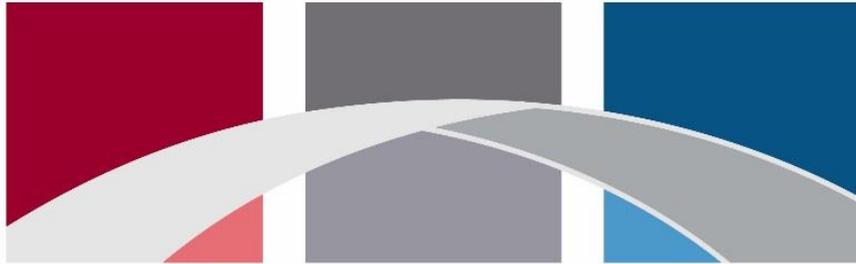


 U.S. DEPARTMENT OF TRANSPORTATION



BUILD AMERICA BUREAU

The Build America Bureau

Innovating Project Finance and Delivery

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Executive Director
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A Changing Landscape

- Past

- Projects were funded (Pay-Go model)
- State Dots were design/engineering focused
- Some few accountants, lawyers on hand
- Design – Bid - Build
- Emphasis on output

- Future

- Expensive projects that cannot be fully funded
- Finance professionals
- Business-oriented mindsets
- Technology gurus
- Lawyers understanding innovative delivery models
- Emphasis on outcome/performance based approaches
- New needs (mobility, accessibility, reliability, efficiency, etc.)



The Build America Bureau's Mission

The **Build America Bureau** serves as a single point of contact and coordination for states, municipalities, and other project sponsors looking to:

EXPAND

the use of Federal transportation credit programs, such as TIFIA and RRIF, and diversify the project portfolio

INNOVATE

new approaches to project financing and delivery, and promote best practices across credit programs and modal teams

DELIVER

streamlined technical and financial assistance to accelerate delivery of critical transportation infrastructure

Our products: 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

2.30% for a 35-year loan
(on 11/18/19)

Rural Transportation Challenges



19% of Americans live in rural areas but 69% of our nation's total lane-miles are in rural areas



Urban areas have 1,064 lane miles per 100,000 residents



Rural areas have 9,925 lane miles per 100,000 residents

RURAL TRANSPORTATION CHALLENGES

1 SAFETY

**2 INFRASTRUCTURE
CONDITION**

**3 TRAFFIC/
USAGE**



TIFIA Rural Project Initiative (RPI)

- *Outside* a Census-defined urbanized area of population greater than 150,000
- Finance up to **49%** of eligible project costs
- Fixed rate **½ the U.S. Treasury** rate
- Can **cover borrower fees**

~**40%** of county roads are inadequate for travel

38,000 rural bridges are in “poor” condition

Local govts own **72%** of rural roads, but most are ineligible for Federal formula funds



**RURAL
PROJECT
INITIATIVE**

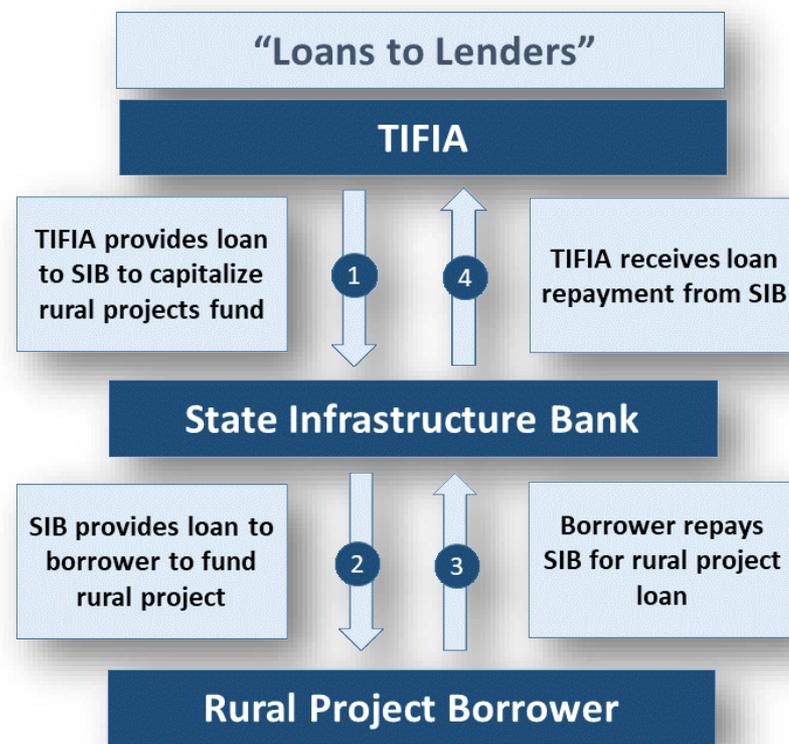
½ the U.S. Treasury rate
1.15% (on 11/18/2019)*

**while funds last*



TIFIA: State Infrastructure Banks (SIBs)

- SIBs are revolving funds for surface transportation projects
- SIBs can borrow up to \$100 million from TIFIA to capitalize a Rural Projects Fund (RPF)
- RPFs “on-loan” to eligible rural projects
- Typical borrower is a local public agency, but public and private entities can borrow
- SIBs must be administered by a State DOT



Our products: RRIF

—Railroad Rehabilitation & Improvement Financing

- Very similar to TIFIA (Long-term, fixed interest, flexible amortization, no pre-payment penalty, etc.)
- Borrowers are rail companies or joint ventures
- 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

2.30% for a 35-year loan
(on 11/18/19)

Our products: PABs

—Private Activity Bonds

- Authorized to allocate \$15 billion in PABs
- State or local government issues tax-exempt bonds on behalf of a private entity
- Private entity/developer responsible for all debt service
- Can be used separate or in combination with other Federal financing tools

Learn more about the Bureau

You can reach us at:
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More information available on:
www.transportation.gov/BuildAmerica

