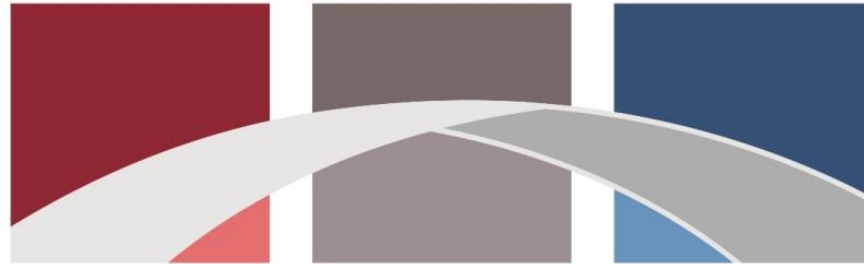


 U.S. DEPARTMENT OF TRANSPORTATION



**BUILD AMERICA BUREAU**

**April 25, 2017**

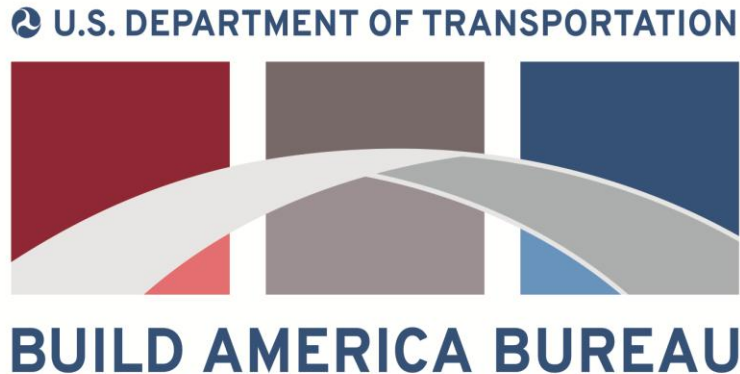
**Martin Klepper**  
Executive Director



---

# 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

and **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**

# Eligible 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

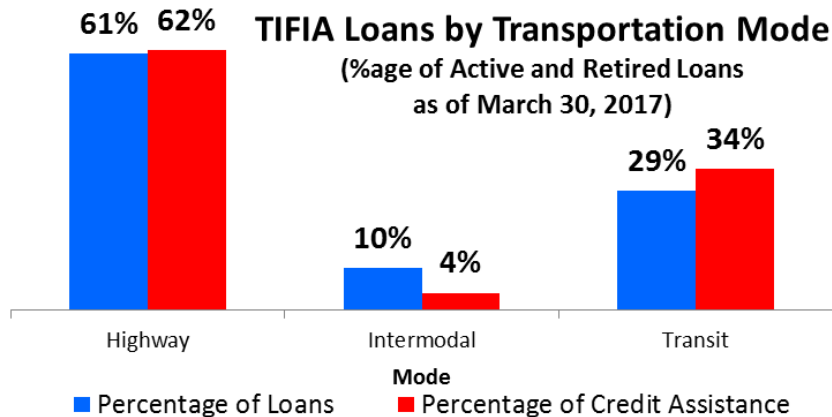


# TIFIA Major Requirements

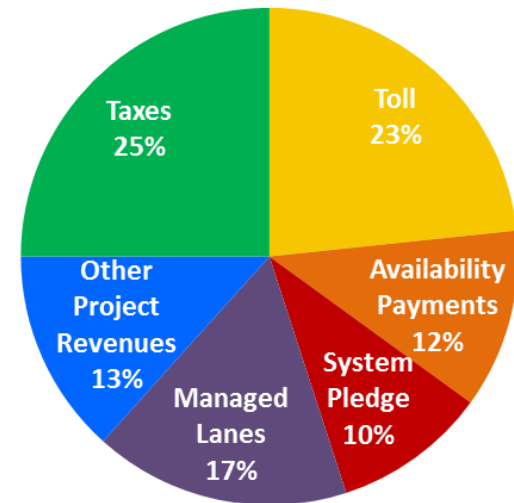
- ❖ **Minimum anticipated project costs exceeding \$10M**
- ❖ **Limited to 33% of reasonably anticipated eligible project costs unless the sponsor provides a compelling justification for up to 49%**
- ❖ **Senior debt must receive two investment grade ratings (BBB-/Baa3) from nationally recognized credit 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).



**Proportion of TIFIA Loans By Revenue Pledge**  
(as of March 30, 2017)



# TIFIA Revenue Pledges

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



# Bureau P3 Best Practices Initiatives

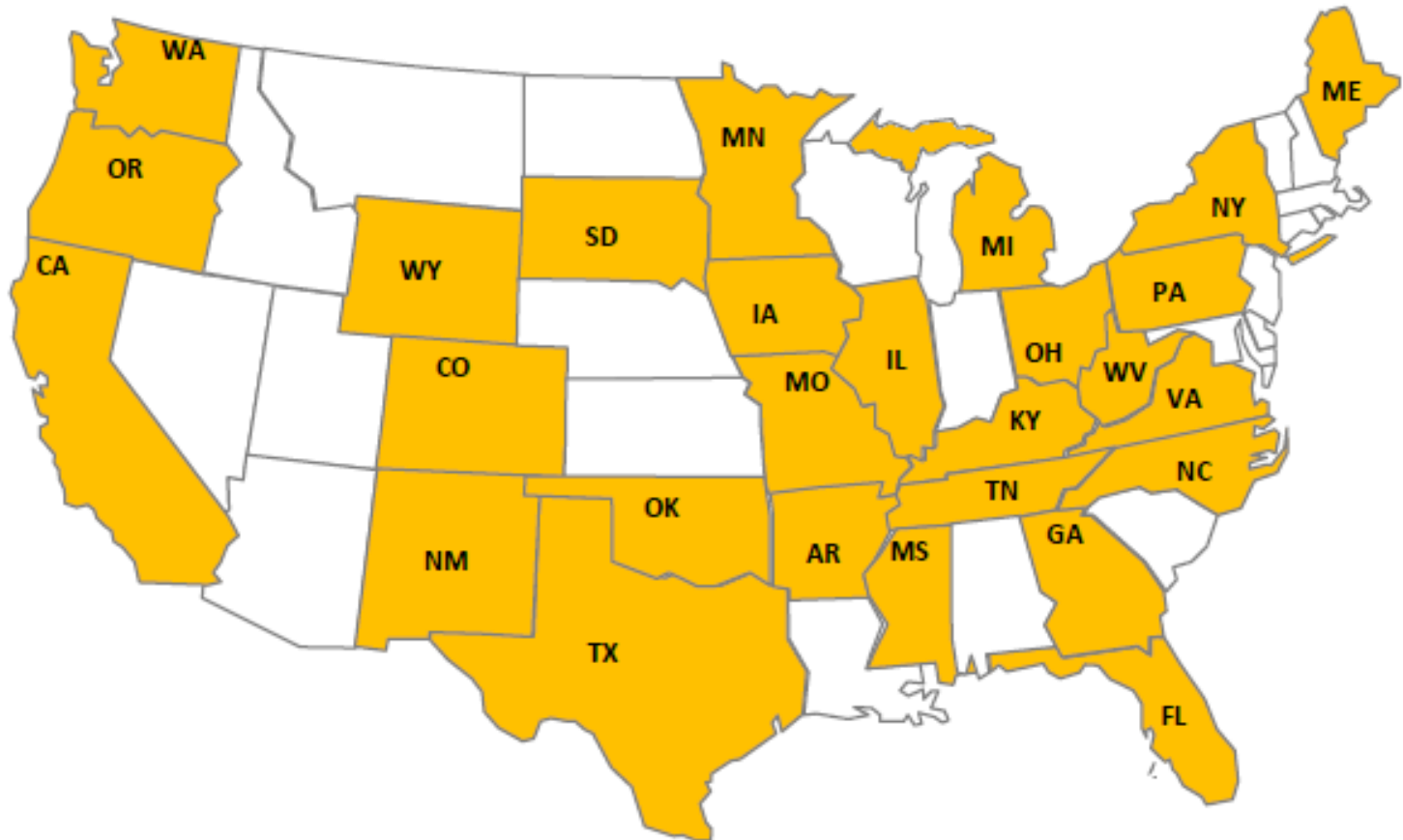
- ❖ Case Study webinars on recent P3s and innovative financing strategies
  - Pennsylvania Rapid Bridge Replacement P3
  - Denver Union Station Development
  - Denver Eagle Commuter Rail P3
  - Priced Managed Lanes
- ❖ Report on Successful Practices for P3s
- ❖ Guidebook to Financing Highway P3s
- ❖ 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**

# RRIF Overview (continued)

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	
Private Activity Bond (PAB) Proceeds	\$721.5 million
PAB Sale Premium	\$71.9 million
Equity (Plenary/Walsh)	\$59.4 million
Mobilization and Milestone Payments	\$224.7 million
Availability Payments	\$35.8 million
Interest Earned	\$4.9 million
<b>Total Sources</b>	<b>\$1.118 billion</b> (includes financing costs)

# Goethals Bridge Replacement

- ❖ 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

<b>TIFIA Credit Assistance</b>	\$473.7 million Direct Loan
<b>Pledge for TIFIA Loan</b>	PANYNJ Availability Payments to Private Borrower
<b>Other Funding Sources</b>	<ul style="list-style-type: none"> <li>• Private Activity Bonds: \$453.3 million</li> <li>• Pre-development Costs Funded by the Port Authority: \$277.6 million</li> <li>• Port Authority Milestone Payments: \$125 million</li> <li>• Equity: \$106.8M</li> </ul>
<b>Total Eligible Project Costs</b>	\$1.436 billion