



The Build America Bureau's



Rural Projects Initiative

American Association of State Highway and Transportation Officials

MTAP Steering Committee

8 January, 2019

About the Build America Bureau

The Build America Bureau was established by the Secretary of Transportation in 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, and provides:

- A one-stop shop to assist project sponsors with technical assistance as they develop their projects
- Assistance for those interested in pursuing public-private partnerships (P3s)
- **Over \$50 billion in existing lending capacity**



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 1/4/19, 35-year rural rate was 1.47%
- **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.



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)

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

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

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



Working With the Bureau is Easy:

Roger Bohnert

Email: Roger.Bohnert@dot.gov

Phone: 202-366-0720

Build America Bureau:

Email: buildamerica@dot.gov

Phone: 202-366-2300

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

