

# State Infrastructure Bank (SIB) Summit

**Location:** Virtual

**Date:** August 3, 2022

**Sponsoring Agency:** Federal Highway Administration (FHWA) Office of Performance and Innovative Finance Support

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U.S. Department of Transportation  
**Federal Highway Administration**

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<b>REPORT DOCUMENTATION PAGE</b>			<i>Form Approved</i> <i>OMB No. 0704-0188</i>	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.				
1. AGENCY USE ONLY (Leave blank)		2. REPORT DATE September 2022		3. REPORT TYPE AND DATES COVERED Final (August 3, 2022)
4. TITLE AND SUBTITLE State Infrastructure Bank (SIB) Summit			5a. FUNDING NUMBERS	
6. AUTHOR(S) Jennifer Shelby, Kate Flaherty			5b. CONTRACT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Department of Transportation John A. Volpe National Transportation Systems Center 55 Broadway Cambridge, MA 02142-1093			8. PERFORMING ORGANIZATION REPORT NUMBER  TBD	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Department of Transportation Federal Highway Administration Office of Performance and Innovative Finance Support 1200 New Jersey Avenue, SE Washington, DC 20590			10. SPONSORING/MONITORING AGENCY REPORT NUMBER  TBD	
11. SUPPLEMENTARY NOTES				
12a. DISTRIBUTION/AVAILABILITY STATEMENT This report is publicly available on the TPCB website at: <a href="http://www.planning.dot.gov">www.planning.dot.gov</a> .			12b. DISTRIBUTION CODE	
13. ABSTRACT  This report highlights the presentations, discussions, and key takeaways from State Infrastructure Bank (SIB) Summit, sponsored by the Federal Highway Administration's (FHWA) Office of Performance and Innovative Finance Support (OPIFS). The virtual event facilitated knowledge-sharing amongst Federally-capitalized SIBs. The summit included presentations on eligibility, allowability, new opportunities under the Bipartisan Infrastructure Law (BIL), program and project spotlights, marketing, applicable regulation, program administration and tracking, opportunities for rural communities, and tools and resources for managing SIB loans.				
14. SUBJECT TERMS Keywords: State Infrastructure Bank, Innovative Finance, Marketing, Eligibility, Discretionary Grants, EV Charging, Rural Transportation			15. NUMBER OF PAGES 17	
			16. PRICE CODE	
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT Unlimited	

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## SIB Summit Overview

This report highlights the presentations, discussions, and key takeaways from State Infrastructure Bank (SIB) Summit, sponsored by the Federal Highway Administration's (FHWA) [Office of Performance and Innovative Finance Support \(OPIFS\)](#). The virtual event facilitated knowledge-sharing among Federally-capitalized SIBs from across the country. The Summit included presentations on eligibility parameters, marketing, new opportunities under the Bipartisan Infrastructure Law (BIL), program and project spotlights, and tools and resources for managing SIB loans. Additionally, the Summit offered an opportunity for SIB managers to ask questions of their peers and specialists from FHWA and the Department of Transportation's (DOT) Build America Bureau and the Office of the Secretary. Over 50 people attended, representing 28 states that administer SIBs and FHWA Division Offices.

### Opening Remarks

The FHWA OPIFS Acting Director, Peter Mancauskas, welcomed attendees with opening remarks and thanked them for their attendance. In his remarks, he noted that the Summit provided an opportunity for the states that currently administer Federally-capitalized SIBs and their FHWA Division counterparts to share ideas, ask questions, and engage in a dialogue with the presenters. The overall objective of the Summit was to exchange information that would support the continued success of the SIB program and to learn how the OPIFS can better support SIBs.

### Opening Poll Questions

Following opening remarks, a few polling questions were administered to get a pulse on the current state of the SIB and guide the discussion. The first poll question asked attendees how many applications their SIBs receive each year. Of those responding, 57% noted that they received 0-2 applications per year, 21% said they received 2-5 applications each year, and another 21% said they received 5-10 applications every year (Figure 1).

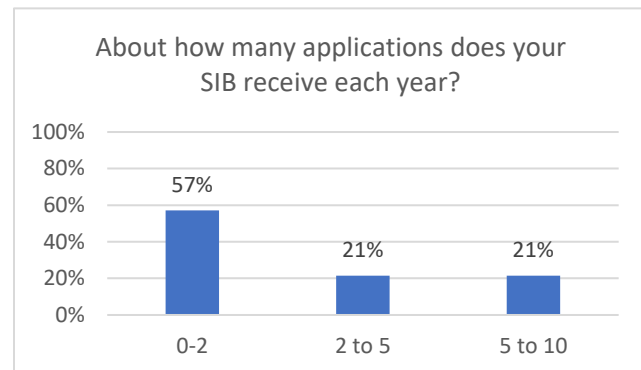


Figure 1: Responses to the poll question, "About how many applications does your SIB receive each year?"

The second poll question asked attendees whether their SIB had a minimum borrowing amount. A majority at 57% responded that they did not have a minimum borrowing amount, while 43% noted that they did (Figure 2).

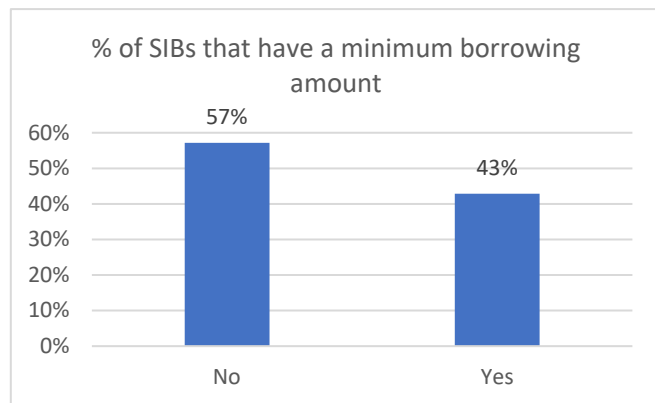


Figure 2: Responses to the poll question, "Does your SIB have a minimum borrowing amount?"

The third poll question asked attendees about their respective SIB application submission cycles. Sixty-four percent answered that they accept applications on a rolling basis, 14% accept applications on an annual basis, while 21% answered 'other,' indicating that they operated on an alternate schedule (Figure 3).

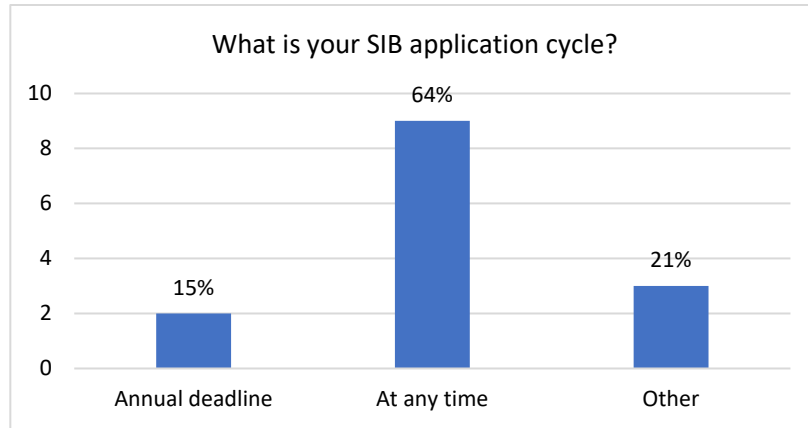


Figure 3: Responses to the poll question, "What is your SIB application cycle?"

## Highlights from Summit Presentations

### Focus Area 1: State of the SIB

A representative from the Volpe Center began the series of presentations by giving an overview of the current state of SIBs. The presenter highlighted information from the OPIFS database on lending amounts, sources of SIB funding, and the amount and number of SIB loans. Information was also presented from the 2017 SIB Practitioner's Survey on marketing tactics that SIBs have used and their most common borrowers.

#### Notable Takeaways:

- As of 2022, there are 23 current and open Federally-capitalized SIBs with a total lending amount of over \$766 million.
- The sources of SIB funding are the FHWA and the Federal Transit Administration (FTA) grant funds, state matching funds, and bonds. The FHWA grant funds represent the largest source of SIB funding since inception of the SIB Program.
- Many SIBs engage in marketing practices, most commonly communicating program information through either a dedicated or state DOT website, print advertising, and state or FHWA Division-held informational meetings. However, nearly 30% of SIBs do not engage in any marketing practices. According to the 2017 report, 20% of SIBs utilize the state's DOT website, while 14% have their own dedicated website. Another 14% of respondents use print advertising, 3% use social media, and 9% answered 'other,' noting that the marketing practices their SIB uses were not mentioned in the survey. Fourteen% used either state-held or FHWA Division-held informational meetings to market their services (at 11% and 3%, respectively).
- In the last four years, 2019 reflected the highest number of new SIB loans at 28, while the highest loan amount at over \$200 million was in 2020.
  - There were 22 new loans in FY 21, totaling over \$116 million.
  - There have been 771 SIB loans since inception, totaling almost \$3.6 billion
- The most frequent SIB borrowers are local governments (10), followed by state users (6). Private and/or public-private partnerships (2), other (1), transit operators (1), utility relocation (1), and public use airports (1) borrowed from SIBs less often.

## Focus Area 2: Marketing

The session began with a few marketing-based poll question to attendees to frame the discussion. The polling was followed by a presenter from TxDOT, who discussed the marketing activities the TxDOT SIB has engaged in, methods of execution, and results they have seen from these efforts. The presentation concluded with a discussion on methods TXDOT uses to determine the interest rates on SIB loans.

### Poll questions on Marketing and Borrower Type

The first poll question asked attendees which marketing practices their SIBs engaged in.

Respondents were able to select multiple options to reflect all marketing practices that their SIBs used.

Of those who responded, 73% (11 respondents) indicated they utilized their state DOT website, while 33% used a dedicated website for their SIB. Another 33% of respondents noted that their SIBs engaged in informational meetings, 20% utilized e-mail marketing, 13% published program information, and 7% marketed their SIB through social media. Only 13% of respondents noted that their SIB does not engage in any marketing practices.

The second poll question asked attendees their most frequent type of SIB borrower. Respondents could select multiple answers to reflect multiple common SIB

borrowers. Both counties and urban municipalities tied as the most common type of SIB

borrowers at 57%. Airports, MPOs, utilities, and public-private partnerships were marked as the least common types of SIB borrowers (all tied at 7%, respectively). Another 14% of respondents noted that their SIBs most frequent type of borrower was a mix of all the above (Figure 5).

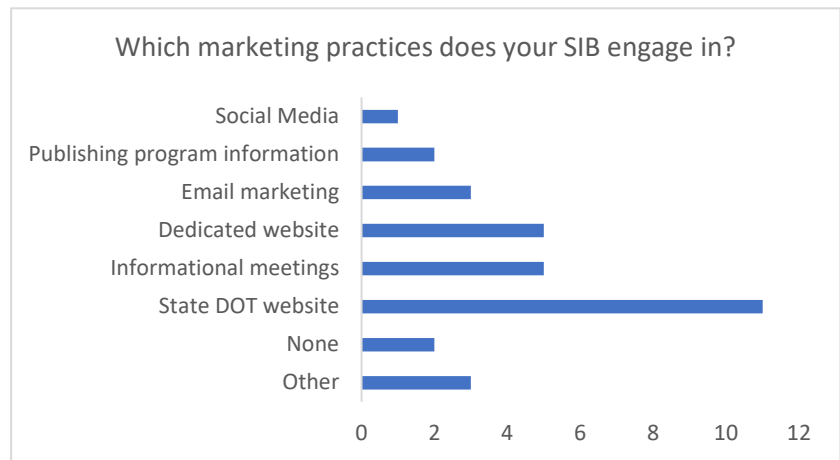


Figure 4: Responses to the poll question, "Which marketing practices does your SIB engage in?"

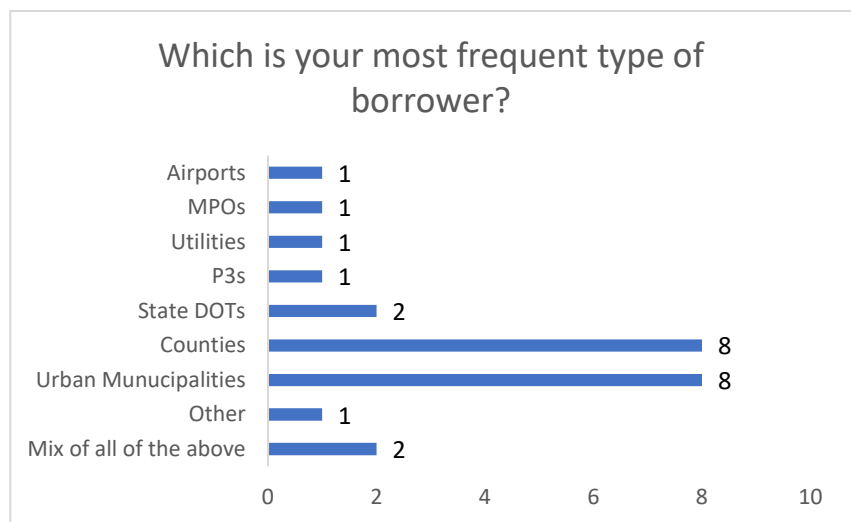


Figure 5: Responses to the poll question, "Which is your most frequent type of borrower?"

## TxDOT: SIB Marketing, Methods, and Results

A few years ago, TxDOT's SIB program faced several challenges, including a high cash balance due to loans being paid back early and a low number of SIB applications (in the single digits). TxDOT began analyzing the root causes of this situation and found that some contributing factors included low interest rates in the bond market, which competed with SIB loan rates at the time, turnover in TxDOT districts and local governments, little organized outreach or education, and a changing loan environment. In addition, a changing policy on toll roads caused many projects in the loan pipeline to stop development. To increase loan activity, TxDOT set goals to expand education about the SIB program and re-evaluate how their tools meet stakeholders needs with a focus on customer service and streamlining the loan process.

Texas is a large state with 254 counties and requires an efficient mechanism to reach borrowers across the state. TxDOT identified two groups of stakeholders to efficiently educate and inform about its SIB program: 1) Internal Group - personnel in TxDOT's 35 divisions and 23 district that work with local governments to plan and fund projects, such as utility coordinators and transportation planners; and 2) External Group - people responsible for funding and financing plans and decisions in planning organizations (MPOs, COGs, etc.) and in various associations. Also included in the external group were financial advisors as it was important to make sure they were aware of the program. To reach these two key groups, TxDOT began conducting in person and virtual presentations and partnered with its Communications Division. TxDOT started a newsletter, updated its flyers, and overhauled the content on its website to make it more relevant. TxDOT also published articles, implemented rate promotions, benefitted from word-of-mouth marketing, and found ways to incorporate SIB information into normal Department operations.

These efforts included a total of 82 SIB presentations/outreach activities in the four years from 2018 to 2021, which resulted in an increase in SIB applications from 2 in 2018 and 2019 to 13 in 2020 and 7 in 2021. Funds dispersed also reflected higher levels, increasing \$57.7 million between 2018 and 2021.

### *Notable Takeaways*

- TxDOT set goals to expand education of the SIB program and reevaluate how well their tools met stakeholder's needs.
  - TxDOT recognized two groups that could effectively help them reach local governments to let them know about its SIB services:
    - Divisions and district personnel that work with local governments to plan and fund projects such as utility coordinators and transportation planners
    - People responsible for funding and financing plans and decisions.
  - TxDOT engaged several marketing methods targeting these two key groups:
    - In-person and virtual presentations
    - Newsletter
    - Flyers
    - Website
    - Published articles
    - Rate promotions
    - Word-of-mouth marketing
    - Incorporated these initiatives into normal TxDOT operations.
- TxDOT SIB uses the municipal market index to set their rates based on the credit rating of the borrower (not required to borrow) and the term of the loan. Interest rates can be lowered in the



state of Texas for entities located in a disadvantaged county. Additionally, borrowers were provided relief on interest rates in response to the COVID-19 pandemic.

### Focus Area 3: Electric Vehicle (EV) Charging

The FHWA facilitator opened this session with a poll question asking attendees whether their SIB has loaned to entities engaging in EV charging projects. Most respondents (89%, 17 respondents) answered that their SIB had not loaned for EV charging projects, while 11% (2 respondents) noted that their SIB had made loans for this purpose.

Following the poll, the presenter from the DOT's Office of the Secretary (OST) introduced the Rural Opportunities to Use Transportation for Economic Success (ROUTES) Initiative and the importance of electrification of rural transportation. He discussed how the USDOT's Rural EV Infrastructure Toolkit serves as a resource to help rural communities scope, plan, and fund EV charging infrastructure. Additionally, the presenter reviewed several active and upcoming Notice of Funding Opportunities (NOFOs), programs, and technical assistance resources.

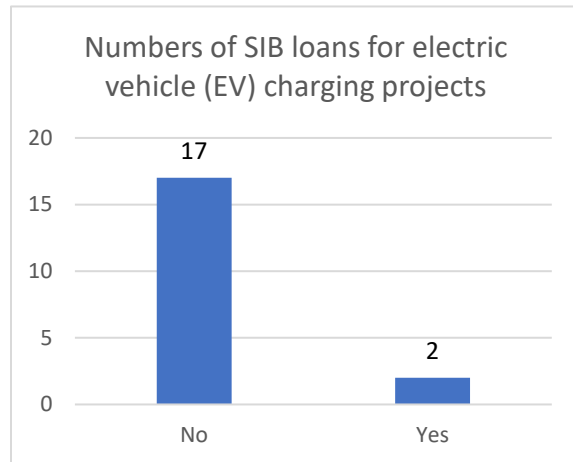


Figure 6: Responses to the poll question, "Has your SIB loaned to electric vehicle (EV) charging projects?"

#### Notable Takeaways

- The [ROUTES initiative](#), which stands for the Rural Opportunities to Use Transportation for Economic Success, is relatively new and is established to engage rural communities, harmonize DOT programs, and utilize a whole-of-government approach.
- ROUTES started in 2018 and was codified as part of the Bipartisan Infrastructure Law (BIL) in November 2021. It aims to address disparities in rural transportation infrastructure and improve safety and economic competitiveness nationwide by serving as a single point of contact for rural and tribal communities.
- Rural households spend 44% more on transportation fuel than urban households, and transportation makes up 20% of rural household expenses. The BIL includes \$7.5 billion of funding for new EV chargers and other alternative fueling infrastructure. It is also part of federal strategy to build 500,000 EV chargers nationwide with a target of 50% of new vehicles sold in 2030 to be zero-emission. The Electrification of rural transportation has the capacity to lower operating costs, reduce maintenance needs, and improve performance.
- The USDOT's [Rural EV Infrastructure Toolkit](#) is a resource to help stakeholders scope, plan, and fund EV charging infrastructure and includes benefits, key stakeholders, project planning, cost analysis, tools for equitable planning, as well as available federal funding and financing programs.
- The [Joint Office of Energy and Transportation](#) is currently also working on priorities that include resources and funding for states to build a national EV charging network along corridors, EV and alternative fueling infrastructure, as well as low- and no-emission transit and school bus deployments.
  - National Electric Vehicle Infrastructure Formula Program (U.S. DOT)

- \$5 billion for states to build a national EV charging network along corridors
  - National Electric Vehicle Infrastructure Discretionary Program (U.S. DOT)
    - \$2.5 billion in community grants for EV charging, as well as hydrogen, natural gas, and propane fueling infrastructure
  - Low-No Emissions Grants Program for Transit (U.S. DOT)
    - \$5.6 billion in support of low- and no-emission transit bus deployments
  - Clean School Bus Program (U.S. EPA)
    - \$5 billion in support of electric bus deployment
- Additionally, there are many [funding opportunities](#) detailed in active and upcoming NOFOs, including the [Reconnecting Communities Pilot Program](#), [Safe Streets and Roads for All](#), [Tribal Transportation Program Safety Fund \(TTPSF\)](#), [Ferry Service for Rural Communities](#), [CRISI](#), [SMART](#), [Nationally Significant Federal Lands and Tribal Project Program](#), Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT), Wildlife Crossings Pilot Program, Charging and Fueling Infrastructure, [Railroad Crossing Elimination Program](#), and the [Bridge Investment Program](#).
- Question from OPIFS Acting Director: Is there a non-federal match component in the evaluation criteria for these discretionary grants? This could be an opportunity for State Infrastructure Banks to support communities as they apply for grants and look for ways to meet the non-federal match requirement.
  - The local match is typically 20%. A few have a match waiver (such as SMART for rural communities) or in-kind match possibilities for the 20% but most smaller communities would benefit from state support. They are looking at what could be done to support rural, Tribal, or disadvantaged communities applying for funding.
  - In previous discretionary programs, including any kind of innovation, such as innovative financing, to complete the project elevates the strength of the application.
  - The goal is to make it easier for communities to access the historic levels of funding available through the new infrastructure law.
  - SIB funds could be used to meet the match. However, it must be confirmed that these are not from a non-allowable source, directly or indirectly, as per the NOFO.
- New Technical Assistance Programs and Resources
  - [Thriving Communities](#)
    - Technical assistance, planning, and capacity building to advance a program of projects that support transportation, economic opportunity, and community development goals (coming soon).
  - Rural and Tribal Infrastructure Advancement
    - \$10 million technical assistance program for legal, technical, and financial advisors to help communities prepare to apply for TIFIA loans (coming soon).
  - [DOT Navigator](#)
    - One-stop shop to help non-traditional DOT grantees and underserved communities understand the best ways to apply for grants, and to plan for and deliver transformative infrastructure projects and service.
  - [DOT Bipartisan Infrastructure Law Hub](#)
    - Information on all new and improved program in BIL

## Focus Area 4: Spotlight on Ohio's SIB Program

The presenter from the Ohio Department of Transportation (ODOT) began the presentation by discussing background and details on the Ohio SIB program, including its loan and bond programs. The presentation also included an overview of ODOT's SIB portfolio and highlighted several projects that were supported by the Ohio SIB loans. These projects included the City of Cincinnati I-71 & Martin Luther King-New Interchange and the City of East Liverpool Elizabeth Street Bridge. The presentation concluded with Q&A on loan repayment

### *Notable Takeaways*

- The Ohio SIB was one of ten SIB pilot states selected by in 1995 to participate in the Program and was initially capitalized with \$137 million.
  - The state legislature expanded its authority to include aviation, rail, waterway, and local roads projects in 1996.
  - The Ohio SIB had the first SIB loan in the country in 1996.
  - There is a wide range of eligible projects for the state's loan program, which include Federal, state, and local transportation infrastructure, port facilities, airports, railroads, and bicycle paths. Eligible borrowers include all public entities (private entities do not qualify).
  - Loans may range in length. They have had loans from four to twenty-five years in duration.
  - By default, allocations available are applied to principal, but special arrangements may be may to pay down interest as well with the Federal allocations.
    - Examples of repayment sources, Future Federal aid allocations and Federal grants. A borrower's Federal repayment source can be used for the interest associated with financing, but typically there is secondary repayment source for the interest on the loan. Some common repayment sources are Motor Fuel Tax, Non-Tax Revenues, General Fund.
- The Ohio SIB has both federal and state accounts
  - Federal accounts include Federal 1<sup>st</sup> Generation accounts, which are original federal funds that capitalized the bank and cover 80% of costs, and Title XXIII 2<sup>nd</sup> Generation accounts, which are used for projects that are Title XXIII eligible, follow state guidelines, and cover 100% of costs.
  - State accounts include General Revenue Funds, which includes projects that are not XXIII eligible, as well as Motor Fuel Tax, which can be used for local road projects only or to match original federal funds on a Title XXIII project.
- The Ohio SIB loan program features include: 100% financing availability on some loans, a maximum term of 30 years, an interest rate of 3%, closing costs in the form of a financial advisor fee based on the dollar amount of the loan, and deferred payments.
  - The full process takes about 60 days. Applications are accepted year-round and there is a prepayment penalty. Once a loan application is received and reviewed by the SIB program manager, it is assessed by an independent financial advisor to determine creditworthiness and ensure that repayment sources are sufficient. The SIB program manager then presents the loan application to the SIB loan committee, which consists of employees of ODOT Senior and Executive Leadership. Once the application is reviewed and approved by the committee, the program manager works with a legal advisor with the Ohio Attorney General's office, who puts together the SIB loan documents.

- The General Revenue Fund (GRF) bond program, which has an AA+ rating, was established in 2006, and the Title 23 program, which has an AA rating, was established in 2008. The bond program was intended to fund larger projects than the loan program can cover.
  - The bond program features 100% financing, a maximum term of 25 years, current market rate interest, bond amounts of between \$3 million and \$20 million, transaction costs of between 1-3%, and payments that begin immediately.
- In terms of the Ohio SIB portfolio, it has a total available amount to lend of \$65 million stemming from Title 23 Federal (\$15.3 million), Original Federal (\$36 million), State GRF (\$9.8 million), and State MFT (\$4 million).
  - As of September 2021, the Ohio SIB had approved a total of \$794 million in loans and bonds for highways (220), airports (19), railroads (4), bikeways (1), transit (2), and other (29).
- The presenter from the Ohio SIB provided two examples of projects that the SIB has funded:
  - The new interchange on I-71 at Martin Luther King, Jr. Drive, which included capacity improvements in Cincinnati was completed with a loan of \$25 million. This improvement reduced travel time and simplified routes for more than 45,000 residents and 50,000 employees in the surrounding neighborhoods, contributing to business retention and economic vitality in the uptown area of Cincinnati.
  - A bridge replacement in the City of East Liverpool with a two-year, short-term SIB loan of \$200,000 with a total project cost of just under \$3 million. The city used a Federal grant from the Ohio Rail Development Commission as well as their city civil penalty revenue as their repayment sources.

### Focus Area 5: Rural Project Spotlights

The presenter from the USDOT's [Build America Bureau \(the Bureau\)](#) discussed the Bureau's purpose and role, focusing on the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program, including its Rural Project Initiative (RPI). Eligibility and benefits of each program were also discussed.

#### *Notable Takeaways*

- The Bureau is USDOT's "one-stop-shop" for support on Federal transportation finance programs and technical assistance for best practices and grant programs. The Bureau provides long-term, low-interest loans and allocates private activity bonds. Its three grant programs include [Regional Infrastructure Accelerators](#), Rural-Tribal, and Asset Management/Concessions.
  - The Rural & Tribal Assistance Pilot Program is a \$10 million, five-year pilot to provide rural, state, local, and tribal governments with technical, legal, and financial assistance, evaluate potential projects, and pay for early development activities.
  - The Technical Assistance Grants for Asset Concession Project is a \$100 million, five-year grant program that funds technical, financial, and legal advisory service costs for alternative project delivery and covers pre-implementation costs.
- The TIFIA program provides financing for surface transportation and public infrastructure for up to 33% of eligible project costs. Eligible projects include roadways, bridges, transit vehicles, transit facilities, railways, buses, bicycle and pedestrian infrastructure, transit-oriented development, intermodal connectors, seaports, and airports. Eligible borrowers include state, Tribal, county, and municipal governments, SIBs, private entities, special authorities, and transportation improvement districts. Its key feature is a long-term repayment plan. As of the presentation, the TIFIA interest rate was 3.19% and the TIFIA Rural Interest Rate was 1.595%.

- The TIFIA program has two pathways for providing assistance to rural communities for projects that meet the [rural definition](#). Both options have the benefit of a fixed interest rate at ½ of the Treasury rate (i.e., ½ of the TIFIA regular rate) and the fact that DOT can cover the borrowers' fees to obtain a TIFIA loan.
  - The TIFIA Rural Project Initiative can offer a direct loan to a rural project that costs between \$10 million and \$100 million. State DOTs can also choose to bundle several rural projects to meet the \$10 million project costs threshold. TIFIA can finance up to 49% of eligible project costs.
  - TIFIA can capitalize Rural Projects Funds (RPF) within a SIB with a single loan that can finance multiple transportation projects, or a program of projects, for up to 80% of eligible project costs. A TIFIA loan to capitalize a SIB can range from a minimum of \$10 million to a maximum of \$100 million. Since there is no TIFIA restriction on the size of the loan a SIB can provide to a rural project, the SIB can on-lend to fund one rural project or make a series of smaller loans to rural project borrowers. Benefits include (i) the fact that a TIFIA loan capitalizing the RPF can constitute 100% of the RPF's capitalization, (ii) at individual projects level TIFIA loan proceeds can be combined with other local, State and Federal funds and (iii) a 2% allowance from a TIFIA loan can be used for SIB administrative costs and/or the SIB can charge borrowers a reasonable fee.

## SIB Project Eligibility

This panel discussion, moderated by the FHWA OPIFS Acting Director, featured a FHWA Senior Federal-Aid Program Engineer and a FHWA Contract Administration Program Manager. Panelists offered insights on determining eligibility under Title 23, considerations for Advance Construction, eligibility versus allowability, and considerations for new discretionary programs under BIL. Additionally, panelists provided resources for guidance and regulations related to various programs.

## Discussion summary

How can you determine whether a project is eligible for SIB lending?

- The SIB statute 23 USC 610 is clear that if a project is eligible for assistance under Title 23, it is eligible for a SIB loan.
  - If a project is eligible for Federal-aid funding, is it eligible for a SIB Loan?
    - It may be eligible. BIL, and other Federal laws, makes eligible some projects and activities which may not be codified in (eligible for assistance under) Title 23. Title 23 should be reviewed, along with specific program guidance, to determine if a project or activity is made eligible under Title 23 or is made eligible elsewhere in Federal law. Eligibility parameters may be shown within Title 23, BIL, annual appropriations, and other Federal law.
- Congress must grant permission for us to make these determinations. This is in the purpose statute 31 USC 1301.
- [Title 23](#) outlines what is eligible as determined by Congress.
  - The USC can also be found here: <http://uscode.house.gov>
  - The [Cornell 23 USC website](#) is well organized and provides notes for each section.
  - 23 USC 101 is the definitions section, detailing what each of the key terms means in relation to the regulations.

- Some Federal-aid eligible projects and activities are not codified under Title 23. Some BIL programs are stand-alone provisions that make projects and activities eligible, but are not codified in title 23, so it is important to look at title 23 and the specific program guidance in relation to the SIB statute in 23 USC 610. Examine whether particular innovative finance tools are available under the program.
- A project may be entirely eligible or eligible in part. The eligibility of a single element of a project does not make the entire project eligible.
- Resources
  - FHWA Office of Performance and Innovative Finance Support - State Infrastructure Banks (SIBs): [FHWA - Office of Performance and Innovative Finance Support - Project Finance - Federal Credit Assistance Tools \(dot.gov\)](#)
  - FHWA Public Website [Federal Highway Administration \(dot.gov\)](#)
  - FHWA Field Offices: [Field Offices | Federal Highway Administration \(dot.gov\)](#)
    - This is the first stop partner who knows your project and what is going on in the state. They can help you work through the eligibility of the project.
  - FHWA BIL website [Bipartisan Infrastructure Law - FHWA | Federal Highway Administration \(dot.gov\)](#)
  - FHWA BIL guidance: [Bipartisan Infrastructure Law - Guidance | Federal Highway Administration \(dot.gov\)](#)
  - Legacy programs (current through the FAST Act): [Fixing America's Surface Transportation Act or the FAST Act - FHWA | Federal Highway Administration \(dot.gov\)](#)
    - FAST Act: Legislation prior to BIL, which, primarily, expanded on legacy programs, and created some new programs. Some of the BIL Guidance may not be out yet, so the FAST Act documentation is a good place to start.
  - Regulations: <https://www.ecfr.gov/current/title-23/chapter-1>
    - This lists the 23 USC and CFR references for any of the programs.
      - Not every program has an associated regulation, some regulations are broader than a single program.

How can you determine whether an eligible project is allowable?

It is important to understand what is necessary, reasonable, and allocable to the eligible item. These are the cost principles contained in 2 CFR 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

- Eligibility tends to be tied to the funding, whereas allowability applies to whether the cost is a necessary, reasonable, and allocable cost. Allowability is about the specific cost element.
- Eligibility happens at the application stage and allowability comes in at the post-award period when you are looking at activities to be performed.

Are there newly eligible activities under the new Bipartisan Infrastructure Law (BIL)?

- [Guidance for discretionary programs under BIL](#) has been released slowly because of the time needed to ensure careful consideration of each new section of the law.
- Several new programs have a “treatment of projects” requirement. Under this requirement, Congress has determined that, regardless of the physical location of a project, if they have included “treatment of projects”, the project must be treated as though it is on a Federal-aid

highway. That designation carries some requirements not typical for some of the smaller programs.

- Congress determined that local hiring preferences may be used but must not unduly restrict competition. There could be a local hiring preference that meets this requirement, particularly if it includes training or better job opportunities for underserved populations. Additional information is available at <https://www.fhwa.dot.gov/construction/hiringpreferences/>
- Some federal requirements may be removed because of a pilot, but those are unique situations. The project still must be eligible under Title 23.
- EV projects are eligible under the Surface Transportation Block Grant (STBG) Program. These are unique projects that may include private money through a P3. While an EV station may be an eligible item, the entire activity must be looked at to examine what would be eligible for said funding or financing.

What should a SIB manager do if they have eligibility questions?

- Identify and contact your FHWA division counterparts. Your [FHWA division office](#) is the best place to start as they are familiar with your SIB and program.
- Reach out to the managing program offices for additional information and assistance.
- Within the guidance documents and NOFOs released for [BIL](#), contact information for each program will be available.

*Participant question:*

*“Some municipalities may apply for discretionary grants. If the municipalities are successful in their application, they want to advance their projects. They need money to move ahead with planning, design, procurement, construction. I understand that money from the discretionary grants will take time, 6-12 months before money is available to them. This is due to the US DOT’s processes and the municipality may not want to wait that long and may not have the money to advance the projects before they receive the new grant. Can municipalities use the SIBs to advance their projects until they get the new money from the grant?”*

Yes. SIB loans may be used to advance the project with two factors that need to be considered:

1. Ensuring that previous costs incurred are eligible under this specific discretionary grant and
2. What sources of repayment to the SIB the community is offering as backup if the grant is not awarded.

For the costs to be eligible, the costs must be authorized. Under Title 23, the project would need to be authorized for advanced construction (AC). The authorization must be for the phase of work performed. It is not a blanket authorization for the entire project. If a SIB loan is awarded then an agency responds to a NOFO and receives funding, they may not be able to cover the previously incurred costs with the grant funding, unless they followed all the rules and have the project authorization in place beforehand. This is another case that needs discussion with a state’s FHWA Division Office. Close attention should be paid to the NOFOs for the discretionary program being applied to. Most have a Chapter 1 reference, which addresses certain provisions, such as e AC, 23 USC 115, but some NOFOs may not, so it is important to be aware of the requirements that apply to a specific discretionary program. FHWA is working on guidance with respect to what costs may be eligible. Some costs may not be eligible until the

award is granted. In this case, it is unlikely that eligibility would be extended to the reimbursement of costs.

## Open Forum Questions

### Is your SIB interested in pursuing additional capitalization sources?

Participants answered the question in a poll, indicating most are not interested in additional capitalization (Figure 7). Some discussion followed about how answers may shift if additional Federal funds were available for this, as was the case in the 1990s.

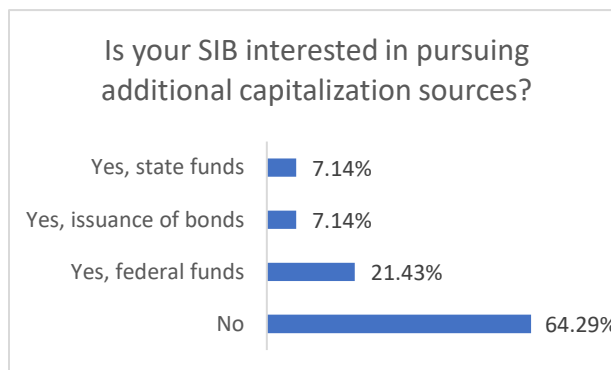


Figure 7: Responses to the poll question, "Is your SIB interested in pursuing additional capitalization sources?"

### Does your SIB have the authority to offer lines of credit?

After having the opportunity to answer this question via poll, the facilitator asked those who answered "yes", whether they are looking to offer these lines of credit and would that be to target a specific kind of projects or borrowers. Answers can provide ways for OPIFS to better serve non-state direct grant recipients and ensure their success in delivering their projects. Assistance could be offered in the areas of cost overruns, for example, which could be in the form of a line of credit. FHWA OPIFS is interested in knowing what they can do to ensure grant recipients success and supplement the tools available in each state to cover costs.

### Has your SIB loan dealt with delinquent loans in the past?

TxDOT answered that they have experienced this maybe twice. TxDOT has not had any loans fully default. However, they worked with couple of communities to restructure the debt and renegotiate terms. In some instances, communities were not able to make full payments, only partial. TxDOT charges late interest if the payment has not been made 30 days after the due date. They have flexibility to work with communities in these circumstances. TxDOT works with the Transportation Commission for approval of these types of adjustments. So far, TxDOT has not cancelled any debt.

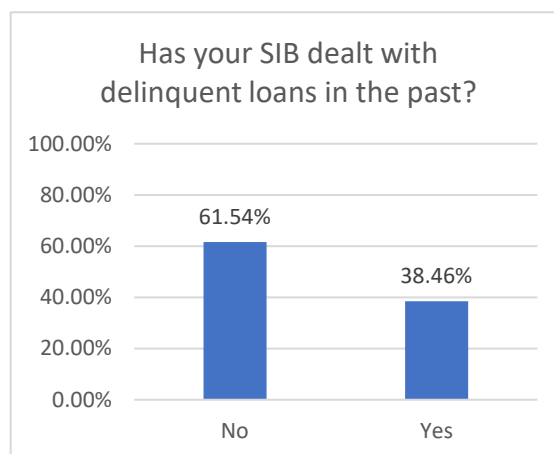


Figure 8: Responses to the poll question, "Has your SIB dealt with delinquent loans in the past?"

In Michigan, 5-year interest free loans have been offered if the governor declares a state of emergency, which are often due to flooding. Several such events have occurred over the past 5-6 years. Some loans have been offered a 1-year deferral to extend the life of the loan. While this is not a written policy, it is discussed when the MDOT is brought in as part of the response to an emergency. FHWA pointed out that this kind of flexibility is unique. If financing were done with bonds in the private market, this flexibility may not be available.



### What software do you use for calculating repayment and amortization schedules?

Texas had a software system custom built. They shopped around and could not find anything that met their needs. So, they worked with a contractor to build a system that helps them track SIB loans. This system houses their SIB as well as some other financial assistance programs. If the transaction is complicated, they may use Excel. Several other states only use Excel.

### How do you determine interest rates?

There are several different approaches to determining interest rates for the SIB loans. Several agencies shared their specific approach.

- TIFIA loans are tied to the 30-year treasury rate and the rural project initiative SIB lending is one half of that rate.
- Ohio SIB loans are at 3%, regardless of term.
- Texas ties their rates to the municipal bond market, updated weekly.
- Michigan follows the WSJ prime rate, minus 1%

### What technical assistance from Office of Performance and Innovative Finance Support would facilitate your state's utilization of SIBs?

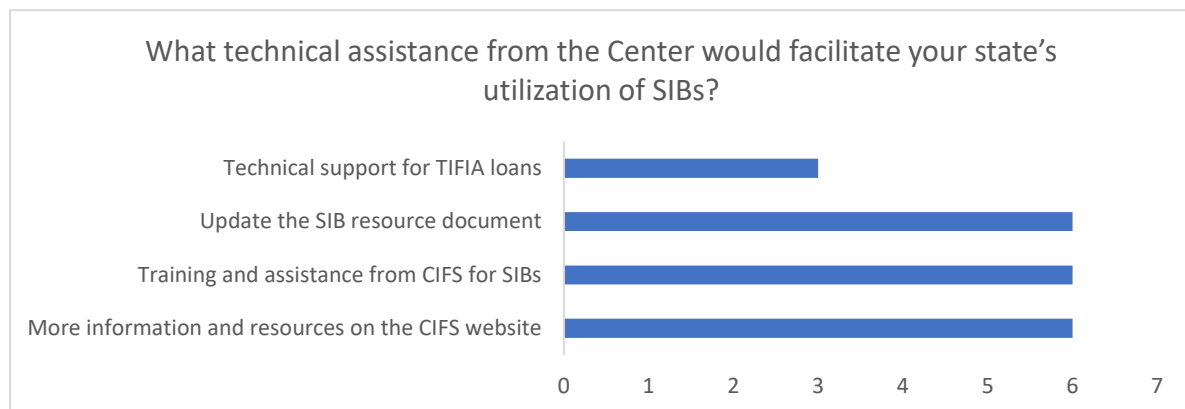


Figure 9: Responses to a poll question indicating additional resources that would be helpful for SIBs

To answer this question, participants selected multiple answers from a poll (Figure 9), providing positive feedback about several different tools and support that would help their SIBs. Respondents indicated interest in an update to the SIB resource document, training, and assistance from OPIFS, and additional information and resources on the OPIFS website.

#### Participant question:

*New Mexico is very rural, and folks are having a hard time figuring out how to meet the requirement of pledged revenue under the SIB. Is that a federal requirement? Maybe it was just written into the state or local guidance... How have others worked through this? New Mexico has seen very little interest in the SIB despite historically low rates (1%).*

FHWA is not very prescriptive regarding how SIB loan agreements are written and what is pledged for repayments. This may be unique to your state. Check the original agreement to confirm. Ask the division to help find a copy of the original federal cooperative agreement.

## Concluding Remarks

The SIB Summit brought together DOTs and other state entities from across the nation that administer State Infrastructure Banks to exchange ideas and gain insights on eligibility, marketing, applicable regulation, program administration and tracking, opportunities for rural communities, and new programs under BIL. Speakers provided project spotlights, reviewed key rules and regulations, gave perspectives on various tools and techniques, and offered resources for additional learning and support for SIBs.

### Opportunities to continue learning and gain additional support:

There are ongoing updates to the [FHWA OPIFS website](#), which features a section just on [SIBs](#). Also, there is a section on [project profiles](#) which allows users to search by state and see what others have used to finance their projects, such as SIBs and other innovative finance tools.

For new employees, new borrowers, or management, OPIFS has made a [SIB introduction video](#), that provides a short, but substantive overview of how SIBs started and what they can do.

FHWA is working on updating SIBs guidance, with a goal to publish it by the end of calendar year 2022. Once released this will be distributed through the FHWA Division Offices to ensure it reaches everyone. It will also be available on the FHWA OPIFS website.