

BUILD AMERICA BUREAU



U.S. DEPARTMENT OF TRANSPORTATION

TOD Virtual Office Hours
Nov. 27, Dec. 4, Dec. 11 and Dec. 18, 2023

Meeting Logistics

Audio/Video

- To listen via computer: Select “Computer Audio”
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US: +1 6692545252
ID: 161 772 4598
CODE: 549560

All participants will automatically join on mute with cameras off

- This webinar is being recorded

Technical Support

- Email Webconference@dot.gov

Questions for Presenters

- Please type your questions in the Q&A box
- Moderators will address during the webinar

More Information

- <https://www.transportation.gov/buildamerica/TOD/>



Agenda

- Welcome and logistics review
- Presentation of Bureau and TOD
 - Dan Schned, Head of Project Development
 - Borjan Panovski, Head of Credit Underwriting
- Questions and Answers
- Closing/Wrap up*

*A link to the recorded meeting will be posted on the website



About the Build America Bureau

Improving American communities and infrastructure
by providing financial & technical assistance

Financial Assistance

Credit assistance for a wide range
of eligible projects >\$100 B available.

Tax-exempt bonds for public-private
partnerships <\$15 B available.

Technical Assistance

Grants for project planning and
development, and community solutions.

Education on innovative project planning,
financing tools, and delivery models.



U.S. Department of Transportation

Office of the Secretary

- Office of the Under Secretary for Transportation Policy
 - **Build America Bureau**

Outreach & Project Development

- Outreach
- Project Development

Credit Programs

- Underwriting
- Portfolio Management
- Risk Management

Technical Assistance

- Community Solutions
- Innovative Finance

DOT Operating Administrations

- Federal Highway Administration (FHWA)
- Federal Transit Administration (FTA)
- Federal Railroad Administration (FRA)
- Federal Aviation Administration (FAA)
- Maritime Administration (MARAD)

- Experience with, and knowledge of, specific projects, sponsors, sectors, communities, and stakeholders
- Conduct oversight of projects – ensure compliance with all applicable federal requirements
- Administer DOT formula and discretionary grant programs
- Provide technical assistance



Bureau Credit Programs

TIFIA

RRIF

Key Features	Program Type	<ul style="list-style-type: none"> Federal credit assistance 	<ul style="list-style-type: none"> Federal credit assistance
	Credit Products	<ul style="list-style-type: none"> Direct loans, loan guarantees, and lines of credit 	<ul style="list-style-type: none"> Direct loans and loan guarantees
	Eligible Projects	<ul style="list-style-type: none"> Most surface transportation, seaport, airport, transit-oriented development 	<ul style="list-style-type: none"> Railroad, seaport with rail service, and transit-oriented development (rail)
Requirements	Project Cost & Loan Limits	<ul style="list-style-type: none"> Min. cost: >\$50m default, >\$10m for TOD Max. cost: n/a Max. loan to cost: 33% (49% for TOD) Max. federal grants + loans: 80% 	<ul style="list-style-type: none"> Min. cost: n/a Max. cost: n/a Max. loan to cost: 100% (75% for TOD)
	Credit Subsidy	<ul style="list-style-type: none"> Congressionally appropriated funds available 	<ul style="list-style-type: none"> Minimal appropriations, credit risk premium paid by borrowers
	Credit Rating	<ul style="list-style-type: none"> TIFIA debt (and any senior debt) must be rated investment grade (BBB- or higher) 	<ul style="list-style-type: none"> No statutory rating requirement (a rating is required, but <u>not</u> investment-grade)



Bureau Credit Programs

Key Features of TIFIA & RRIF

- Long-term repayment options
 - Up to 35 years (some up to 75 years)
 - 5-year repayment deferral following construction completion
- Customizable to meet borrower cash flows / needs
- Interest accrues as funds are drawn
- No penalty/fee for pre-payment
- Non-federal match for grants

LOW INTEREST RATES

4.49%

for 35-year loan as of 12/1/23



Current Lending Capacity

TIFIA
>\$70 billion

RRIF
>\$30 billion

PABs
<\$15 billion



Eligible Projects & Borrowers

TIFIA

Projects

- Highways, toll roads, vehicular bridges and tunnels
- Land ports of entry
- Public transportation (**including joint development**)
- Bicycle and pedestrian infrastructure
- Intercity rail/bus infrastructure and rolling stock
- Intermodal facilities (rail-truck, air-truck)
- Seaports, including access roads
- Airports (airside, landside)
- **Public infrastructure / economic development**

Borrowers

- Government entities
- Government-sponsored authorities
- Private corporations, entities (**developers**) with public sponsorship
- Business or transportation improvement districts
- State infrastructure banks

RRIF

Projects

- Railroad (freight rail and intercity or commuter passenger rail) infrastructure and rolling stock
- Intermodal railroad infrastructure and facilities
- Seaports w/ railroad service
- **Economic development**

Borrowers

- Railroads (Class I, II, III)
- Government entities
- Government-sponsored authorities
- Interstate compacts
- **Entities participating in joint ventures with another RRIF eligible borrower**

Note: TIFIA & RRIF cannot finance operations or maintenance



Major Federal Requirements

National Environmental Policy Act (NEPA)

- Federal environmental review and final determination (i.e., CE, FONSI, or ROD)

Uniform Relocation Assistance and Real Property Acquisition Act (URA)

- Just relocation assistance and compensation to persons displaced by Federally assisted projects

State & Metropolitan Transportation Planning & Programming

- Applicable planning and programming requirements determined by FHWA/FTA

Buy America

- Domestic sourcing of steel, iron, manufactured goods, and construction materials

Davis-Bacon and Related Acts

- Prevailing wages and labor standards for contractors and subs performing on federally assisted contracts

Other Modal Requirements

- Project oversight regime of modal grant programs
- TOD projects not eligible for modal grants are not subject to modal requirements



TIFIA Rural Project Initiative (RPI)

- **Requirements:**

- **Rural** = area with a population > 150,000
- **Max. Project Cost** = < \$100 million

- **Benefits:**

- Max. loan to value = **49% of costs**
- Fixed interest rate = $\frac{1}{2}$ Treasury rate
- **Borrower advisor fees waived**



$\frac{1}{2}$ U.S. Treasury rate:
2.25% for 35-year loan
(if it closed on 12/1/23)



MST O&M Facility
Monterey-Salinas, CA



RTA O&M Facility
San Luis Obispo, CA



Library Commons (Mt. Vernon, WA)

- **Total Eligible Project Costs:** \$52.1 M
- **TIFIA Loan Request:** \$25.5 M (49% LTV)
- **Borrower:** City of Mount Vernon, WA
- **Scope:** Library, community kitchen, municipal parking, EV charging, bus stop, power generation
- **Public Benefits:** Modernized community facilities, EV charging
- **Pipeline Status:** Issued initial eligibility determination, assigned Lead Underwriter, project is in Creditworthiness Review phase
- **Lead DOT Oversight Agency:** FHWA



RURAL INTEREST RATE
2.25% for 35-year loan
(if it closed on 12/1/23)



TIFIA 49 Initiative for Transit & TOD

Policy initiative that maximizes TIFIA's lending authority **up to 49%** (vs. historical 33%) of total eligible project costs for:



PUBLIC TRANSPORTATION

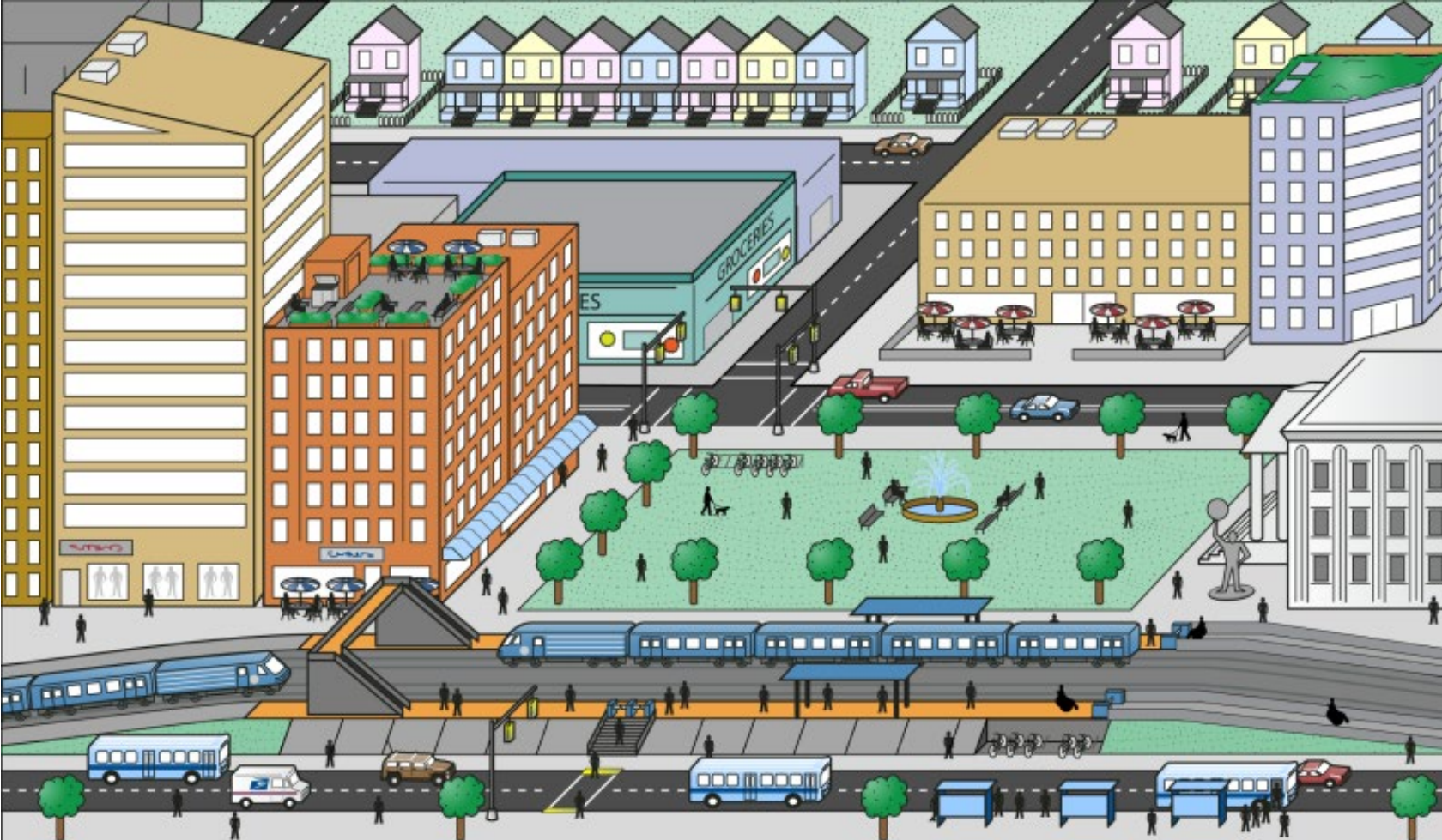


TRANSIT-ORIENTED DEVELOPMENT

Until now, the only projects eligible for financing of up to 49% were rural and TIFIA “Extra” projects



Transit-Oriented Development (TOD) Eligibilities



*Transit & Railroad
(TIFIA & RRIF)*

*Ch. 53-eligible
Joint Development
(TIFIA)*

*Public Infrastructure &
Economic Development
(TIFIA)*

*Economic Development
(RRIF)*

Transit & Railroad

- **TIFIA**: Projects eligible under FTA grant programs, including but not limited to:
 - Station for *transit**
 - Station for *intercity bus***
 - Station for *passenger rail****
 - *Joint development* is also an eligible “capital project” under all FTA capital grant programs, subject to the five eligibility criteria in FTA’s JD Circular ([link](#)).
- **RRIF**: Commuter and intercity passenger rail stations

Public Infrastructure

Public means:

- owned, developed, or operated by the public sector; or
- open to the public (i.e., anyone can access), provides a public service (i.e., includes space for public agencies), or serves a public purpose (i.e., confers a public benefit, can be demonstrated by public financial assistance).

Infrastructure means:

- Elements of projects that prepare a site for development, such as land acquisition, demolition of existing structures, site preparation, environmental mitigation, utilities, foundations, parks and open space, streets, bike-ped facilities, or transit access improvements, etc.
- Ground-up construction and development of public buildings and facilities, such as government buildings, civic centers, schools, hospitals, etc.

Must be w/in ½-mile of a **fixed guideway transit**, or **intercity rail or bus** station.

Economic Development

“**Economic development**, including [but not limited to] **commercial and residential development**, and **related infrastructure**” that meet certain eligibility criteria:



Transit-oriented (w/in ½-mile of a qualified transit or passenger rail station)



Revenue-generating for the related transit or passenger rail station or service



Non-federal match >25% (including >20% private investment) of total costs



Shovel-ready (contracting process can begin w/in 90 days of loan closing)

Economic Development cont.

RRIF:

Economic development projects must be w/in ½-mile of, and generate revenue, for a **commuter rail or intercity rail** station.

TIFIA:

Economic development projects must be w/in ½-mile of, and generate revenue for, any **rail transit or intercity rail** station.

- *AND* -

Include a project to improve or construct **public infrastructure**



TOD Application Credit Considerations

Programmatic requirements

1. Ability to provide initial deposit for external advisor's fees
2. Ability to meet external advisors' fees in excess of initial deposit as needed during the creditworthiness assessment and negotiation process
3. Project Sponsor Financial Strength
 - Ability to maintain certain liquidity as % of loan amount
 - Ability of the project sponsor / parent company to support project as needed
4. Completed Market Demand/Feasibility study (and/or Ridership study if applicable)
5. Disclosure of rental restrictions requirements via Regulatory Agreement with local municipality/agency
6. Proposed Sources and Uses of financing
7. Permitting status, near completed assessment of construction costs and contractors' terms
8. Assessment of the requirement for investment grade rating from any rating agency as required under the TIFIA program (<https://www.sec.gov/about/divisions-offices/office-credit-ratings/current-nrsros>)
9. Lack of rating from NRSRO for RRIF may impact cost of capital

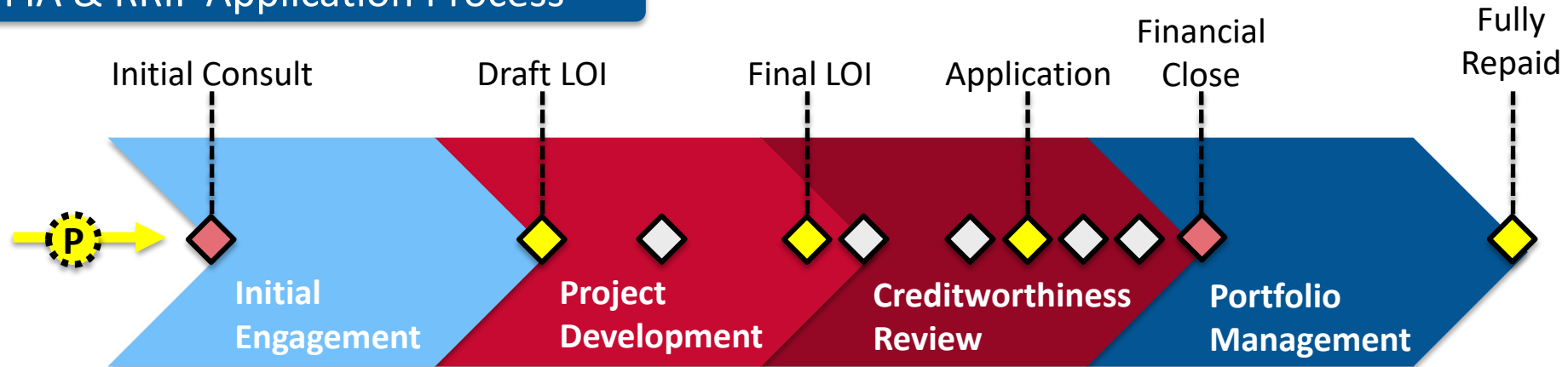
TOD Application Credit Considerations

Lending / Structuring elements

1. Senior / First lien only as a pari-passu lender. Subordinate lending permitted with other second-lien lenders if applicable subject to intercreditor agreement.
2. Maximum maturity up to 35 years post substantial completion.
3. Fully amortizing loan with no bullet maturity
4. Single loan with periodic/milestone drawdowns during construction and amortizing / sculpted repayment schedule to maturity.
5. No equity distributions during construction and debt service deferral period
6. Equity distribution subject to performance tests
7. External credit support or enhancements are not required but may help the risk assessment and risk profile.
8. TIFIA/RRIF loans cannot be used to:
 - Finance an acquisition of existing properties
 - Refinance debt of existing projects
 - Finance operation of existing projects

Working with the Bureau

TIFIA & RRIF Application Process*



- Bureau provides information about credit programs
- Sponsor describes project and address key gating questions:
 - Project + borrower
 - Schedule + readiness
 - Federal requirements
 - Plan of finance

- **Submit Draft LOI**
- Bureau assigns a Project Development Lead
 - Initial eligibility analysis
 - Identify lead oversight agency (e.g., FTA) and begin coordination
- **Submit Final LOI**
 - Financial model
 - Indicative rating (TIFIA)
- Bureau assigns a Lead Underwriter
 - Initial risk assessment

- Underwriting
 - Advisor procurement
 - Financial due diligence
 - Negotiate terms and conditions
- **Submit Application**
- Loan approval process
 - OMB and congressional notification
 - Secretarial approval
- Financial close
- Bureau assigns a Lead Portfolio Manager

- Financial oversight
 - Disbursements
 - Repayment
 - Reporting
 - Field visits

- ◊ DOT action
- ◊ Joint action
- ◊ Sponsor action

Does not represent a complete list of submissions, steps, or requirements

CONTACT US!



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