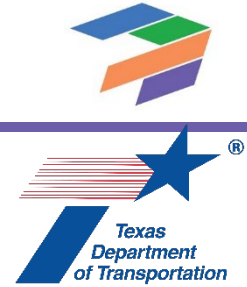


Innovation Profiles: SIBS



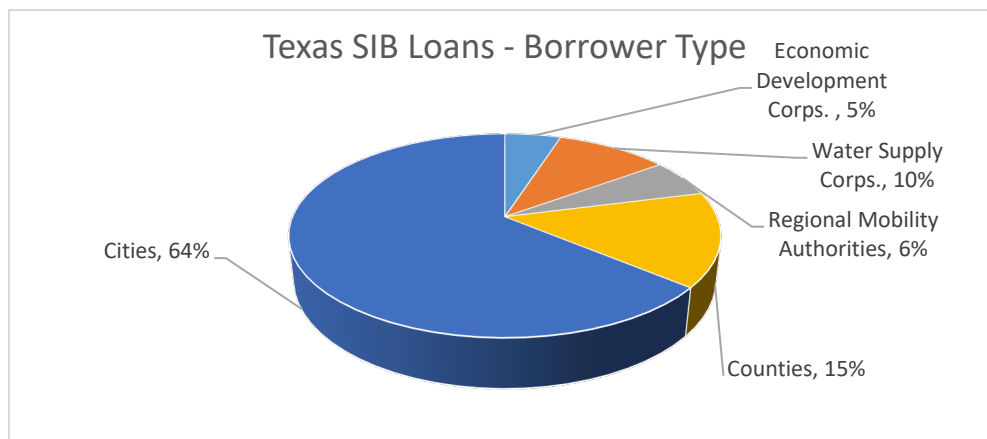
Texas State Infrastructure Bank

The overall goal of the Texas State Infrastructure Bank (SIB) program is to provide innovative financing methods designed to expand available funding for transportation projects to assist communities in meeting their infrastructure needs and maximize private and local participation in the financing of projects. The SIB was established in 1997 pursuant to State legislation, following the selection of Texas as one of the 10 original States to participate in the National Highway System Act pilot program. Administered by the Texas Department of Transportation Department (TxDOT), the SIB is designed to enhance borrower ability to access capital funds and has become an important financing tool to attract local participation in TxDOT projects.

Program Highlights

- The Texas SIB has been capitalized with \$171.3 million in Federal highway funds and \$102.8 million in State funds for total capitalization of \$274.1 million.
- Since its inception, the SIB has provided 121 loans totaling \$618 million.
- The \$618 million in SIB loans has helped deliver \$6.2 billion in Texas transportation projects—a measure of its success as a financing technique to leverage local participation in TxDOT projects.

Program inception	1997
Loan portfolio	\$142.1 million (as of September 2020)
Interest rate	At or below market rates, taking into account the length of the loan and credit rating of the borrower. Economically Disadvantaged Counties (EDC) can receive a discount in interest rate.
Loan term	Not to exceed 30 years after the first scheduled payment date, which may not be later than the 5th anniversary of the date of initial funding.
Size range	No minimum amount. Guidelines provide maximum loan amounts based on various percentages and the size of the program that are updated regularly.
Fees	No application or loan handling fees



Eligibility

The table below lists some of the eligible borrowers and eligible projects. Although authorized to fund transit projects, to date loans have only been provided for roadway projects. Both TxDOT and non-TxDOT projects are eligible for funding. Work eligible for SIB funding includes planning and preliminary studies, feasibility, environmental studies, right-of-way acquisition, surveying, appraisal and testing, utility relocation, engineering and design, construction, inspection, and construction engineering. SIB proceeds can also be used for financial and legal advisory fees.

Eligible Borrowers

- Cities
- Counties
- Regional mobility authorities
- Municipal utility districts
- Water supply corporations
- Special utility districts
- Private utilities
- Economic development corporations

Eligible Projects

- All costs incidental to construction or reconstruction of highways
- Must be eligible under Federal highway programs
- Must be consistent with the Statewide Transportation Improvement Plan (STIP)

Spotlight on Innovation:

- **Combining a SIB Loan with a TIFIA Loan.** The **US-183S Bergstrom Expressway Project** demonstrates the importance of combining several financing sources to make a project financially feasible and is one of several TIFIA financed projects that has combined a TIFIA loan with a SIB loan. This project, a vital north-south thruway located in the City of Austin, TX, is designed to improve the roadway network around Austin and address increased transportation demands resulting from rapid development in the region. The funding sources for this \$859.6-million project are as follows:
 - Senior Bonds: \$366.8M
 - Texas Department of Transportation (TxDOT) Grant Funds (Parity): \$147.8M
 - TxDOT State Infrastructure Bank (SIB) Loan (Parity): \$30M
 - TxDOT Toll Equity Loan Agreement (TELA) Loan: \$30M
 - TIFIA Loan: \$282.2M
 - Project Interest: \$2.8M
- **Favorable SIB Interest Rates Generate Cost Savings.** TxDOT provided a **\$4.9 million SIB loan to El Paso County** to construct improvements over approximately 2.3 miles of the Interstate 10 corridor between Airway Boulevard and Viscount Boulevard in the City of El Paso. The financing package also included Federal Congestion Mitigation and Air Quality Program funds financed the project. The County pledged ad valorem taxes as security for repayment of the loan, which has a 15-year amortization schedule. The favorable interest rate on the SIB loan of 1.85 percent allowed the county to save an estimated \$728,000 to \$843,000 in interest payments, compared to bond market rates at the time.
- **SIB Incentives Benefit Borrowers.** The advantages of borrowing from the Texas SIB include the low cost of borrowing (at or below market rates), flexible loan terms and repayment options, no fees, and prepayment without penalties. As an additional incentive in recognition of the economic effects of COVID-19 on local communities, the Texas SIB is providing local government borrowers the opportunity to access SIB funds for eligible projects at a 0% interest rate for the first three years of the loan term for applications received before December 31, 2020.

