

 U.S. DEPARTMENT OF TRANSPORTATION



BUILD AMERICA BUREAU

Build America Bureau is Open for Business!

Refresher Educational Seminar on
Innovative Financing Opportunities

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06/09/2020



Webinar Logistics



PowerPoint Presentation available on BATIC Website



Submit questions in Q&A box



Webinar will be available on BATIC website



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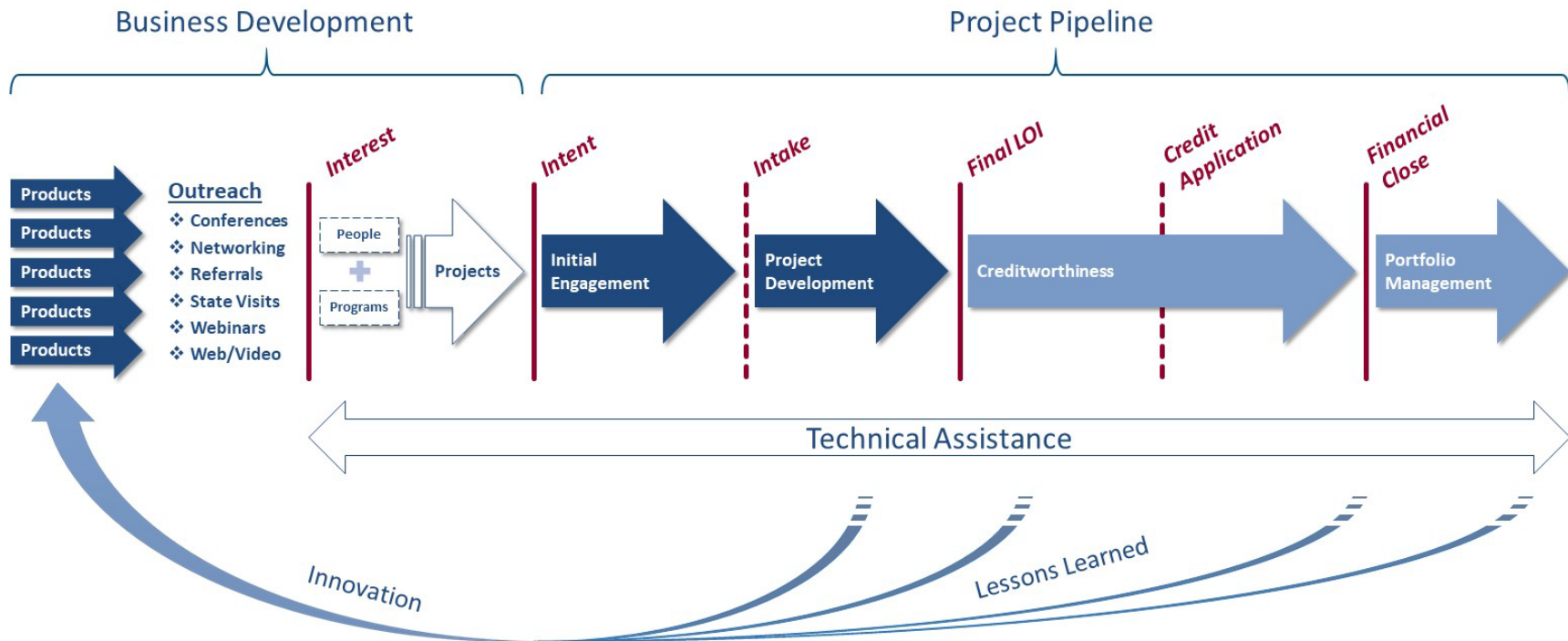


Bureau Priorities

- **Mission: Deliver More Good Projects Faster**
- Grow a more robust project pipeline
- Diversify portfolio mix:
 - Geographic/new states
 - Asset class
 - Innovative project delivery models
- Streamline credit application process
- Assist underserved stakeholders, communities and new borrowers
- Remain open during times of need and stay fully engaged with partners



Bureau Business Model Framework



TIFIA

—Transportation Infrastructure Finance & Innovation Act of 1998

- Long-term repayment period
 - Up to 35 years
 - Can be deferred for five years following substantial completion
 - No pre-payment penalty
- Finance up to 33% of eligible project costs
- Draw funds as needed; only pay interest on drawn funds
- Highly customizable to meet borrower needs
- Also offer loan guarantees and lines of credit

Low Interest Rate

1.46% for a 35-year loan
(on 6/1/20)

TIFIA Rural Project Initiative (RPI)

- Rural: Outside a Census-defined urbanized area of population greater than 150,000
- Project costs between \$10 million and \$100 million
- TIFIA can finance up to **49%** of eligible project costs
- Fixed rate at $\frac{1}{2}$ **Treasury** rate
- DOT can **cover borrower fees**



$\frac{1}{2}$ the U.S. Treasury rate
0.73% as of 6/01/2020



RRIF

—Railroad Rehabilitation & Improvement Financing

- Very similar to TIFIA (Long-term, fixed interest, flexible amortization, no pre-payment penalty, etc.)
- Can finance up to 100% of eligible project cost
- The credit risk premium is offset using
 - Upfront payment by the borrower
 - Collateral
 - Adjustment to the interest rate

Low Interest Rate

1.46% for a 35-year loan
(on 6/1/20)



RRIF Express

- Very similar to RRIF (Long-term, fixed interest, flexible amortization, no pre-payment penalty, etc.)
- Can finance up to 100% of eligible project costs up to \$50 million
- Eligible borrowers receive
 - Expedited processing
 - Up to 5% CRP cost assistance
 - Up to \$100,000 in fee assistance
 - Applications accepted through June 15, 2020 – first come, first served

Eligible Borrowers:
Class II or III Railroads

Streamlined Loan Application

- Speedier process enabled by the FAST Act for projects meeting the following criteria (subsection (f) to 23 U.S.C. § 603):
 - Public sector borrower
 - Minimum credit rating A- (or equivalent)
 - Max loan amount \$100 million
 - Based on the Bureau's Non-Project Revenues template loan agreement
 - Repayment of the loan commences no later than 5 year after full disbursement.

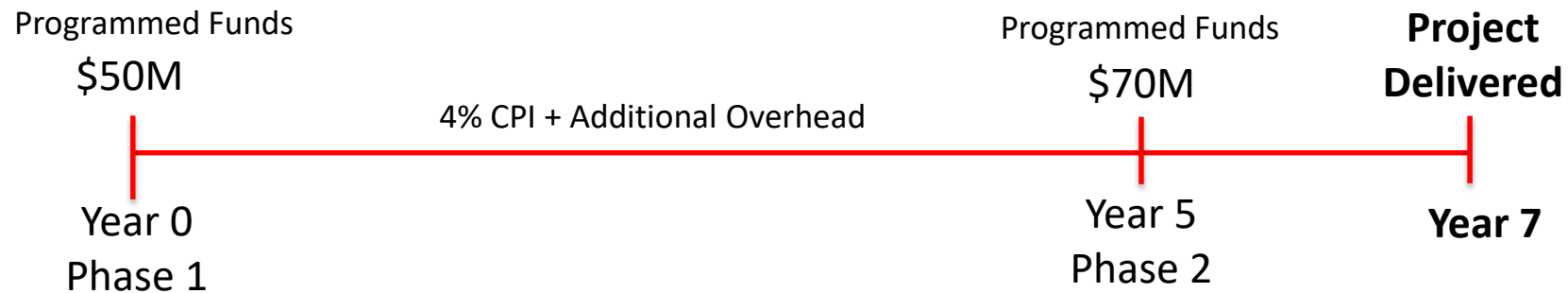
TIFIA State Infrastructure Banks (SIBs)

- A **Rural Projects Fund** can be established (FAST Act) within a SIB and capitalized with a TIFIA loan to provide financing to:
 - Rural surface transportation infrastructure projects
 - Rural: Outside a Census-defined urbanized area of population greater than 150,000
 - Of up to 80% of project costs, **at one-half Treasury rate.**
 - With advisory fee waiver for loans under \$75 million (limited budget availability).
 - With one credit rating agency rating requirement.
- New Jersey Infrastructure Bank (NJIB) and a few other states expressed interest .

Build It Now!

Scenario 1: No TIFIA

Project: \$100M Rural Multi-Phase



Scenario 2: With TIFIA

Project: \$100M Rural



Benefits

- Expedited delivery
- Cost savings

Refinancing

- Refinancing of outstanding debt if refinancing provides additional funding capacity for the completion, enhancement, or expansion of an eligible project
- Refinancing of outstanding debt incurred to acquire, improve, or rehabilitate intermodal or rail equipment or facilities
- Deferral of debt service for TIFIA loans, deferral of debt service for RRIF loans for up to one year

Working with us is easy!

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Questions & Answers



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