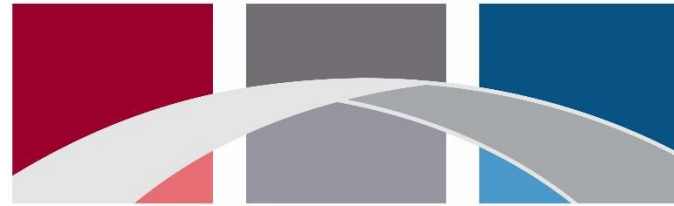


 U.S. DEPARTMENT OF TRANSPORTATION



BUILD AMERICA BUREAU

Value Capture and U.S. DOT Financing Programs

October 21, 2018





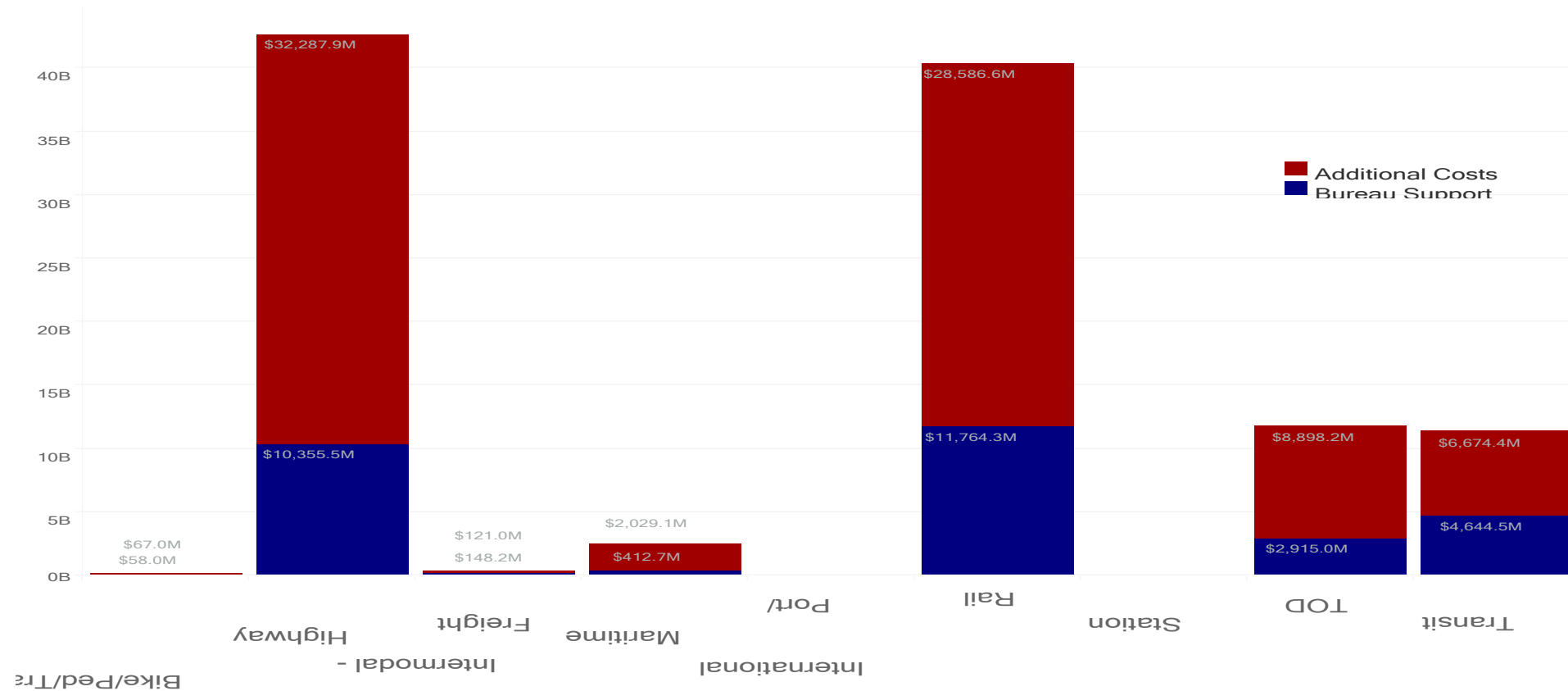
Build America Bureau – Background

- Established by the Fixing America’s Surface Transportation (FAST) Act.
- Consolidates TIFIA and RRIF loan programs and Private Activity Bonds (PABs) program under one roof.
- Serves as the single point of contact for project sponsors, provides technical assistance, communicates best practices, and develops new products and services.
- Organized into two offices:
 - Outreach and Project Development
 - Credit Programs



Project Pipeline by Type/Value

Pre-Credit Estimated Project Costs



98 projects in Pre-Credit Pipeline valued at \$79 Billion

TIFIA Loan Program – Background

- Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)
- Minimum anticipated project costs exceeding \$10 million
- Limited to 33% of reasonably anticipated eligible project costs
- Senior debt must receive two investment grade ratings (BBB-/Baa3)
- Project must be in State's transportation planning and programming cycle
- Project must have a dedicated revenue source (e.g., tolls, TIF, special assessment, etc.) that is pledged to secure debt service payments
- Under TIFIA Rural Projects Initiative, sponsors can finance up to 49% of eligible project costs at ½ the U.S. Treasury rate (1.71% on 10/11/18)

TIFIA – Eligible Borrowers & Projects

BORROWERS

State Governments

State Infrastructure Banks

Local Governments

Special Authorities

Transportation

Improvement Districts

Private Companies (with public planning sponsor)

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

NO OPERATIONS!

RRIF Loan Program – Background

- Railroad Rehabilitation & Improvement Financing (RRIF) program
- Direct loans for up to 100% of eligible project costs
- \$35 billion available (\$7 billion reserved for short lines and regional railroads)
- Cost to government of providing financial assistance borne by the applicant through payment of Credit Risk Premium (CRP)
- Collateral not required, but CRP is affected by collateral pledged
- Project required to comply with various Federal and modal requirements, including NEPA and Buy America

RRIF – Eligible Borrowers & Projects

BORROWERS

Railroads

State and Local Govs

Government sponsored authorities
and corporations

Interstate compacts (410(a)) Amtrak
Reform and Acc. Act of 1997

Limited option freight shippers

Joint Ventures

PROJECTS

Design/planning

Freight Rail Facilities

Freight Transfer Facilities

FRA-Regulated Commuter Rail Facilities

Passenger Rail Vehicles and Equipment

Transit-Oriented Development*

“Intermodal” or Rail Equipment or
Facilities

Refinance of above

NO OPERATIONS!



TIFIA and RRIF – Program Benefits

- Low fixed interest rates
- Long terms available (up to 35 years)
- Flexible amortization schedules
- Funds drawn as needed
- No pre-payment penalty
- Non recourse financing (project cash flow supported) permitted

**Low Interest Rate -
Interest rate on 10/11/2018
was 3.41% for
a 35-year loan**

Private Activity Bonds (PABs)

- DOT authorized to allocate \$15 billion in PABs for qualified highway or surface freight transfer facilities.
- State/local government issues tax-exempt bonds on behalf of private entity
- Private entity/developer responsible for all PABs debt service
- To date, over \$11 billion of PABs have issued or allocated
 - \$8.2 billion issued for 19 projects
 - Additional \$2.8 billion allocated for eight projects
- Can be used in combination with TIFIA or RRIF

Transit-Oriented Development – TIFIA

FAST Act expanded TIFIA by making public infrastructure elements of TOD projects eligible for TIFIA financing

- **Eligibility** – TIFIA must ascertain the TOD Project’s relationship to a transportation facility, including:
 - The TOD Project’s distance from the transportation facility
 - The nexus between the TOD Project and the transportation facility
- **Eligible Project Elements** – Subject to TOD project-specific review, a variety of elements could be eligible including the following, among others:
 - Property acquisition
 - Site preparation
 - Walkways
 - Pedestrian and bicycle access to a public transportation facility
 - Demolition of existing structures

FAST Act expanded RRIF by making economic development (TOD) projects eligible for RRIF financing

- **Economic Development** defined as commercial and residential development, and related infrastructure and activities that:
 - incorporate private investment
 - are physically or functionally related to a passenger rail station or multimodal station that includes rail service
 - have a high probability of reducing the need for financial assistance under Federal programs by increasing ridership, tenant lease payments, or other activities that generate revenue
- **Caveats and Conditions**
 - Authority sunsets in December 2019
 - Non-Federal match of at least 25% required

Transbay Transit Center

- Total Project Cost (Phase 1): \$1.19 billion (TIFIA Loan: \$171 million)
- First TIFIA loan secured by value capture revenues from TOD

Denver Union Station Project

- Total Project Cost: \$518.6 million (TIFIA Loan: \$145.6M, RRIF Loan: \$155M)
- First time TIFIA and RRIF combined
- TIFIA loan partially secured by Tax Increment Financing

Moynihan Train Hall Project

- Total Project Cost: \$1.95 billion (TIFIA Loan: \$526.1 million)
- TIFIA loan secured by Payments in Lieu of Taxes (PILOT) generated by the commercial development within building



Questions?

Contact:

Leo Wetula

Leo.Wetula@dot.gov

202-366-0198

Build America Bureau Website:

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

