



Welcome to the NGA & US DOT webinar on:

***The Build America Bureau's
New Rural Projects Initiative***

Transportation Learning Network



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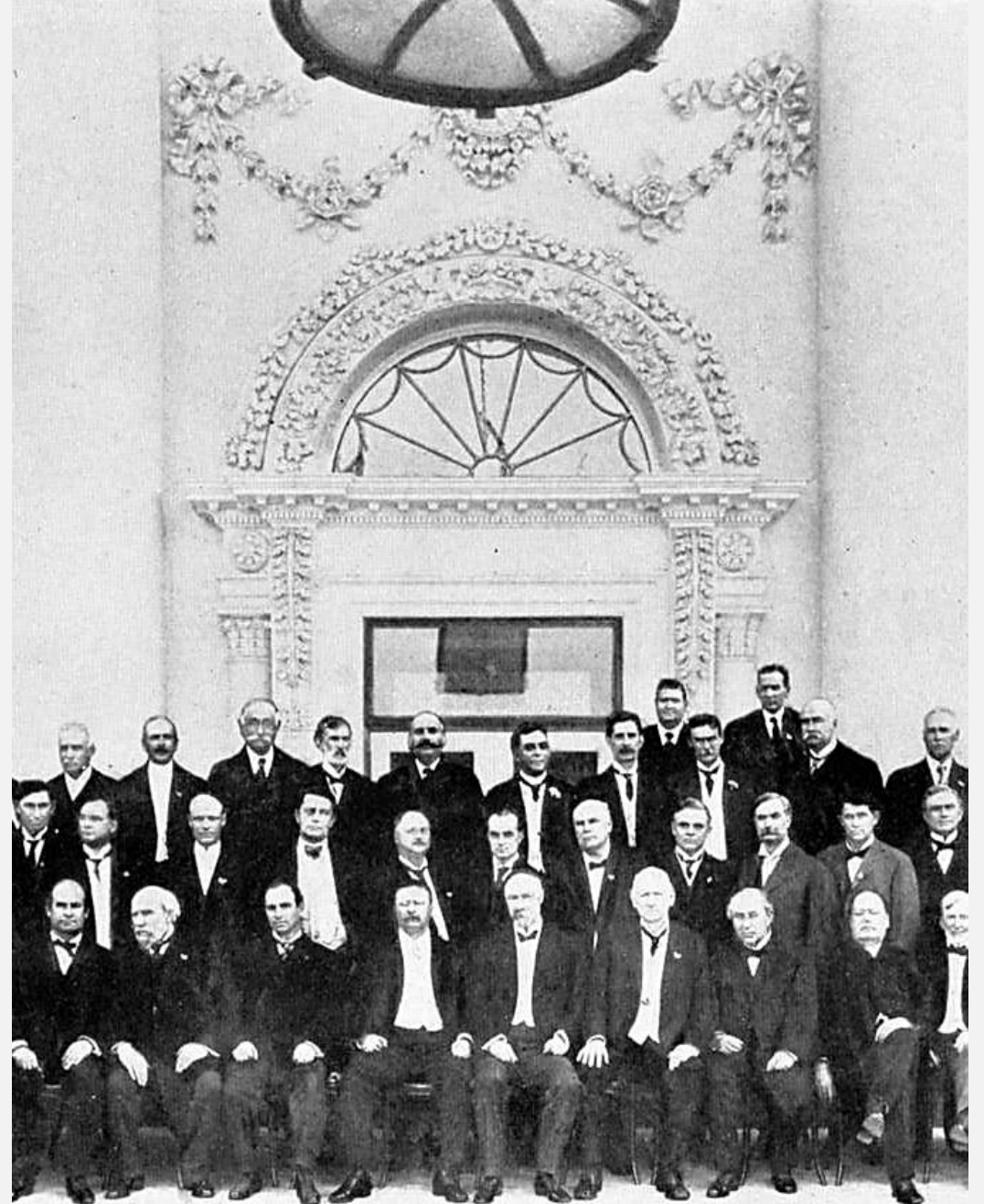
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
What is NGA?




Founded in 1908, the National Governors Association (NGA) is the collective voice of the nation's governors. Our members are the governors of the 55 states, territories and commonwealths. NGA provides governors and their staff with services that range from representing states on Capitol Hill and before the Administration to developing and implementing innovative solutions to public policy challenges through the NGA Center for Best Practices.



Submit questions here







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To: All - Entire Audience  

The Build America Bureau's



Rural Projects Initiative

National Governor's Association – Center for Best Practices

15 November, 2018

Transportation Learning Network

What the Bureau Offers

- Long-term, low interest, fixed-rate loans:
 - TIFIA
 - RRIF
- Tax-exempt private activity bonds (PABs)
- Guidance and assistance for those interested in pursuing public-private partnerships (P3s)
- A one-stop shop where project sponsors can technical assistance as they develop their projects
- **Over \$50 billion in existing lending capacity**



About the Build America Bureau

The Build America Bureau (or the Bureau) was established by the Secretary of Transportation on July 20, 2016, in accordance with the Fixing America's Surface Transportation (FAST) Act.

The Bureau combines the TIFIA and RRIF loan programs and Private Activity Bonds (PABs) all under one roof within the Office of the Undersecretary for Transportation for Policy.

The Bureau is organized into two groups:

- Outreach and Project Development
- Credit Programs



Outreach and Project Development

- Develops products and services to better meet client needs
- Conducts outreach activities to prospective project sponsors
- Conducts intake/screening to define project support needs
- Project Development Leads (PDLs) assigned to specific projects serve as single points-of-contact to help advance projects from Initial Consult, through Intake, and into Creditworthiness
- Allocates Private Activity Bonds to qualified applicants
- Consolidates and disseminates best practices

Credit Programs Office

- Consolidates the TIFIA and RRIF credit programs into one office.
- Originates and services RRIF and TIFIA loans.
- Organized into three functional teams:
 - Risk Management
 - Underwriting
 - Portfolio Management

Rural Challenges

- Rural communities frequently find it challenging to identify the financial resources required to fund critical infrastructure projects, which are key to improving the economy and the quality of life of all Americans.
- Clearly there is a need to improve our rural roads - according to the Federal Highway Administration, roughly **40 percent of county roads are inadequate for current travel, and 38,000 rural bridges longer than 20 feet are structurally deficient.**

Rural Projects Initiative (RPI)

- **Rural Defined:** Project located in an area that is outside of an urbanized area with a population greater than 150,000 individuals
- **Project Size:** Total eligible project cost of \$10-75 million
- **Loan Size:** TIFIA can finance up to 49% of eligible project costs
- **Loan Term:** Up to 35 years with potential for deferred repayment (up to five years after substantial completion)
- **Interest Rate:** Fixed rate of $\frac{1}{2}$ Treasury rate; on 11/6/18, 35-year rural rate was 1.71%
- **Application/Advisor Fees:** Borrower fees may be covered by DOT (limited funding available)



Rural Projects Initiative (RPI)

- **Pre-payment:** No penalty or fee for early repayment of the loan.
- **Flexibility:** Flexible amortization schedule to align with borrower's cash flows – loans can be highly customized to meet borrower needs



RPI Borrower Eligibility

ELIGIBLE BORROWERS

- State Governments
- State Infrastructure Banks
- Private Firms
- Special Authorities
- Local Governments
- Transportation Improvement Districts

RPI Project Eligibility

ELIGIBLE PROJECTS

- Highways and bridges
- Intelligent Transportation Systems
- Intermodal connectors
- Transit vehicles/intercity buses + facilities
- Freight transfer facilities
- Pedestrian/bicycle infrastructure networks
- Transit-Oriented Development
- Rural infrastructure projects
- Passenger rail vehicles and facilities
- Surface transportation elements of port projects

Note that the Bureau cannot finance operating costs for any project.



More About Fee Relief

- The Bureau will reserve at least \$2 million each year to be used in lieu of the fees it charges to potential applicants as part of the TIFIA application process
- Potential applicants interested in such fee relief must indicate such in their Letter of Interest
- The Bureau cannot guarantee that funding will be available for all potential applicants requesting fee relief

RPI Program Requirements

- Project must meet Federal requirements, including:
 - Environmental compliance (NEPA)
 - Buy America
 - Prevailing wages.
 - Civil Rights Act, etc.
- Project must have a dedicated revenue source that is pledged to secure debt service payments for both Bureau and other debt (if any)

RPI Program Requirements (Cont'd)

- Senior debt must receive investment grade ratings (BBB-/Baa3) from nationally recognized credit rating agencies
- Project must be included in State's transportation planning and programming cycle (TIP, STIP)

State Infrastructure Banks (SIBs)

- Revolving loan funds for highway, transit and rail projects
- Normally administered by a State DOT, a SIB can offer a range of loans and credit enhancement products
- Typical SIB borrower is a local public agency, but a variety of public and private entities can borrow.
- SIB can borrow up to \$100 million from the TIFIA program to capitalize a Rural Projects Fund
- Rural Projects Fund would “on-loan” to eligible projects



Rural Project: \$10M-\$100M

Type of Assistance	Rural Interest Rate?	Maximum Loan Size	Discussion
Direct Loan from Bureau	Yes	49 percent of eligible project costs Up to max project cost of \$75 M	Statutory maximum available to rural projects.
Direct Loan from SIB Rural Projects Fund	Yes	80 percent of eligible project costs UP to max project cost of \$100 M	SIB would “on-loan” to rural project at or below the TIFIA interest rate.

States with Active Federal SIBs

- Alaska
- Arkansas
- California
- Colorado
- Florida
- Indiana
- Iowa
- Maine
- Michigan
- Minnesota
- Missouri
- Nebraska
- New Mexico
- North Carolina
- North Dakota
- Ohio
- Oregon
- Pennsylvania
- Puerto Rico
- Rhode Island
- South Dakota
- Tennessee
- Texas
- Vermont
- Virginia
- Washington
- Wisconsin
- Wyoming



Other Bureau Products

FINANCING (CREDIT/LOANS):

- Transportation Infrastructure Finance and Innovation Act (TIFIA)
- Railroad Rehabilitation & Improvement Financing (RRIF)
- Private Activity Bonds (PABs)
- Airports
- Short Line and Regional Railroad Opportunities

FUNDING (GRANTS):

- INFRA: Infrastructure for Rebuilding America
- BUILD: Better Utilizing Investments to Leverage Development

TIFIA Loan Program

Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)

- Projects can be Urban or Rural
- No maximum project value
- Borrower pays advisor fees
- Can finance up to 33% of eligible project costs
- Long-term repayment period
 - ✓ Up to 35 years
 - ✓ Can be deferred for 5 years following substantial completion
- Minimum project value is \$10 million
- No pre-payment penalty
- Flexible amortization; highly customized to meet borrower needs

**Low Interest Rate -
Interest rate on 11/13/2018
was 3.37% for
a 35-year loan**

RRIF Loan Program

Railroad Rehabilitation & Improvement Financing (RRIF)

- Long-term, fixed interest, permanent, up-front financing
- Can finance up to 100% of eligible project cost
- Funds are drawn as needed
- Flexible amortization schedule
- No pre-payment penalty
- Low fixed interest rates

**Low Interest Rate -
Interest rate on 11/13/2018
was between 3.14 - 3.36%
on a loan term between
10 - 30 years**

RRIF Eligibility

ELIGIBLE BORROWERS

- State and local governments
- Interstate compacts
- Government-sponsored authorities & corporations
- Railroads
- Limited option freight shippers
- Joint Ventures that include at least one of the above

ELIGIBLE PROJECTS

- Acquire, develop, improve, or rehabilitate intermodal, rail equipment, or facilities
- Refinance outstanding debt incurred for the purposes listed above
- Reimburse planning and design expenses relating to activities listed above
- Finance economic development, including commercial and residential development, and related infrastructure and activities

Note that RRIF cannot finance operating costs for any project.



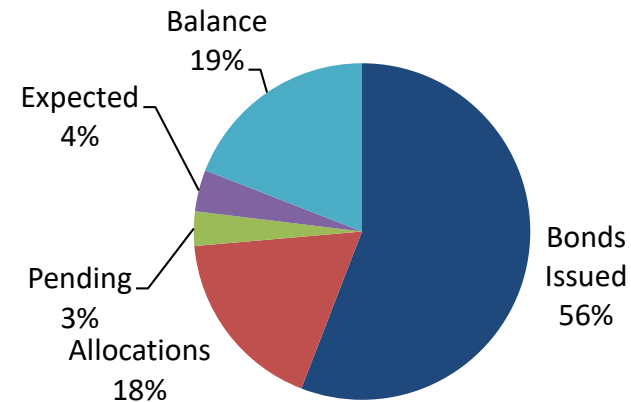
Key RRIF Program Requirements

- Project must meet Federal requirements (Environmental compliance (NEPA), Buy America, prevailing wages, etc.)
- Project must have a dedicated revenue source that is pledged to secure debt service payments for both Bureau and other debt (if any) No minimum project cost. No maximum limit
- Borrower pays Credit Risk Premium AND application/advisor fees
- Borrower can often reduce costs by offering collateral

Private Activity Bonds

The Secretary of Transportation is authorized to allocate \$15 billion in Private Activity Bonds (PABs) for qualified highway or surface freight transfer facilities.

- State or local government issues tax-exempt bonds on behalf of a private entity
- Private entity/developer responsible for all PABs debt service
- To date, over \$11 billion of PABs have issued or allocated
 - Over \$8.3 billion of PABs issued for 21 projects
 - Additional nearly \$2.7 billion of PABs allocated for six projects
- Can be used in alone or in combination with TIFIA or RRIF



Airport Infrastructure

The FAST Act expands the eligibility of TIFIA for Transit-Oriented Development (TOD) projects, including airport infrastructure projects that meet eligibility criteria.

This expanded eligibility includes projects to improve or construct public infrastructure that are located within walking distance of, and accessible to

- a fixed guideway transit facility
- passenger rail station
- intercity bus station
- intermodal facility

Eligible elements could include:

- Property Acquisition
- Demolition of existing structures
- Site Preparation
- Utilities
- Building Foundations
- Walkways
- Pedestrian and Bicycle access to a public transportation facility
- Construction, renovation, and improvement of intercity bus and intercity rail stations and
- Open Space
- Safety and security equipment and facilities
- Facilities that incorporate community services such as daycare or health care
- A capital project for, and improving, equipment or a facility for an intermodal transfer facility or transportation mall
- Construction of space for Commercial Uses



Short Line and Regional Freight Rail

(Under Development)

For Projects that:

- Have a loan size \leq \$50 million
- Have a limited project scope
 - Track maintenance/improvement
 - Bridge rehabilitation
 - Rolling stock
 - Eligible refinancing*
- Are Buy America compliant
 - Or Buy America waiver granted (not pending)
- Qualify for NEPA Categorical Exclusion
 - FRA C.E. Worksheet must be complete at time of application
- Are prepared to initiate construction within 90 days of financial close

The Bureau may:

- Pay the application costs (IFA and Counsel)
- Offer expedited processing
- Seek to reduce or eliminate the Credit Risk Premium



BUILD Grants

Better Utilizing Investments to Leverage Development Transportation Discretionary Grants Program

- \$1.5 billion multimodal, merit-based discretionary grant program
- Modal and geographic equity requirements
- DOT intends to award a greater share of grants to projects in rural areas than in urban areas
- Project narrative, SF 424, and project information form required



- ❑ Eligible Applicants
 - State, local, and tribal governments, transit agencies, MPOs, and other public entities
- ❑ Eligible Projects
- ❑ Eligible Cost Share or Match
 - BUILD Transportation funds may cover up to 80 percent of project-costs in urban areas and 100 percent of project costs in rural areas
- ❑ Minimum Awards
 - \$5 million for projects in urban areas
 - \$1 million for projects in rural areas
 - No minimum for planning grants
- ❑ Maximum Award
 - \$25 million per project; \$150 million per State

- Discretionary grant program authorized under the FAST Act through 2020 - previously known as FASTLANE
- Approximately \$1.5 billion available for infrastructure grants for FY 17 and FY18.
- INFRA program preserves statutory requirements and utilizes updated criteria to evaluate projects and align with national and regional economic vitality goals.
 - Leveraging increased investment by state, local, and private partners.
 - Promoting improved project performance and accountability.
 - Providing project sponsors maximum flexibility to propose innovative solutions to address specific, local needs.

APPLICATION DEADLINE: November 2, 2017 8 PM EST.

- Highway freight projects carried out on the National Highway Freight Network
- Highway or bridge projects carried out on the National Highway System, including:
 - Projects that add Interstate System capacity to increase mobility
 - Projects located in a national scenic area
- Grade crossing or grade separation projects
- Other freight projects that are:
 - Intermodal/rail freight project
 - Within the boundaries of a public or private freight rail, maritime (including ports) or intermodal facility

LARGE PROJECTS

- Project Size: \$100 million (subject to other constraints)
- Grant Amount: > \$25 Million
- Cost Share: Up to 60% Infra (Max 80% total Federal)

SMALL PROJECTS

- Project Size: < \$100 Million
- Grant Amount: > \$5 Million
- Cost Share: Up to 60% Infra (Max 80% total Federal)

Working With the Bureau is Easy:

Roger Bohnert

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Build America Bureau:

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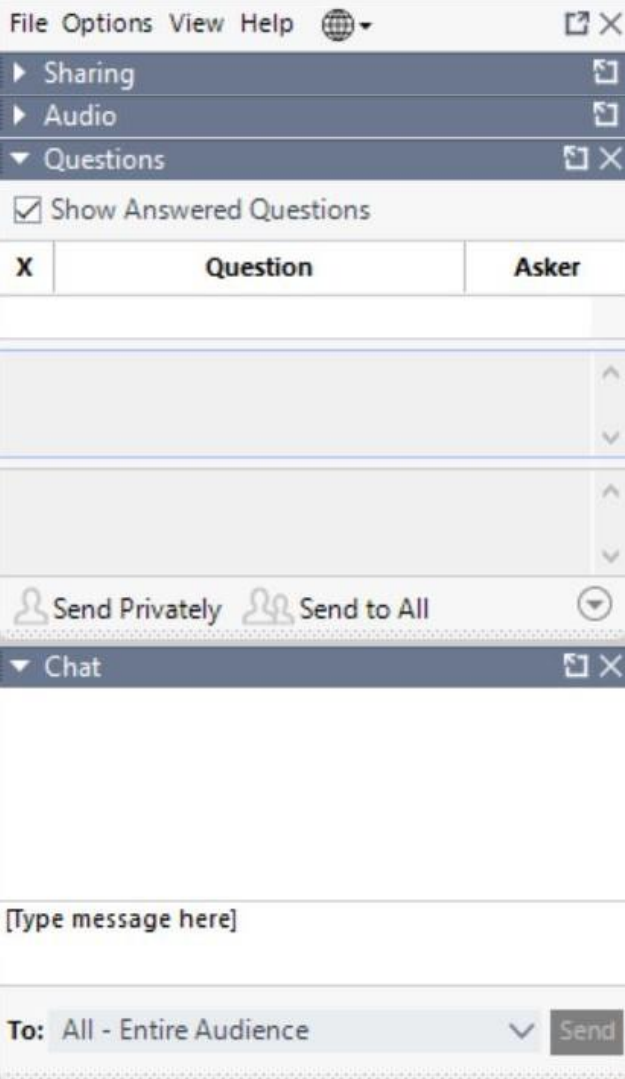
Phone: 202-366-2300

Website: <http://www.transportation.gov/buildamerica>



Questions?

Or email:
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The screenshot shows a software interface with a menu bar at the top containing 'File', 'Options', 'View', and 'Help'. Below the menu bar, there are three expandable sections: 'Sharing', 'Audio', and 'Questions'. The 'Questions' section is expanded, showing a checkbox for 'Show Answered Questions' which is checked. Below this is a table with two columns: 'Question' and 'Asker'. The table is currently empty. At the bottom of the interface, there is a 'Chat' section with a text input field containing the placeholder '[Type message here]' and a 'Send' button. The 'To:' field is set to 'All - Entire Audience'.

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