



U.S. Department of Justice

United States Attorney
Southern District of New York

86 Chambers Street
New York, New York 10007

February 17, 2026

By ECF

The Honorable Jeannette A. Vargas
United States District Judge
Southern District of New York
500 Pearl Street
New York, New York 10007

Re: *State of New Jersey, et al., v. United States Department of Transportation, et al.*,
No. 26 Civ. 939 (JAV)

Dear Judge Vargas:

This Office represents defendants (the “government”) in the captioned action brought pursuant to the Administrative Procedures Act (“APA”). The government writes pursuant to the Court’s February 13, 2026, order directing the government to provide a written status report concerning disbursements to the Gateway Development Commission (“GDC”). *See* Minute Entry for 2/13/2026.

As the government represented at the status conference on Friday, February 13, the Department of Transportation (“DOT”) promptly lifted the administrative suspension on disbursements when this Court’s Temporary Restraining Order (“TRO”) went back into effect at 5:00 pm on Thursday, February 12.

Since that time, DOT has been working without delay to process GDC’s reimbursement requests under the six agreements at issue in this action in the normal course of its payment operations. In particular DOT has confirmed the following:

1. With respect to the three loan agreements executed between the Build America Bureau (the “Bureau”) and GDC under the Railroad Rehabilitation Improvement Financing (“RRIF”) program, all outstanding reimbursement requests¹ totaling \$30,207,203 were paid on Friday, February 13:
 - a. Under Agreement No. 2024-0050, GDC had \$8,635,615 in outstanding reimbursement requests. DOT processed the requests and sent them to the Department of the Treasury (“Treasury”) on Friday, February 13. DOT has confirmed that the full \$8,635,615 was disbursed to GDC the same day.

¹ GDC submitted an additional disbursement request under each loan agreement on January 30, 2026. Per the terms of the relevant loan agreement, DOT has until March 2, 2026, to make these additional disbursements. DOT is processing these disbursement requests in its normal payment process.

- b. Under Agreement No. 2024-0052, GDC had \$1,863,630 in outstanding reimbursement requests. DOT processed the requests and sent them to Treasury on Friday, February 13. DOT has confirmed that the full \$1,863,630 was disbursed to GDC the same day.
- c. Under Agreement No. 2024-0051, GDC had \$19,707,958 in outstanding reimbursement requests. DOT processed the requests and sent them to Treasury on Friday, February 13. DOT has confirmed that the full \$19,707,958 was disbursed to GDC the same day.

2. With respect to the Federal Transit Administration (“FTA”) grant agreements executed between FTA and GDC under the Capital Improvements Grant (“CIG”) program, GDC had \$66,542,105 in outstanding reimbursement requests. On Friday, February 13, FTA approved the full \$66,542,105 and transmitted this payment to Treasury. Treasury is processing the request. We understand that GDC should receive payment today or tomorrow
3. With respect to the FTA grant agreements executed between FTA and GDC under the Rehabilitating Infrastructure for Sustainability and Equity (“RAISE”) program, GDC had \$2,279,166 in outstanding reimbursement requests. DOT sent payments to Treasury for all outstanding reimbursement requests totaling \$2,279,166 on Friday, February 13. Treasury is processing the requests. We understand that GDC should receive payment today or tomorrow.
4. With respect to the Federal Railroad Administration (“FRA”) grant agreement between FRA and GDC under the Federal-State Partnership for Intercity Passenger Rail (“FSP”) program, GDC had \$136,724,429 in outstanding reimbursement requests. On Friday, February 13, FRA approved \$8.8 million, which covers the first of five invoices GDC submitted, and transmitted this payment to Treasury. We understand that GDC should receive the payment today or tomorrow. The remaining four invoices of approximately \$128 million were approved Friday evening and were sent to Treasury today at 2:30 PM. We understand that GDC should receive the payment tomorrow or Thursday, February 19, 2026.

At the status conference, the Court asked Defendants to confirm whether FTA’s Electronic Clearing House Operation (“ECHO”) system required FTA to reject GDC’s previously submitted reimbursement requests. FTA confirmed that unless GDC’s requests were rejected in the ECHO system or the internal financial management system in which requests are subsequently processed, they would have been processed and transmitted to Treasury, despite the fact that this Court had administratively stayed its order and DOT’s suspension was still in effect. As such, it was necessary for FTA to reject the reimbursement requests and for GDC to resubmit them, once the administrative stay was lifted.

We thank the Court for its consideration of this letter.

Respectfully,

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