



TxDOT ROW UTILITY WEEK

THE POWER OF YOU - Delivering Right-Of-Way Solutions to Texas

TxDOT State Infrastructure Bank

Presented by Dallas Teston, TxDOT, SIB Program Lead

Track 3 Session 1
Day 2 - 12/13/2023





Dallas Teston has worked on the team that administers the State Infrastructure Bank (SIB) program at the Texas Department of Transportation (TxDOT) for the past 8 years and is currently the SIB Program Lead and a Portfolio Project Manager. Since beginning as the SIB Program Lead, the SIB team has closed over \$150 million in low-cost loans to local governments for transportation projects. Prior to TxDOT, Dallas worked in the banking and consumer finance industries totaling 15 years' experience in finance industries. Dallas was born and raised in Austin, TX, and earned an accounting degree from North Carolina State University in Raleigh, North Carolina.



SIB Loans



- Revolving fund - All repayments go back into the SIB
- Non-federal dollars

152 Loans – Since inception (1997)

- Loans have ranged from \$10,000 to \$42m
- Median loan amount approximately \$1m

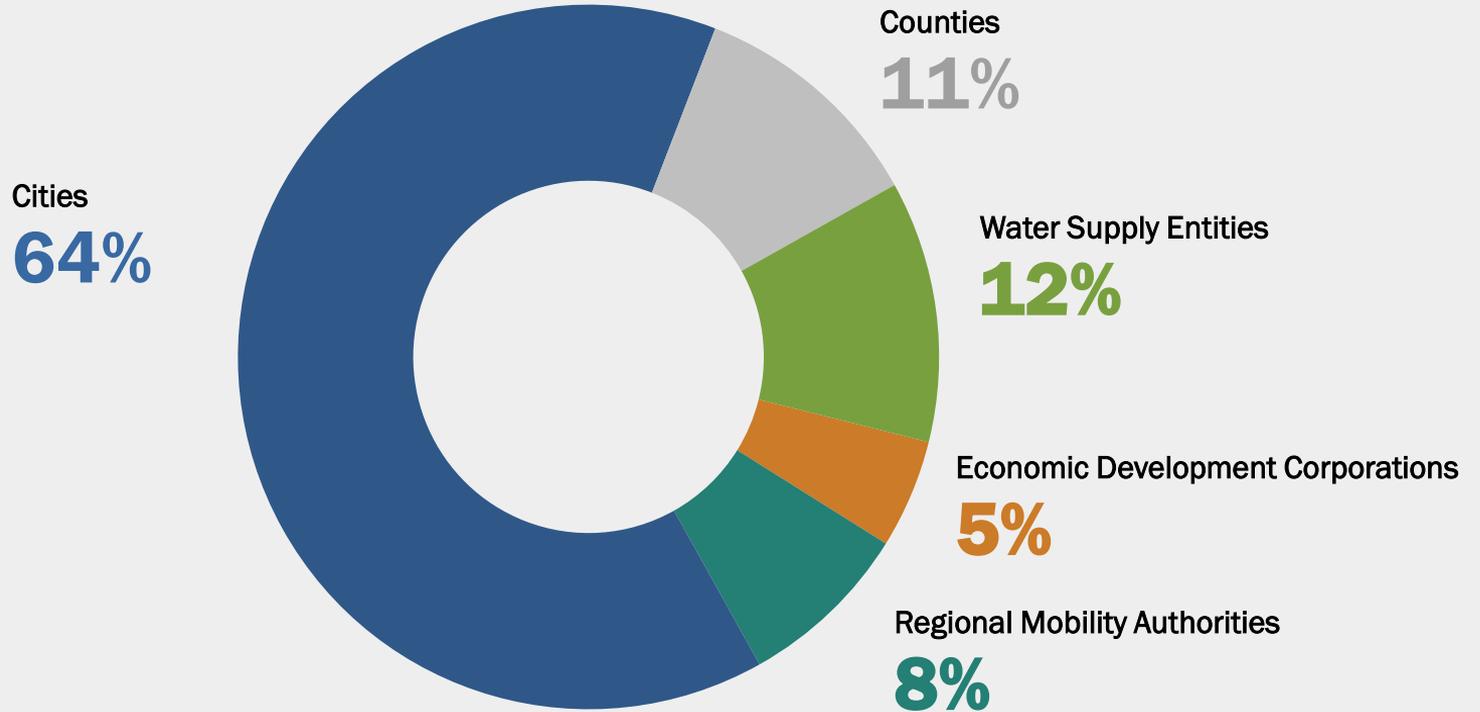
\$751 Million – In loans

\$485 Million – Repaid

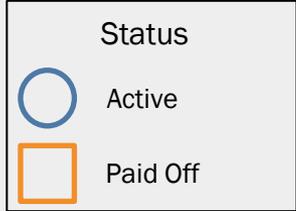
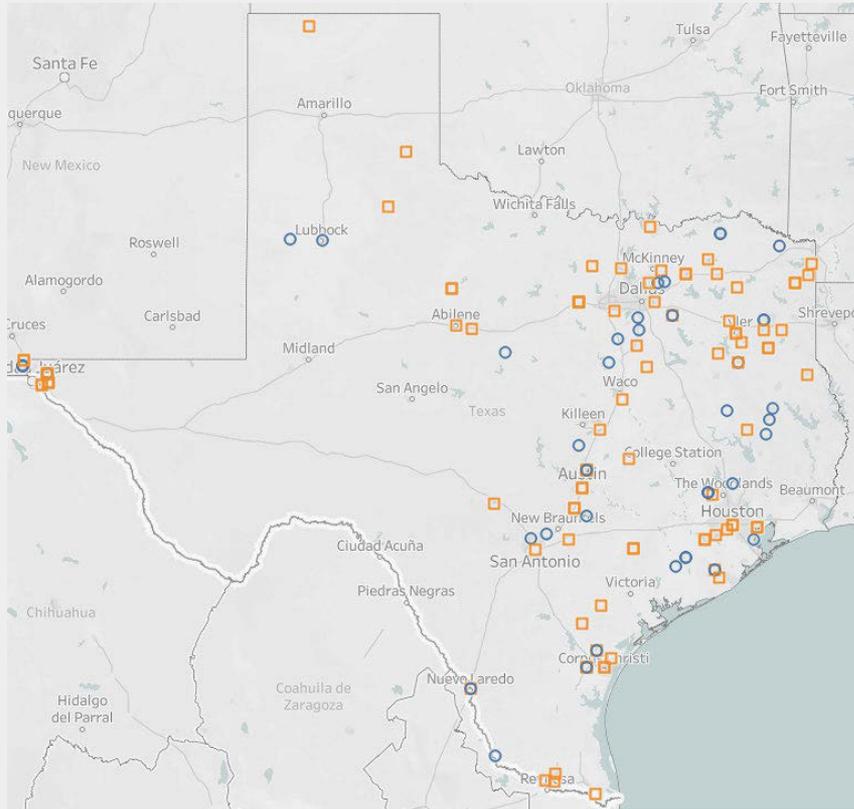
\$8 Billion – In Texas transportation projects



Borrower Type

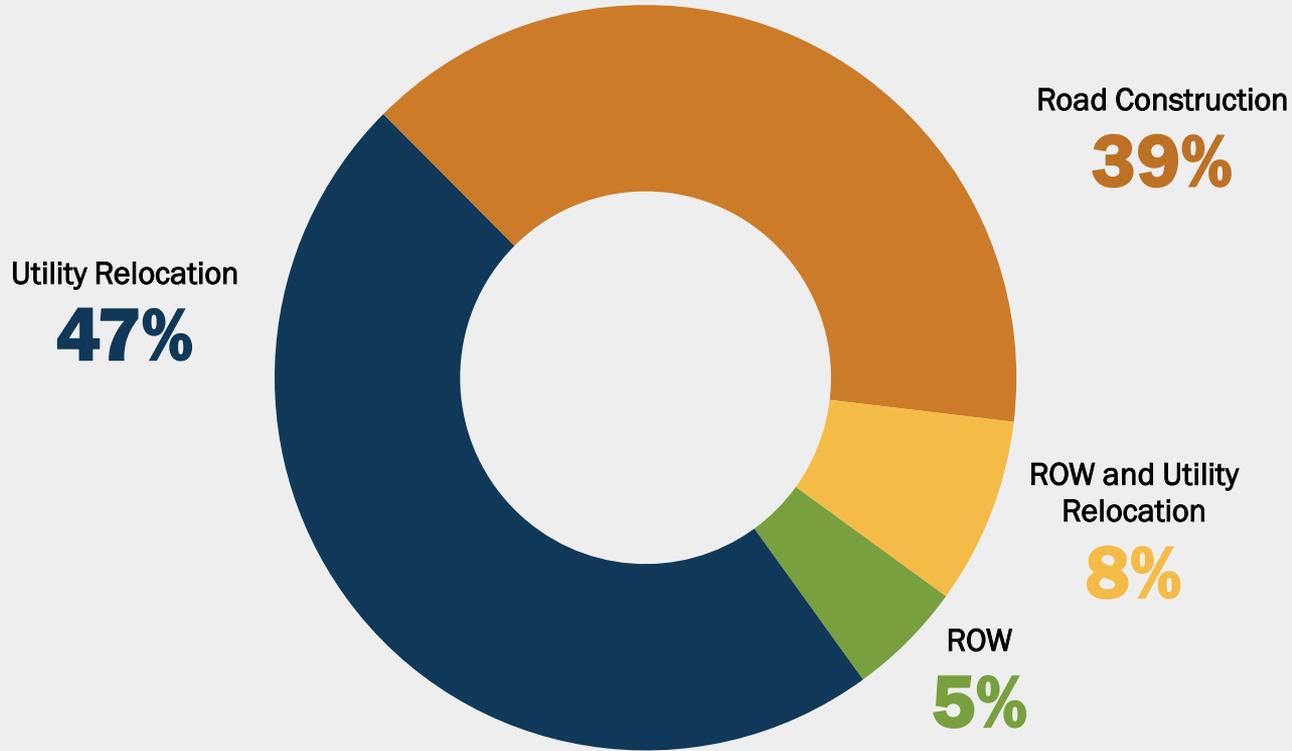


SIB loans around the state





Loan Uses





When can a SIB loan be used for utility relocation?

- Required relocation for a TxDOT project.
- Elective relocation or other utility work – ONLY when an eligible project is ALSO being done.
- CANNOT be used for a standalone utility project.



Eligible projects

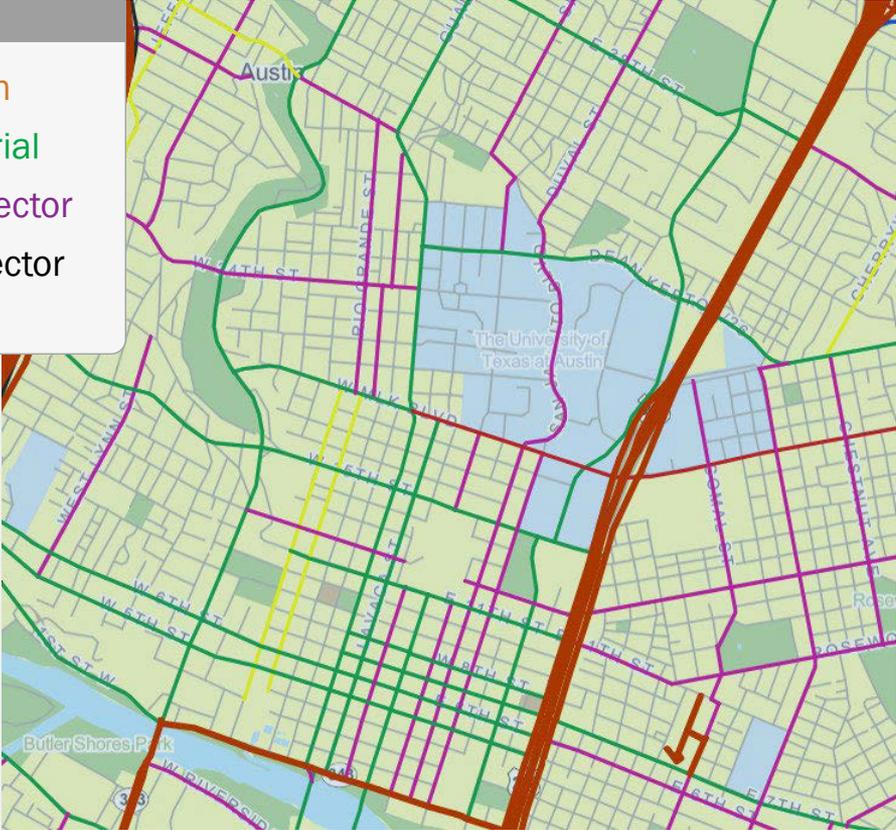
- Eligible under federal highway programs.
- Roadways must be functionally classified above a rural minor collector.
- On- or off-system roadways can be eligible.
- Generally, projects eligible under Title 23.

Eligibility example - city of Austin



LEGEND

- Orange** – On-system
- Green** – Minor Arterial
- Purple** – Major Collector
- Yellow** – Minor Collector





Eligible Uses Include*
Utility relocation and all costs associated
Betterment
Contingency
Joint bid
ROW acquisition
Financial & Legal advisory fees

***SIB funds cannot be used to reimburse prior costs.**



Low Cost of Borrowing

- \$0 loan application
- \$0 closing costs
- \$0 loan handling
- Form of agreement
 - Direct loan agreement (authorized in TTC §222.0745)
 - Certificate of obligation
 - Bonds



Repayment Terms

- Prepayments can be made at any time.
- Flexibility in repayment.
 - Most repayment frequencies acceptable.
- Deferments
 - Full deferral of principal and interest.
 - Interest only payments.
 - Interest capitalizes during deferment period.



Interest Rate

- Rate set at the time of application
- Municipal Market Data index (MMD)
- 2 main factors
 - Credit Rating
 - Term of the loan

Interest rate example

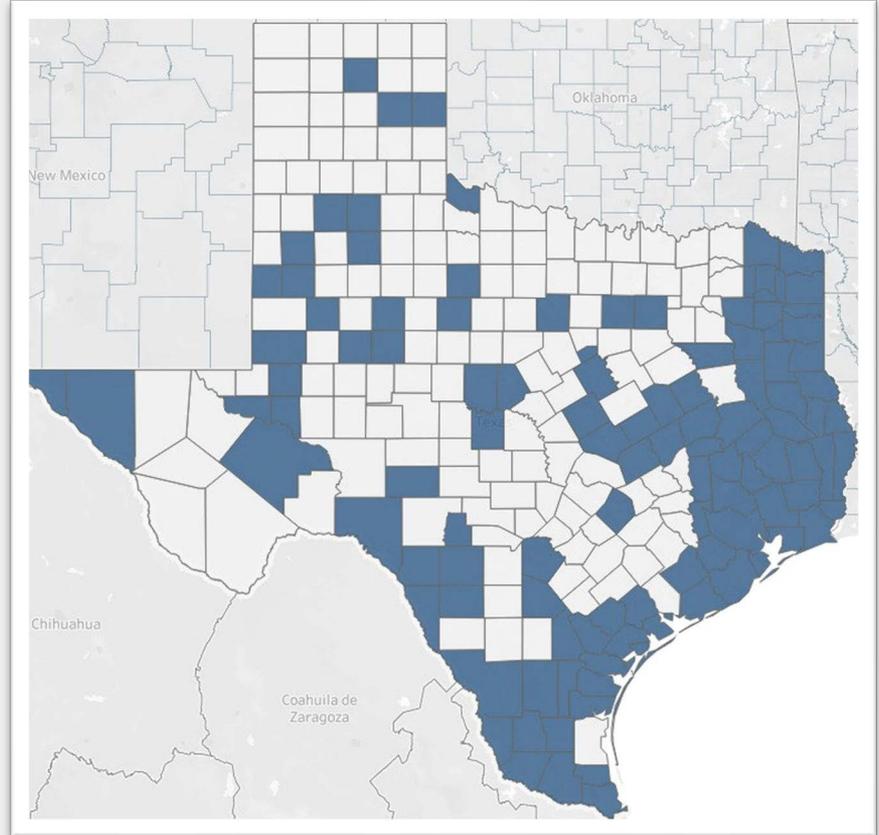


*Market Rate Indications as of October 25, 2023, for AAA rated borrower.
Rates change weekly, shown for illustrative purposes only.*

Economically disadvantaged counties (EDC)



- 114 of 254 counties are EDC for FY 2024.
- All entities in the eligible county receive interest rate discount.





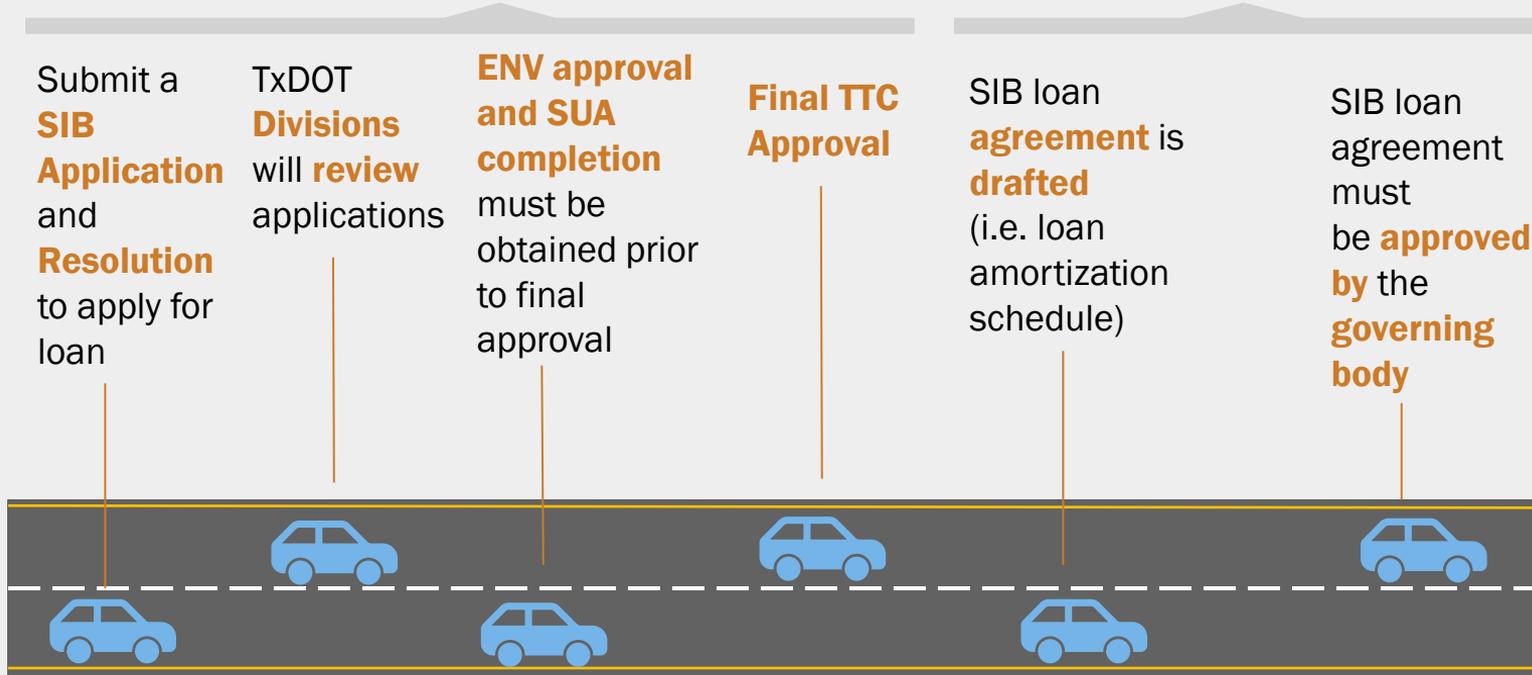
- Interest rate is reduced in basis points by the amount of the adjustment percentage.

Example – County with 95% EDC Adjustment	
SIB Interest Rate	4.09%
<u>EDC Adjustment</u>	<u>.95</u>
Final Rate	3.14%



2-4 months

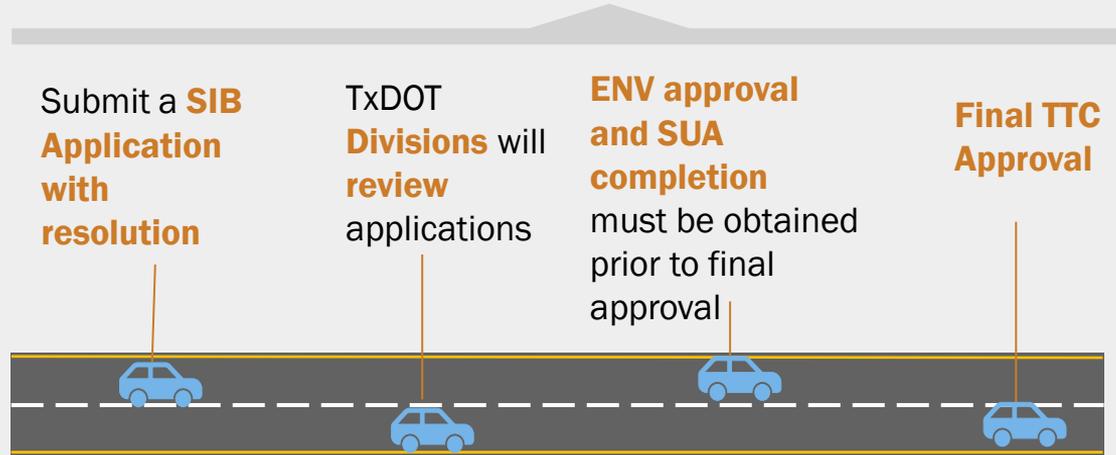
1-2 months





Application approval

2-4 months





Loan closing

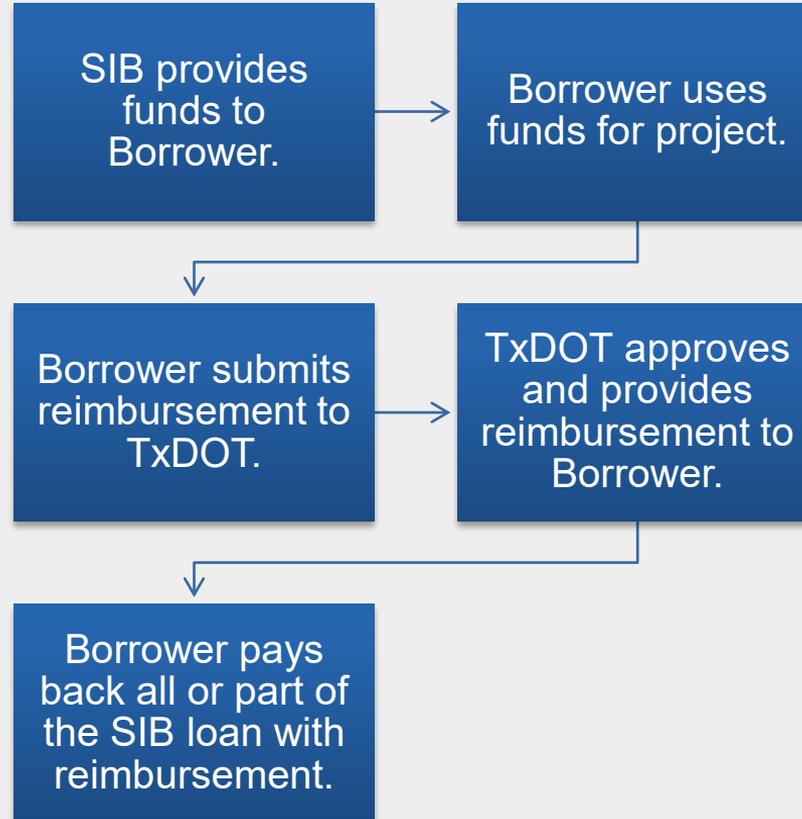
1-2 months

SIB loan
agreement
is
negotiated

SIB loan
agreement
must
be **approved by**
the **governing**
body



Reimbursement process with SIB loan





- SIB is a low-cost transportation financing tool.
- Available for any required TxDOT utility relocation and some non-TxDOT.
- Can pledge reimbursement to loan repayment.
- Entire process takes approximately 4-6 months.
- Transportation Commission approval is required for all applications.



Contact information:

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TXDOT.gov and search “State Infrastructure Bank”

- SIB Application
- General program information
 - Instructions to check eligibility
 - Informational flyers
 - Sample resolutions for the local entity





Questions





Thank You!