Build America Bureau is Open for Business!

Refresher Educational Seminar on Innovative Financing Opportunities

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Webinar Logistics

PowerPoint Presentation available on BATIC Website

Submit questions in Q&A box

Webinar will be available on BATIC website
**IN-PERSON SERVICES**
- Peer Exchanges
- Training Seminars
- Workshops

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- Customized Website
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**QUICK TURNAROUND RESEARCH**

**TRANSPORTATION FINANCE**
- Bond Financing
- Federal Credit
- Public Private Partnerships
- Other Finance Tools

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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

Business Development

Outreach
- Conferences
- Networking
- Referrals
- State Visits
- Webinars
- Web/Video

Interest

Projects

Intent

Initial Engagement

Project Development

Creditworthiness

Final LOI

Credit Application

Financial Close

Project Pipeline

Technical Assistance

Innovation

Lessons Learned
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 ½ Treasury rate
- DOT can cover borrower fees

½ 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 is 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 years 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

Programmed Funds
$50M
Year 0
Phase 1

4% CPI + Additional Overhead

Programmed Funds
$70M
Year 5
Phase 2

Project Delivered
Year 7

Scenario 2: With TIFIA
Project: $100M Rural

Programmed Funds
$51M
Year 0

$49M TIFIA Loan

Project Delivered
Year 2

Loan Repayment
$52M
Year 5

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!

Build America Bureau:

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Questions & Answers

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