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Martin Klepper
Executive Director
A New Formula for Infrastructure Investment

The BUILD AMERICA BUREAU serves as the single point of contact and coordination for states, municipalities and project sponsors looking to:

- Utilize federal transportation expertise,
- Apply for federal transportation credit programs
- Explore ways to access private capital and expertise in public private partnerships.
Bureau Credit Programs

- **Transportation Infrastructure Finance and Innovation Act (TIFIA)**
  - Loans, loan guarantees, and lines of credit to finance surface transportation projects

- **Railroad Rehabilitation and Improvement Financing (RRIF)**
  - Loans and loan guarantees to finance railroad and intermodal equipment, and infrastructure that results in public benefits

- **Private Activity Bonds (PABs)**
  - Provides authorization for a State or local government to issue tax-exempt bonds on behalf of a private entity developing a qualified highway or surface freight transfer facility project
TIFIA Program Benefits

- Long term, fixed cost, permanent, up-front financing
- Borrower/Revenue source may be minimum investment grade
- Non recourse financing—project cash flow supported
- Funds drawn as needed
- Senior or Subordinate lien
- Flexible amortization
- No pre-payment penalty
- Low interest rates

Low Interest Rate - Interest rate on 04/24/2017 was 2.93% for a 35-year loan
Elite Sponsors and Projects (TIFIA)

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

**ELIGIBLE PROJECTS**
- Highways and Bridges
- Intelligent Transportation Systems
- Intermodal Connectors
- Transit Vehicles and Facilities
- Intercity Buses and Facilities
- Freight Transfer Facilities
- Pedestrian and Bicycle Infrastructure Networks
- Transit-Oriented Development
- Rural Infrastructure Projects
- Passenger Rail Vehicles and Facilities
- Surface Transportation Elements of Port Projects
TIFIA Major Requirements

- Minimum anticipated project costs exceeding $10M
- Limited to 33% of reasonably anticipated eligible project costs unless the sponsor provides a compelling justification for up to 49%
- Senior debt must receive two investment grade ratings (BBB-/Baa3) from nationally recognized credit rating agencies
- The project must be included in the relevant State’s transportation planning and programming cycle
- The project must have a dedicated revenue source, such as tolls or other user fees, that are pledged to secure debt service payments for both the TIFIA and senior debt financing
TIFIA Portfolio Statistics

Since program inception, TIFIA has approved 70 loans totaling over $26 billion to stimulate nearly $95 billion of transportation infrastructure investments in 21 states (plus the District of Columbia & Puerto Rico).
## TIFIA Revenue Pledges

<table>
<thead>
<tr>
<th>User-backed Financings</th>
<th>Pledged Revenues</th>
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<tbody>
<tr>
<td>South Bay Expressway</td>
<td>Facility Tolls</td>
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<tr>
<td>Central Texas Turnpike</td>
<td></td>
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<tr>
<td>Pocahontas Parkway</td>
<td></td>
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<tr>
<td>I-495 Capital Beltway/HOT Lanes</td>
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<tr>
<td>Intercounty Connector</td>
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<tr>
<td>Triangle Expressway</td>
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<tr>
<td>North Tarrant Express</td>
<td></td>
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<tr>
<td>Miami Intermodal Center RCF</td>
<td>Rental car customer facility charges</td>
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<tr>
<td>Warwick Intermodal Station</td>
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<thead>
<tr>
<th>Tax-backed Financings</th>
<th>Pledged Taxes</th>
</tr>
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<tbody>
<tr>
<td>Miami Intermodal Center GP</td>
<td>State fuels excise taxes</td>
</tr>
<tr>
<td>Washington Metro CIP</td>
<td>Local government contributions</td>
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<tr>
<td>Cooper River Bridge</td>
<td>State and county contributions</td>
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<tr>
<td>Transbay Transit Center</td>
<td>Tax increment financing</td>
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<tr>
<td>Denver Union Station</td>
<td>Local sales taxes and tax increment financing</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Other</th>
<th>Pledged Payments</th>
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<tbody>
<tr>
<td>Port of Miami Tunnel</td>
<td>Availability payments</td>
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<tr>
<td>I-595 Corridor Roadway Improvements</td>
<td></td>
</tr>
<tr>
<td>Staten Island Ferries and Terminals</td>
<td>Tobacco settlement payments</td>
</tr>
</tbody>
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Bureau P3 Best Practices Initiatives

- Case Study webinars on recent P3s and innovative financing strategies
  - Pennsylvania Rapid Bridge Replacement P3
  - Denver Union Station Development
  - Denver Eagle Commuter Rail P3
  - Priced Managed Lanes
- Report on Successful Practices for P3s
- Guidebook to Financing Highway P3s
- Discussion Papers:
  - Revenue Risk Sharing for Highway P3s
  - Uses of Performance Requirements in P3s
  - Early Involvement of Private Developers in the Consideration of P3 Concession Options
- Report on Highway P3 Concessions In the United States (since 1992)
- P3 Toolkit
  - Availability Payment Concessions Public-Private Partnerships Model Contract Guide
RRIF Overview

❖ Program Goal – Provide loans and loan guarantees to finance railroad and intermodal equipment and infrastructure that results in public benefits:
  ▪ Safety
  ▪ Economic development
  ▪ Environmental improvements
  ▪ Service and capacity improvements

❖ Authorized to loan up to $35 billion
  ▪ $7 billion reserved for freight railroads other than Class I
To date, RRIF has approved 36 loans to fund over $5 billion of infrastructure in 27 states.
Eligible RRIF Projects

- Acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings, shops, and costs related to these activities, including pre-construction costs.

- Develop or establish new intermodal or railroad facilities, including all parts of facilities at which the connection between rail service and other modes of transportation is made.

- Transit-Oriented Development (December 2019 sunset)
Private Activity Bonds (PABs)

- Secretary of Transportation is authorized to allocate $15 billion of PABs for qualified highway or surface freight transfer facilities
- State or local governments issue tax-exempt bonds on behalf of a private entity
- Private entity/developer responsible for all PABs debt service (PABs are not a moral or legal obligation of a governmental issuer)
- To date, over $11 billion of PABs have issued or allocated
  - Nearly $6.5 billion of PABs issued for 17 projects
  - Over $4.7 billion of PABs allocated for five projects
- Can be used in combination with TIFIA credit assistance
Pennsylvania Rapid Bridge Replacement Project (PennDOT)

- Replaced 558 structurally deficient bridges under a design-build-finance-maintain (DBFM) public-private partnership (P3) arrangement
- First project to be completed under Pennsylvania’s 2012 P3 enabling legislation
- The batching of the projects allowed the bridges to be replaced and maintained at an average cost of $1.6 million each vs $2 million each
- Largest road project in PA history
- Largest PAB financing to date in the U.S.
- Bond Buyer Deal of the Year awards winner 2015

### Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Private Activity Bond (PAB) Proceeds</td>
<td>$721.5 million</td>
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<tr>
<td>PAB Sale Premium</td>
<td>$71.9 million</td>
</tr>
<tr>
<td>Equity (Plenary/Walsh)</td>
<td>$59.4 million</td>
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<tr>
<td>Mobilization and Milestone Payments</td>
<td>$224.7 million</td>
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<tr>
<td>Availability Payments</td>
<td>$35.8 million</td>
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<tr>
<td>Interest Earned</td>
<td>$4.9 million</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$1.118 billion</strong> (includes financing costs)</td>
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The Goethals Bridge carries I-278 over the Arthur Kill, connecting Staten Island to New Jersey and providing critical access for commuters and freight carriers between New Jersey and New York.

- Project replaces the existing 85-year-old bridge, which is functionally obsolete.
- The replacement bridge will consist of six, 12-foot travel lanes, 12-foot outer shoulders, and 5-foot inner shoulders, as well as a 10-foot bike/pedestrian path along the northern edge of the New Jersey-bound side.
- Construction of the bridge is expected to generate approximately 5,500 jobs and a total economic impact of approximately $872 million.
- The use of TIFIA financing and P3 structuring will allow for project delivery approximately 5 years sooner than more conventional financing.

### TIFIA Credit Assistance

- $473.7 million Direct Loan

### Pledge for TIFIA Loan

- PANYNJ Availability Payments to Private Borrower

### Other Funding Sources

- Private Activity Bonds: $453.3 million
- Pre-development Costs Funded by the Port Authority: $277.6 million
- Port Authority Milestone Payments: $125 million
- Equity: $106.8M

### Total Eligible Project Costs

- $1.436 billion

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