



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

DOT 2301.1B

Subject: U.S. Department of Transportation Credit Council

1. **PURPOSE.** This order establishes the responsibilities and duties of the U.S. Department of Transportation (DOT) Credit Council.
2. **CANCELLATION.** This order terminates DOT 2301.1A, U.S. Department of Transportation Credit Council, dated 12-07-2009.
3. **APPLICABILITY.** This order applies to all credit programs administered by DOT, unless otherwise specified by the Secretary of Transportation, including the allocation of tax-exempt Private Activity Bonds (PABs).

The DOT currently administers four credit programs: (1) the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) Program, administered by the TIFIA Joint Program Office; (2) the Railroad Rehabilitation and Improvement Financing (RRIF) Program, administered by the Federal Railroad Administration (FRA); (3) the Maritime Guaranteed Loan (Title XI) Program, administered by the Maritime Administration (MARAD); and (4) the Minority Business Resource Center (MBRC) Short-Term Lending Program, administered by the Office of Small and Disadvantaged Business Utilization within the Office of the Secretary (OST).

The DOT also allocates tax-exempt PABs for qualified highway and surface freight transfer facilities. The DOT does not issue bonds for these projects; instead, the Internal Revenue Code allows privately developed and operated projects to issue bonds, while maintaining a tax-exempt status. The law limits the total amount of such bonds and directs the Secretary of Transportation to allocate that amount among qualified highway and surface freight transfer facilities. The PABs program is administered by the Office of the Assistant Secretary for Transportation Policy, Office of Economic and Strategic Analysis.

4. **BACKGROUND.** On January 2, 2001, the Department established the TIFIA Credit Council for the administration of the TIFIA Program, via a Memorandum of Understanding entered into by the Secretary of Transportation and the Administrators of the Federal Highway Administration, FRA, and the Federal Transit Administration.

In 2004, the Department restructured the oversight and management of its four credit programs at the request of the Office of Management and Budget (OMB) to ensure the application of consistent credit policies and management practices across all DOT credit programs. The restructuring plan called for the expansion of the TIFIA Credit Council into a new DOT Credit Council. It also recommended the establishment of a Joint Credit Office that would, among other responsibilities, carry out the financial analysis of applications in concert with the Operating Administrations (OA) and the Office of Budget and Program Performance within OST (OST/B).

The OMB approved the Department's restructuring plan on March 26, 2004, and the DOT Credit Council was created by secretarial order on June 10, 2004.

5. **MEMBERSHIP.** The DOT Credit Council will be comprised of the following members:

- a. Deputy Secretary of Transportation, who will serve as Chair
- b. Assistant Secretary for Budget and Programs and Chief Financial Officer, who will serve as Vice Chair
- c. Under Secretary of Transportation for Policy
- d. General Counsel
- e. Assistant Secretary for Transportation Policy
- f. Federal Highway Administrator
- g. Federal Transit Administrator
- h. Federal Railroad Administrator
- i. Maritime Administrator
- j. Director of the Office of Small and Disadvantaged Business Utilization.

The Secretary of Transportation may designate three (3) DOT employees as at-large members to the DOT Credit Council.

Credit Council members who are either head of an office or OA may designate their deputy within that office or OA to act on their behalf.

6. **RESPONSIBILITIES.** The DOT Credit Council will have the following primary responsibilities:

- a. To set the Department's credit policies and oversee the Department's credit programs and the allocation of tax-exempt PABs, including the review of existing guidance and agreements among the OAs, OST and OMB; development of new guidance and agreements; and establishment and maintenance of procedures for processing applications.
- b. To review the financial analysis of proposed credit assistance and significant modifications to projects previously approved for credit assistance and PAB allocations.

- c. To review on a regular basis the status of the outstanding loan portfolios of the Department's credit programs and PAB allocations.
- d. To recommend the approval or disapproval of proposed credit assistance and PAB allocations.

7. **DUTIES OF THE CHAIR AND VICE CHAIR.** The Deputy Secretary of Transportation, as Chair, will call, lead and adjourn Credit Council meetings.

In the absence of the Deputy Secretary of Transportation, the Assistant Secretary for Budget and Programs and Chief Financial Officer, as Vice Chair, will carry out the duties of the Chair.

The Office of the Assistant Secretary for Budget and Programs and Chief Financial Officer will be responsible for recording Credit Council votes, preparing and coordinating the Credit Council's recommendations to the Secretary or Operating Administrators, and other administrative duties as needed.

The Joint Credit Office and the Office of the Assistant Secretary for Budget and Programs and Chief Financial Officer will provide staff support for the DOT Credit Council.

8. **VOTING.** Each Credit Council member shall have one vote.

Credit Council members may not transfer proxy votes or otherwise delegate authority to cast votes at meetings of the Credit Council, except as specifically permitted in Paragraph 5 above.

9. **REVIEW OF APPLICATIONS FOR CREDIT ASSISTANCE AND ALLOCATION OF PRIVATE ACTIVITY BONDS.** Applications for credit assistance or the allocation of tax-exempt PABs will be presented to the DOT Credit Council after the originating office, Joint Credit Office, and OST/B have completed their reviews.

The focus of the Credit Council review will be on the financial viability of the project and its consistency with Departmental credit policies, Federal requirements, and DOT regulations on credit assistance and, with respect to an allocation of PABs, the eligibility of the project for the requested allocation.

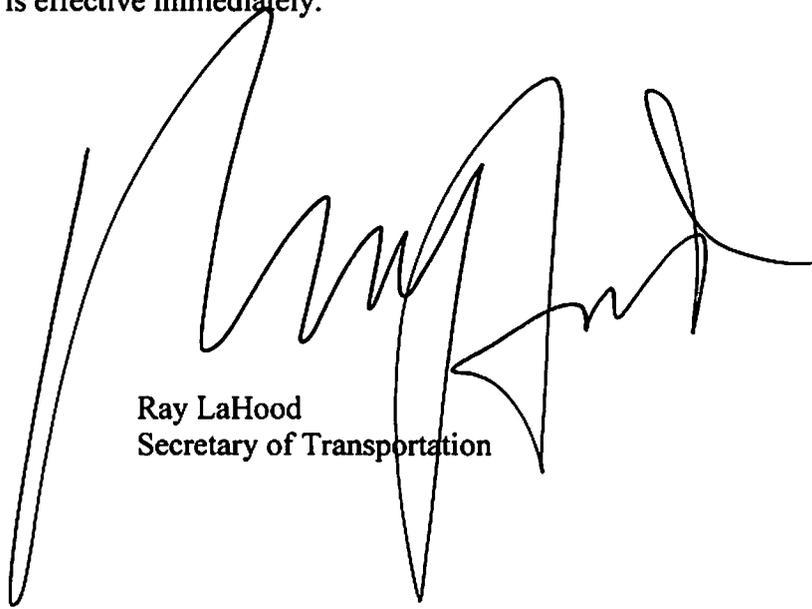
- a. With regard to applications under the RRIF, Title XI, and MBRC Short-Term Lending Programs, the DOT Credit Council will provide a recommendation regarding the financial viability of the proposed project and the merits of the requested credit assistance and its consistency with departmental credit policies to the FRA Administrator, MARAD Administrator, or the Director of the Office of

Small and Disadvantaged Business Utilization, respectively, who will approve or disapprove the request for credit assistance.

- b. With regard to TIFIA applications, the DOT Credit Council will forward its formal, written recommendation to the Secretary of Transportation, who will approve or disapprove the proposed credit assistance. The DOT Credit Council will establish thresholds to determine which credit assistance applications it will review.
- c. With regard to the allocation of tax-exempt PABs, the DOT Credit Council will provide a recommendation to the Under Secretary for Policy, who will approve or disapprove the proposed tax-exempt PAB allocation.

10. REVIEW OF MODIFICATIONS TO PREVIOUSLY APPROVED CREDIT ASSISTANCE. The DOT Credit Council will review proposed modifications to previously approved credit assistance that materially affect the Federal Government's credit security. The Council will establish thresholds to determine which modifications it will review.

11. EFFECTIVE DATE. This order is effective immediately.

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Ray LaHood
Secretary of Transportation

Distribution: Office of the Secretary
Operating Administrations

OPI: Office of Budget and Programs
and the Chief Financial Officer