TOLLING. MOVING SMARTER.

International Bridge, Tunnel and Turnpike Association
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April 7, 2020

The Honorable Nancy Pelosi, Speaker, United States House of Representatives
The Honorable Mitch McConnell, Majority Leader, United States Senate
The Honorable Kevin McCarthy, Republican Leader, United States House of Representatives
The Honorable Charles E. Schumer, Democratic Leader, United States Senate

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy and Leader Schumer:

On behalf of the 128 toll facility operators in the United States, the International Bridge, Tunnel and Turnpike Association salutes the Congress' historic response to the COVID-19 pandemic. We applaud your leadership in providing emergency funding to support critical sectors of the U.S. economy and launch an aggressive effort to give our medical professionals, emergency responders, and other front-line health professionals the resources they need to combat and defeat the pandemic. We also salute your timely action to support the aviation, passenger rail, and public transportation needs provided through the Coronavirus Air, Relief and Economic Security (CARES) Act last month.

We now ask Congress to take significant action to help the U.S. tolling industry in the next COVID-19 legislation, the Phase 4 emergency relief and economic recovery package. Specifically, we request $9.245 billion in flexible federal funding to offset the huge loss in toll revenues expected in the next 12 months.

This action to bolster one of the most important transportation systems in this country, consisting of some of the most heavily traveled highways, bridges and tunnels in America, will send a strong signal to consumers and investors that a transportation system they have come to rely on for daily mobility will be available and strong when the pandemic ends and the recovery begins.

U.S. toll facilities are critical infrastructure.
In normal times, the 342 toll facilities run by 128 operators in 34 states are self-sustaining. They support more than 8.5 billion freight and passenger trips per year and generate more than $20 billion in toll revenues annually to pay for maintenance and upgrades on 6,300 miles of highways, bridges and tunnels.

America's toll facilities are in trouble.
Because of America's unified response to limit the spread of COVID-19 by restricting public gatherings, shuttering non-essential businesses, and limiting travel, toll facilities have suffered traffic and revenue declines of 50% to 90%. Traffic declines have sharply reduced revenues and there is no certainty as to how deep the traffic declines will go or how long it will take to return to "normal" traffic levels. These lost revenues are comparable to lost farebox revenues at a transit agency and are happening at scores of toll agencies across the country.

Unless toll facilities receive immediate relief, many will be forced to comply with bond covenant requirements, which could necessitate: reductions in workforce, adding to the rapidly swelling ranks of unemployment; delays in capital projects, slowing the economic recovery that will be desperately needed; and increased pressure on elected officials to consider toll rate increases. Without the immediate relief that Congress can provide, credit rating agencies may downgrade toll agencies' credit ratings (some of which could be downgraded to "junk" status), accelerating the steep economic contraction caused by the pandemic.

Congress can help toll facilities now.
Toll facilities support the national transportation system's ability to safely, efficiently, and securely move goods in support of local, regional, national, and global economies. Congress has long viewed infrastructure investment as a critical priority for the nation to ensure safety and support the economy. Support for the tolling industry provides a lasting and growing benefit, as the industry's ability to promote both public and private investment in infrastructure will be bolstered, which will protect a long-term option for sustainable funding. Medical staff, first responders, and other essential personnel rely on toll facilities to safely respond to emergencies and to get to and from their employment.

Like lost farebox revenues in a transit system, lost toll revenues will never be recovered. These losses trigger bond covenants for many toll agencies and could cause massive layoffs, delayed construction and maintenance projects, and the inability to adequately and appropriately serve the public. Once the worst of the pandemic is over, the nation would benefit from toll facilities' ability to ramp up their capital improvement and maintenance activities quickly to foster the recovery with safe, reliable and efficient transportation assets. Through the CARES Act, Congress helped the transit and airline industries with emergency funding because of the direct impacts from the state, local and federal response to the COVID-19 pandemic. Now it is essential to provide similar relief to toll agencies.

What the U.S. tolling industry needs now.
On behalf of the 128 toll facility operators in the United States, IBTTA requests $9.245 billion in flexible federal funding to restore critical lost revenues to toll operators. This will allow them to continue normal operations and position them to respond quickly when the economy recovers. The dollar value of our request for emergency relief is based on a model that relies on credit rating agency estimates and a survey of U.S. toll operators.

The U.S. tolling industry also needs non-direct federal aid financing relief.
In addition to direct aid, we also ask Congress to consider non-direct financing assistance that will not only benefit toll facilities but also the businesses that serve them: engineers, contractors, consultants, vendors, and suppliers. These members of IBTTA and the transportation industry are impacted by toll facility budget cuts and project delays arising from the pandemic, especially the many small and disadvantaged businesses that support transportation operations and construction.

This financing assistance could take many forms including:

- TIFIA modifications.
- Adjustments to the rules regarding advanced refunding of outstanding bonds.
- New programs offering federal loan guarantees, backstops, and letters of credit.

Easing credit availability to toll operators and related business entities will allow them to keep taxpayers employed, avoid defaults, and facilitate economic recovery.

The TIFIA program modifications should include:

- **Provide for a borrower to seek a one-time amendment to reduce the interest rate on outstanding TIFIA loans.** At the request an existing borrower, allow for an outstanding loan agreement to be renegotiated in order to reduce the interest rates.

- **If final project costs of a current TIFIA loan exceed 33%, allow a borrower in good standing to amend the TIFIA loan agreement to borrow up to the statutorily allowed 49% of eligible project costs.** Current statutes allow for the TIFIA program to provide loan agreements up to 49% of eligible project costs. However, USDOT has administratively restricted TIFIA loans to not exceed 33% of eligible project costs. Given dramatic reductions in transportation agency revenues, if the final eligible project costs incurred to date on a TIFIA loan exceed the administratively restricted 33% of total project costs, allow a borrower in good standing to request an amendment of the TIFIA loan agreement to reflect the ability to borrow up to the statutorily allowed 49% of eligible projects costs – removing the requirement that a borrower use limited revenues to pay the difference or the possibility that final actual costs are less than the amount financed.

- **Provide the ability to convert TIFIA near-term <u>mandatory</u> debt service payments to <u>scheduled</u> debt service payments for a specific period of time.** Allowing the conversion of near-term mandatory debt service payments to scheduled debt service payments in order to provide additional financing flexibility to current TIFIA program borrowers.

- **Provide the ability for borrowers to eliminate the mandatory pre-payment provisions in outstanding TIFIA loans.** Given the dramatic reduction in revenues because of the COVID-19 response, providing additional financial flexibility to current TIFIA borrowers will leverage scarce revenues for a limited period of time.

- **Enhance the ability to refund outstanding TIFIA loans with new TIFIA loans.** TIFIA statutes permit the refinancing of TIFIA loans; however this provision has not been implemented. The ability to refinance TIFIA loans allows a borrower to take advantage of reductions in interest rates, lower average annual debt service payments, allow more favorable borrowing terms, or provide for additional funding capacity for the completion, enhancement or expansion of any project that is otherwise eligible for TIFIA financing.

- **Provide for a borrower to defer debt service payments for up to two years** without an interest penalty, similar to recent actions related to federal student loans. Given the dramatic reduction in revenues that secure debt service repayment and uncertainty regarding how long this reduction will continue, providing relief to current TIFIA borrowers from debt service requirements and debt covenants will assist borrowers in managing the current challenges.

- **Provide for prompt Build America Bureau evaluation, approval, and implementation of any requests to amend current agreements with any new financing flexibilities granted by Congress.** Provide for a process for USDOT to expeditiously respond to requests from current TIFIA borrowers to utilize any new financing authorities.

Conclusion
These are extremely challenging times for all Americans. Congress's vision in stepping in to provide direct cash payments to individuals and support large sectors of the American economy through flexible federal funding are vital to ensuring that we emerge from this pandemic as strong as we can be. We now ask Congress to take the additional step of helping the tolling industry which provides essential mobility to millions of passenger and commercial vehicles every day.

Thank you for your courageous leadership during this battle of a lifetime and for seriously considering the U.S. tolling industry's request for help in the next COVID-19 legislation. If you have any questions, please contact Neil Gray, IBTTA's Director of Government Affairs, at 202 270 8655 or neilgray@ibtta.org.

Sincerely,

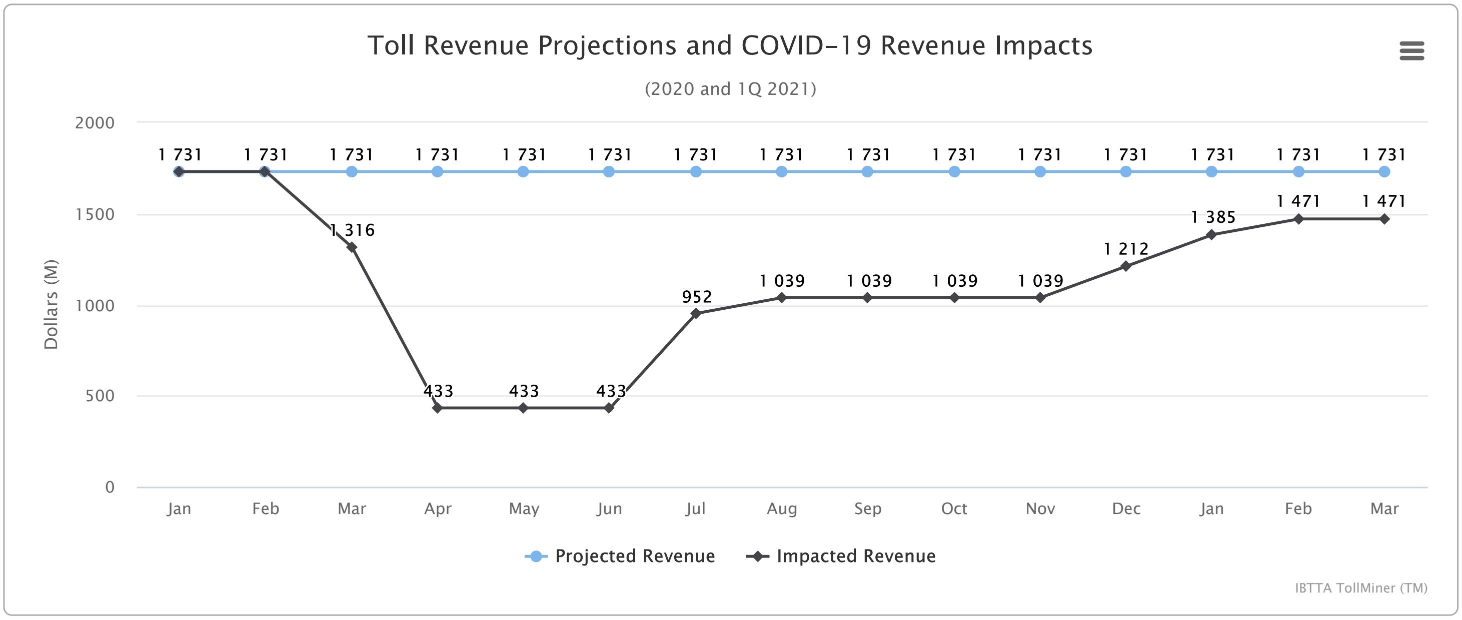
Samuel Johnson
President, IBTTA
Chief Operations Officer, Transportation Corridor Agencies

Patrick D. Jones
Executive Director & CEO
IBTTA

cc:
The Honorable John Barrasso, Chairman, U.S. Senate Committee on Environment and Public Works

The Honorable Thomas R. Carper, Ranking Member, U.S. Senate Committee on Environment and Public Works
The Honorable Peter A. DeFazio, Chairman, Committee on Transportation and Infrastructure, U.S. House of Representatives
The Honorable Sam Graves, Ranking Member, Committee on Transportation and Infrastructure, U.S. House of Representatives
The Honorable Chuck Grassley, Chairman, U.S. Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, U.S. Senate Committee on Finance
The Honorable Richard Neal, Chairman, Committee on Ways and Means, U.S. House of Representatives
The Honorable Kevin Brady, Ranking Member, Committee on Ways and Means, U.S. House of Representatives
The Honorable Richard Shelby, Chairman, U.S. Senate Committee on Appropriations
The Honorable Patrick Leahy, Ranking Member, U.S. Senate Committee on Appropriations
The Honorable Nita Lowey, Chair, Committee on Appropriations, U.S. House of Representatives
The Honorable Kay Granger, Ranking Member, Committee on Appropriations, U.S. House of Representatives

IBTTA TOLLMINER™



IMPACT MODELING (based on credit rating agency estimates and survey of toll operators)

PROJECTED TOLL REVENUE IMPACT (% Decline)

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
0	0	-24	-75	-75	-75	-45	-40	-40	-40	-40	-30	-20	-15	-15

PROJECTED MONTHLY TOLL REVENUE LOSS (in MILLIONS)

($ 0)	($ 0)	($ 415)	($ 1,298)	($ 1,298)	($ 1,298)	($ 779)	($ 692)	($ 692)	($ 692)	($ 692)	($ 519)	($ 346)	($ 260)	($ 260)

PROJECTED TOTAL TOLL REVENUE LOSS (2020 and 1Q 2021)

($ 9,245,425,709)

Note: The dollar value of this request for emergency relief is based on a model that relies on credit rating agency estimates and a survey of U.S. toll operators.