (President George Bush Tollway (PGBT) to FM 2181): The existing configuration for this section consists of six general purpose lanes (three lanes in each direction) and two-lane frontage roads. The existing frontage roads do not extend across Lake Lewisville. The new facility will result in eight general purpose thru lanes (four lanes in each direction), four managed lanes (two lanes in each direction) and a Collector-Distributor (C/D) road from PGBT to SH 121. In addition, separate frontage road bridge structures will extend across Lake Lewisville. The total length of the Middle Segment is 12.1 miles.

South Segment (I-635 to SH 190/PGBT): The existing configuration for this section consists of six general purpose lanes (three lanes in each direction) and

two-lane frontage roads. The new facility will contain eight general purpose lanes (four lanes in each direction), four managed lanes (two lanes in each direction) and continuous frontage roads of two to three lanes in each direction. The total length of the South Segment is 5.5 miles.

The Project has coordination challenges at the following locations: FM 407, the University of North Texas pedestrian bridge, the Belt Line Road intersection in the South Segment, and Dickerson Parkway. These areas will be the subject of further discussion at the one-on-one meetings.

B. Estimated Capital Costs and Public Funds

The total capital costs to design, acquire right-of-way, address utility relocation and construct the Project have been estimated to be approximately \$3.863 billion. The Project capital costs are summarized in the following table.

| PROJECT CAPITAL COSTS | | | |
|------------------------------|---|--|---|
| Segment | Design and Construction Costs (2010, Millions) | Right-of-Way Acquisition Costs (2010, Millions) | Total Project Costs (2010, Millions) |
| South | \$483 | \$324 | \$807 |
| Middle | \$1,292 | \$504 | \$1,796 |
| North | \$835 | \$425 | \$1,260 |
| TOTAL | \$2,610 | \$1,253 | \$3,863 |

Public funding has been identified from the Regional Toll Revenue (RTR, i.e. the SH 121 payment) and other public funds for the Project. A total of \$592 million has been identified for use on the project.

Additional information, including traffic and revenue information, may be found on the Project website at http://www.txdot.gov/project_information/projects/dallas/i35e/rfi.htm.

C. Objectives for the Project

TxDOT and local stakeholders have developed the following objectives for the Project:

- Deliver as much of the Project as is possible with the available public funds;
- Structure a procurement to generate robust competition;
- Promote fairness in subcontracting that facilitates small business and DBE/HUB opportunities and encourages local business participation;
- Capture private sector innovation to maximize mobility, capacity, safety and aesthetics and reduce existing transportation system deficiencies in order to accommodate both local and regional traffic;

- Maintain and enhance accessibility to commercial centers, employment sites and other activity areas;
- Promote an environment that will increase funding opportunities and value capture techniques for additional Project delivery;
- Utilize principles of congestion pricing and demand management to operate and fund parts of the Project.

D. Status of Key Approvals and Project Development

Environmental

Three Environmental Assessments were prepared for the north, middle, and south segments of the Project. In October 2009, TxDOT received FHWA approval on schematics for all three segments of the Project. In January 2011, TxDOT received a Finding of No Significant Impact (FONSI) from the Federal Highway Administration (FHWA) for the Middle Segment of the Project and is nearing completion of the other two Environmental Assessment documents in anticipation of public hearings.

The anticipated Project schedule is as follows:

- Mid Summer 2011 – Satisfactory for further processing for remaining portions of proposed Project
- Late Summer 2011 - Public hearings for remaining portions of proposed Project
- Fall 2011– Complete environmental process (FONSI) for remaining portions of proposed Project
- 2011/2012 – Target date for completing right-of-way mapping and initiating right-of-way acquisition
- 2013 – Target date to begin early Project construction

Right of Way

TxDOT has identified Right of Way needs, as shown in the Project schematics and environmental assessments, and is evaluating the opportunity to acquire certain parcels prior to Project award. The list of early acquisition parcels and accompanying schedules will be provided as they become available.

E. Project Delivery Methodology

A P3 agreement is an agreement between TxDOT and the private sector that, at a minimum, provides for the design and construction, rehabilitation, expansion, or improvement of a tolled project and may also provide for the financing, acquisition, maintenance, or operation of a tolled project. In general, TxDOT is considering developing the Project under one or more of the following models:

- a full concession,
- an availability payment structure (as described below) or
- a design/build or design-bid-build with traditional tax exempt toll revenue bonds.

Under an availability payment structure, TxDOT would make milestone and/or availability payments to compensate the developer for capital costs, operating/maintenance costs and financing costs, including a return on equity. Payments would be subject to deductions due to a failure on the part of the developer to comply with prescribed standards.

The sources of funding for availability payments may be structured as follows:

- Project toll revenues as the first source of payment. The Project toll revenues would be committed for satisfaction of the payment obligations and allocated first to the financing cost components of the availability payment, including interest cost and return on equity; and
- If toll revenues are insufficient, funding would be made from the State Highway Fund, including receipts from constitutionally dedicated fees and taxes. This funding source is subject to appropriation and to legal limitations on use. Eligible costs payable from this funding source consist of costs of construction, other capital expenditures including Project capacity improvements, major maintenance expenses, costs for operation, maintenance and repair, consumables and similar costs. Financing costs, including return on equity are not an eligible cost to be paid from the State Highway Funds.

F. Tolling Considerations

The Project will include managed lanes and facilities for barrier-free electronic toll collection (ETC) and video tolling. Toll rates and escalation methodology will be in accordance with the terms of the Regional Transportation Council Managed Lanes Tolling Policies, which provides for fixed schedule pricing during the first six months and dynamic pricing thereafter, based on user demand. The RTC Managed Lanes Tolling Policies can be found on the Project website at http://www.txdot.gov/project_information/projects/dallas/i35e/rfi.htm.

G. Current Schedule

TxDOT, with input from local transportation partners, currently anticipates procuring any P3 agreement for the Project in accordance with the milestones in the following chart:

| Milestone | Anticipated Date |
|---|-------------------|
| 1. Responses to RFI Due | July 20, 2011 |
| 2. One-on-one meetings | July 26-28, 2011 |
| 3. Issue Request for Qualifications (RFQ) | August 31, 2011 |
| 4. Proposer submission of Qualification Statements in response to RFQ | October 31, 2011 |
| 5. TxDOT issues short-list of proposers eligible to submit detailed proposals | November 28, 2011 |
| 6. TxDOT issues draft RFP to short-listed proposers | December 2, 2011 |
| 7. Industry review meetings - a series of one-on-one meetings with short-listed proposers | January 4-5, 2012 |
| 8. TxDOT issues final RFP to short-listed proposers | February 14, 2012 |
| 9. Proposer submission of Proposals in response to RFP | June 7, 2012 |
| 10. TxDOT selection of preferred proposer/conditional award of P3 agreement | July 26, 2012 |

TxDOT reserves the right to modify the above anticipated schedule milestones at any time and for any reason.

3. INFORMATION REQUESTED

TxDOT is interested in your views on our current Project phasing and anticipated Project delivery methodology. In responding to this RFI, TxDOT asks parties to submit their perspectives on as many of the following issues as possible. Please number the answers to match the question numbers below. In addition, please provide point of contact information and a brief (no more than 3 page) summary of your organization and your previous experience with large transportation-related procurements and other relevant qualifications.

A. Project Scope and Phasing

- A1. Based on the technical information provided to date, do you see any preliminary value engineering opportunities for the Project?
- A2. Identify what level of public funding, if any, would be needed to deliver the entire project by 2018.
- A3. Given the amount of identified available public funds, what Project scoping or phasing opportunities would you suggest to improve overall Project feasibility in light of the stated Project objectives?
- A4. If the full scope of North, Middle, and South Segments under a 52 year concession model is not deemed feasible (with or without TIFIA), please identify a project scope and / or phased delivery that would be financially feasible without any additional public funds beyond the amount identified in Section 2.B. How would your recommended approach help achieve the stated Project objectives? What are your ideas for accomplishing the entire Project?
- A5. \$592 million of RTR and other public funds are available for use on the Project. What level of additional public funds, if any, would be required to develop, operate and maintain the Project if the limits are in Denton County only? What level of additional public funds, if any, would be required to develop, operate and maintain the Project if the limits of the Project are in Dallas County only? If the \$592 million of RTR funds had to be distributed between Dallas and Denton counties, how would this impact the overall financial feasibility of the project and/or the potential for phased implementation?
- A6. If the implementation phasing was restricted to require that the Project begins at US 380 and continues south or IH-635 and goes North, how much of the Project could be delivered without any additional public funds beyond the amount identified in Section 2.B.?
- A7. The current Project schedule targets service commencement for the Project by January 2018. Please provide a discussion on whether you believe your firm/team would be able to achieve the service commencement goals. Please identify any road blocks or impediments that would prevent the Project being open by this date and describe any solutions you would recommend for avoiding or mitigating the impacts of such impediments.

B. Delivery Methodology

- B1. TxDOT is considering using one of the delivery models described in Section 2.E. to deliver the Project. Please identify the benefits and disadvantages of

each delivery model in achieving the objectives for the Project. Do you see any impediments to the success of any of the models? What are proposed solutions for overcoming any identified impediments?

- B2. Which delivery method for the proposed Project do you believe will be the most successful in achieving the stated objectives for the Project? To the extent possible, please provide detail on how this delivery method would best achieve stated objectives.
- B3. Provide your preliminary views on the financing tools that you would propose to utilize for the Project and the amount of time you believe would be required to reach financial close after award by the Commission. Based on your anticipated financing structure, what impediments, if any, would prevent you from reaching financial close in a timely manner and how would you propose to overcome these impediments?
- B4. Under the delivery model you recommend in response to Question B2, would the Project be financially feasible without TxDOT support? If not, what level of public funding would be required to deliver the entire Project by 2018?
- B5. TxDOT has submitted a request for TIFIA loan assistance in the amount of \$800 million for the Project, but is not guaranteed to receive it. Within the context of your response to Question B2, please comment on the importance of TIFIA to the feasibility of the Project. What is the feasibility of the Project without TIFIA assistance?
- B6. Please provide your perspective on the optimal financial risk sharing position under the delivery model you recommend in response to Question B2.
- B7. Considering the environmental status of the North and South Segments and the 180-Day NEPA finality requirements (estimated to occur in March 2012), how does that impact your ability and or willingness to propose on this Project? Please discuss any recommended solutions for mitigating any impact on your ability or willingness to propose on this Project. Please comment on the schedule and optimal timing for the procurement.

4. CONFIDENTIALITY/PUBLIC INFORMATION ACT

All written correspondence, exhibits, photographs, reports, other printed material, tapes, electronic disks, and other graphic and visual aids submitted to TxDOT in response to this RFI are, upon their receipt by TxDOT, the property of the State of Texas, may not be returned to the submitting parties, and are subject to the Public Information Act, Chapter 522, Texas Government Code (the "Act"). Respondents should familiarize themselves with the provisions of the Act. In no event shall the State of Texas, TxDOT, or any of their agents, representatives, consultants, directors, officers or employees be

liable to a respondent for the disclosure of all or a portion of the information submitted in response to this RFI.

If TxDOT receives a request for public disclosure of all or any portion of a response, TxDOT will use reasonable efforts to notify the applicable respondent of the request and give such respondent an opportunity to assert, in writing and at its sole expense, a claimed exception under the Act or other applicable law within the time period specified in the notice issued by TxDOT and allowed under the Act.

If a respondent has special concerns about information which it desires to make available to TxDOT but which it believes constitutes a trade secret, proprietary information, or other information excepted from disclosure, such respondent should specifically and conspicuously designate that information **by placing "CONFIDENTIAL" in the center header of each such page affected.** Blanket, all-inclusive identifications by designation of whole pages or sections as containing proprietary information, trade secrets or confidential commercial or financial information are discouraged and may be deemed invalid. Nothing contained in this provision shall modify or amend requirements and obligations imposed on TxDOT by the Act or other applicable law, and the provisions of the Act or other laws shall control in the event of a conflict between the procedures described above and the applicable law.

TxDOT will submit a request for an opinion from the Office of the Attorney General prior to disclosing any documents designated as "Confidential". The respondent shall then have the opportunity to assert its basis for non-disclosure to the Office of the Attorney General; however, it is the sole responsibility of the respondent to monitor such proceedings and make timely filings. TxDOT may, but is not obligated to make filings of its own concerning possible disclosure; however, TxDOT is under no obligation to support the positions of the respondent. Under no circumstances will TxDOT be responsible or liable to a respondent or any other party as a result of disclosing any such labeled materials, whether the disclosure is deemed required by law, by an order of court, or occurs through inadvertence, mistake or negligence on the part of TxDOT or its officers, employees, contractors or consultants.

TxDOT will not advise a submitting party as to the nature or content of specific documents entitled to protection from disclosure under the Act or other Texas laws or as to the interpretation of such laws. Each respondent is advised to contact its own legal counsel concerning the effect of applicable laws to the submitting party's own circumstances.

In the event of any proceeding or litigation concerning the disclosure of any material submitted by the submitting party, TxDOT will be a stakeholder retaining the material until otherwise ordered by a court or such other authority having jurisdiction with respect thereto, and the submitting party shall be responsible for otherwise prosecuting or defending any action concerning the materials at its sole expense and risk; provided, however, that TxDOT reserves the right, in its sole discretion, to intervene or participate in the litigation in such manner as it deems necessary or desirable.

5. GENERAL INFORMATION

RFI Issuance Date: June 10, 2011

RFI Closing Date: July 20, 2011

One on One meetings: July 26-28, 2011

Page limits: While there is no page limit to the response to questions in Section 3.A. and 3.B., any other information, including marketing materials is limited to 3 pages.

Format: Please provide five paper copies and one complete electronic copy of your response to the RFI in a searchable format to the Point of Contact listed below.

Questions: Questions regarding this RFI should be in writing and e-mailed to the Point of Contact listed below. TxDOT will post responses to questions on the Project website without identifying the party(ies) submitting the questions. Responders are encouraged to submit any questions to the Point of Contact below prior to July 14, 2011.

Point of Contact:

Mr. Ed Pensock, Jr., P.E.
Texas Department of Transportation
Director, Corridor Systems
Texas Turnpike Authority Division
7600 Chevy Chase Drive, Bldg. 2, Suite 400
Austin, Tx 78752
(Ph): 512.936.0980
(E-mail): txdot-ppp-rfi-i35e@txdot.gov

TxDOT reserves the right to modify the above anticipated schedule milestones at any time and for any reason.

At its option, TxDOT may also elect to follow-up directly with respondents with more detailed questions or to clarify submissions.