

State Infrastructure Bank (SIB)

February 13, 2024

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font. The text is centered within a white circle, which is set against a blue background. The blue background is part of a larger graphic element on the right side of the slide, consisting of a blue triangle pointing downwards, with a white circle inside it. The top and bottom corners of the blue triangle are cut off by a diagonal line, revealing a dark grey background.



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

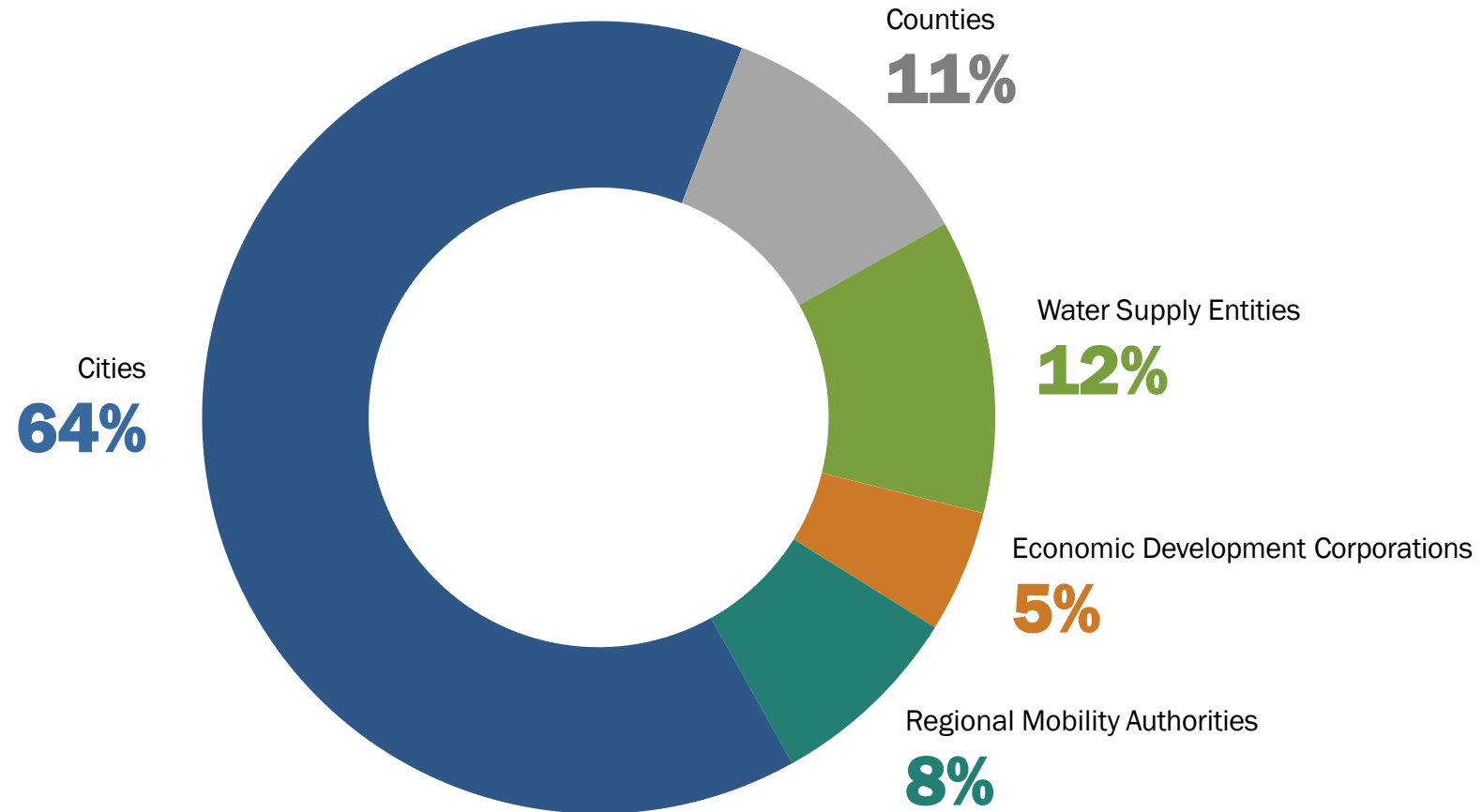
\$485 Million – Repaid

\$8 Billion – In Texas transportation projects

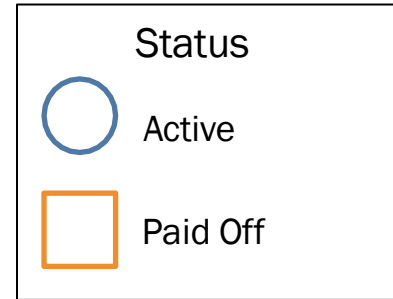
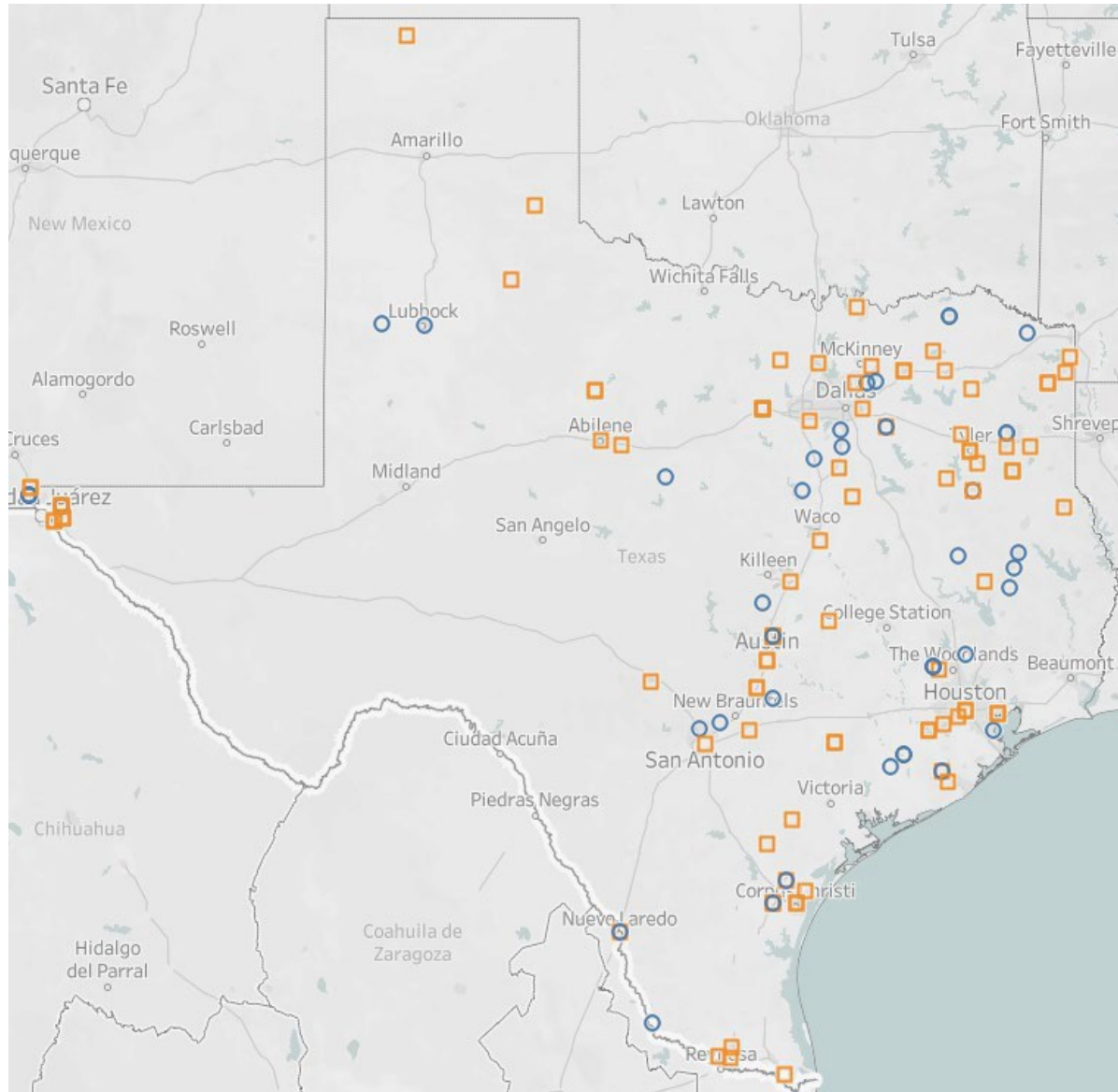
SIB loans - borrower type



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SIB loans around the state



Eligible Uses Include*

Construction or reconstruction

Right of way acquisition

Utility relocation

Contingency

Financial & Legal advisory fees

*Funds cannot be used to reimburse costs

Eligibility example - Town of Addison

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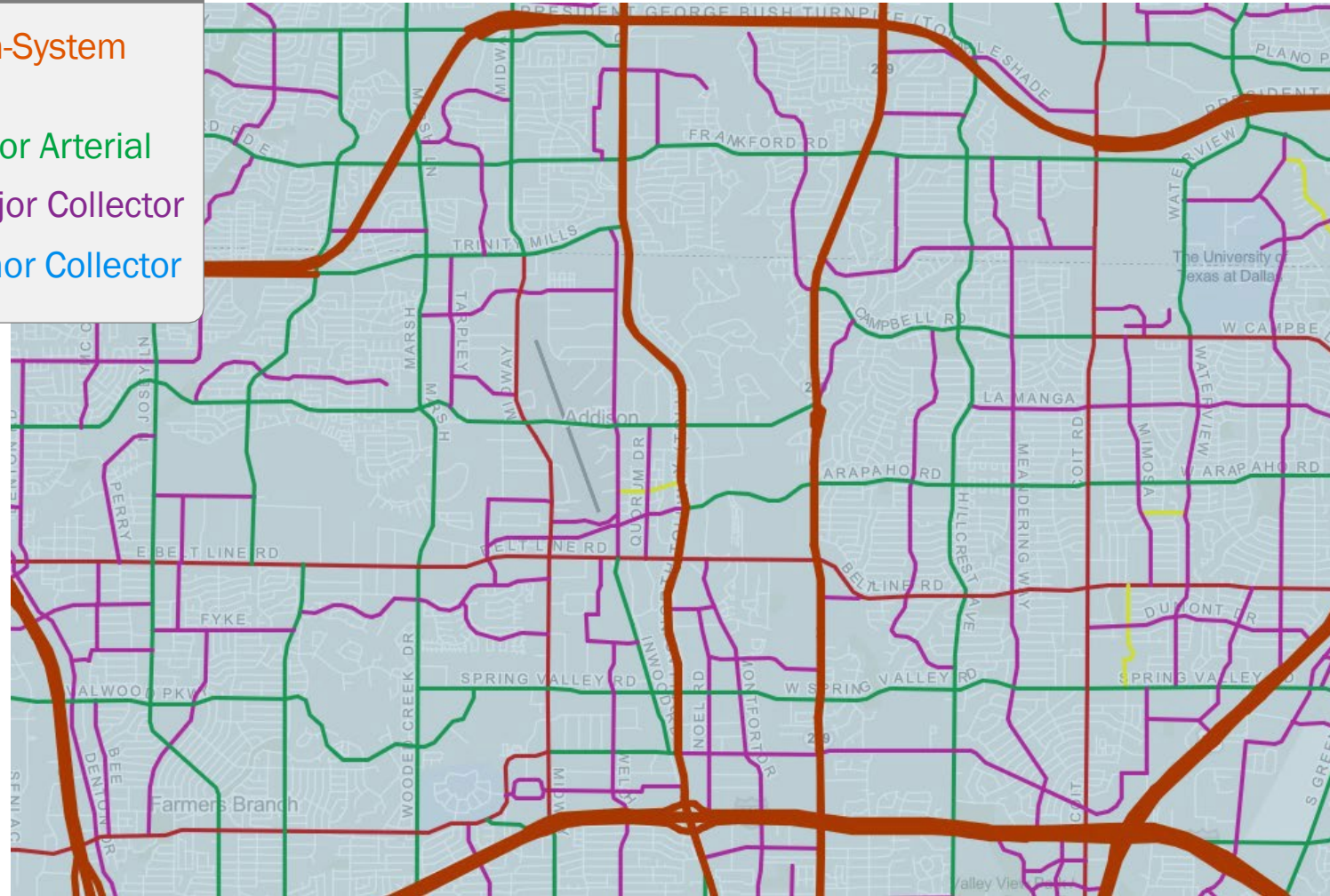
LEGEND

Orange - On-System Roadways

Green - Minor Arterial

Purple - Major Collector

Yellow - Minor Collector



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

Interest Rate

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

How it works

AAA rate (Based on requested term)	AAA rate %
Rate spread (Based on credit rating)	+ Rate spread
EDC Reduction	(EDC reduction)
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Final Rate	Final rate %

Interest rate

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*Market Rate Indications as of January 26, 2024.
Rates change weekly, shown for illustrative purposes only.*

SIB rating scale		
Rating	1-10 Years	11+ Years
AAA	AAA	AAA
AA	AAA +5 bps	AAA +10 bps
A	AAA +10 bps	AAA +20 bps
BAA	AAA +15 bps	AAA +30 bps
BBB-/Not Rated	AAA +20 bps	AAA +40 bps

How it works

AAA rate (20 years)	3.27%
Rate spread (Addison AAA Rating)	+ 0.00
EDC Reduction (Dallas County)	(.95)
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Final Rate	2.32%

TxDOT SIB process



2-4 months

1-2 months

Submit a **SIB application** and **Resolution** to apply for loan

TxDOT **Divisions** will **review** applications

ENV approval must be obtained prior to final approval

Final TTC Approval

SIB loan **agreement** is **negotiated** (i.e. loan amortization schedule)

SIB loan agreement must be **approved by** the **local government**



- Separate project account.
 - Funds cannot be co-mingled.
- Annual expenditures report.
- Annual audit and budget.
- Revenue pledges – vary with strength of the pledge.
 - Typically reserve fund or additional debt covenant.

- SIB is a low-cost transportation financing tool.
- On or off system roads may be eligible.
- Interest rate is fixed at the time of application.
- Entire process takes approximately 4-6 months.
- Transportation Commission approval is required for all applications.

Recommended Projects

- Quorum Drive = approximately \$22.6 million
- Montfort Drive = between approximately \$6.4 million and \$14.0 million depending on scope
- Keller Springs = approximately \$8.0 million related to this project that is currently under construction
- Total potential loan of up to \$44.6 million

- If Council would like staff to pursue a loan through the SIB staff would bring forward a resolution that would authorize staff to apply for a loan up to a certain amount.
- Staff recommends that maximum amount be set at \$44.6 million.

Questions?