



INFRASTRUCTURE FINANCE

LEARNING SERIES



Presented together with
Ernst & Young LLP



Breaking Down the Infrastructure Investment and Jobs Act (IIJA)



Zeyu Zhang

Coordinator, Research & Technical Assistance
Council of Development Finance Agencies
Columbus, OH

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES
Presented together with Ernst & Young LLP



Legal Disclaimer

CDFA is not herein engaged in rendering legal, accounting, financial or other advisory services, nor does CDFA intend that the material included herein be relied upon to the exclusion of outside counsel or a municipal advisor. This publication, report or presentation is intended to provide accurate and authoritative general information and does not constitute advising on any municipal security or municipal financial product. CDFA is not a registered municipal advisor and does not provide advice, guidance or recommendations on the issuance of municipal securities or municipal financial products. Those seeking to conduct complex financial transactions using the best practices mentioned in this publication, report or presentation are encouraged to seek the advice of a skilled legal, financial and/or registered municipal advisor.

Questions concerning this publication, report or presentation should be directed to info@cdfa.net.

ARE YOU A CDFA MEMBER?

Members receive exclusive access to thousands of resources in the CDFA Online Resource Database.

Become a member today at www.cdfa.net

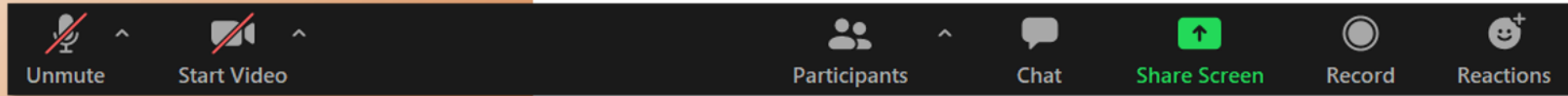
CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES

Presented together with Ernst & Young LLP

Join the Conversation



**Submit your questions by
using the chat function!**

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES
Presented together with Ernst & Young LLP



Breaking Down the Infrastructure Investment and Jobs Act (IIJA)



Jill Jamieson

CEO

Illuminati Infrastructure Advisors

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES

Presented together with Ernst & Young LLP



BIPARTISAN INFRASTRUCTURE LAW – AN OVERVIEW



Infrastructure Finance Learning Series

Jill Jamieson
CEO, Illuminati Infrastructure Advisors
JillJamieson@IlluminatiAdvisory.com

U.S. Infrastructure Imperative

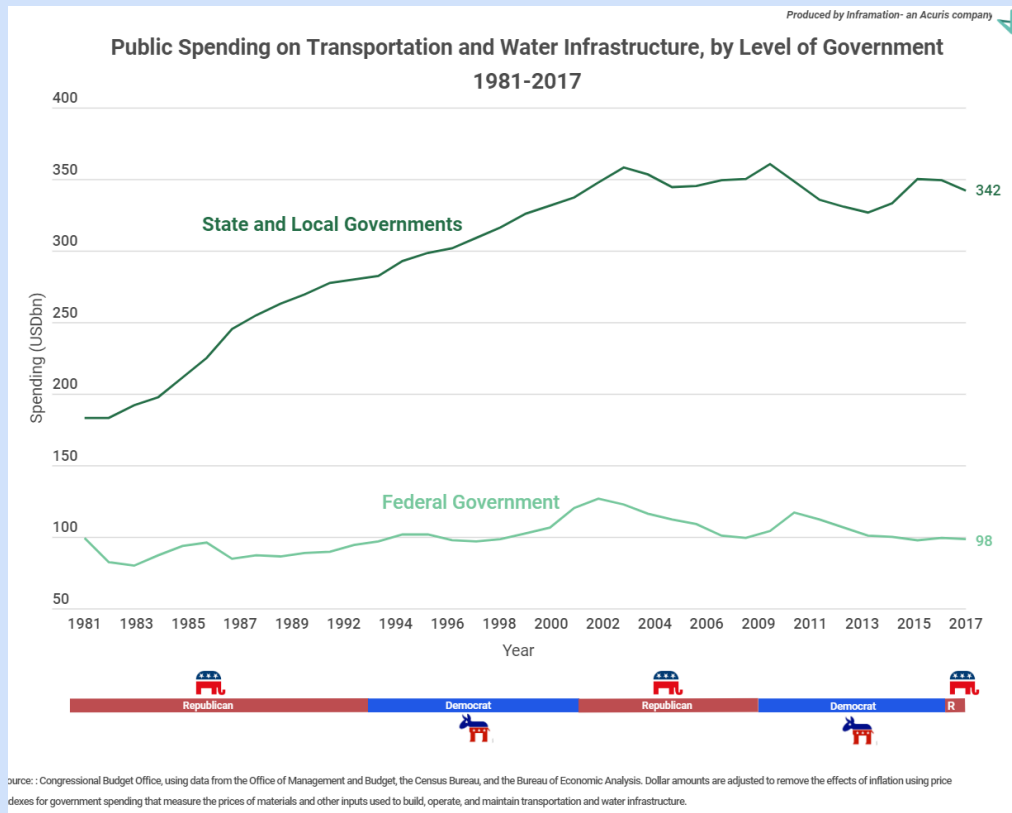


2021 REPORT CARD FOR AMERICA'S INFRASTRUCTURE

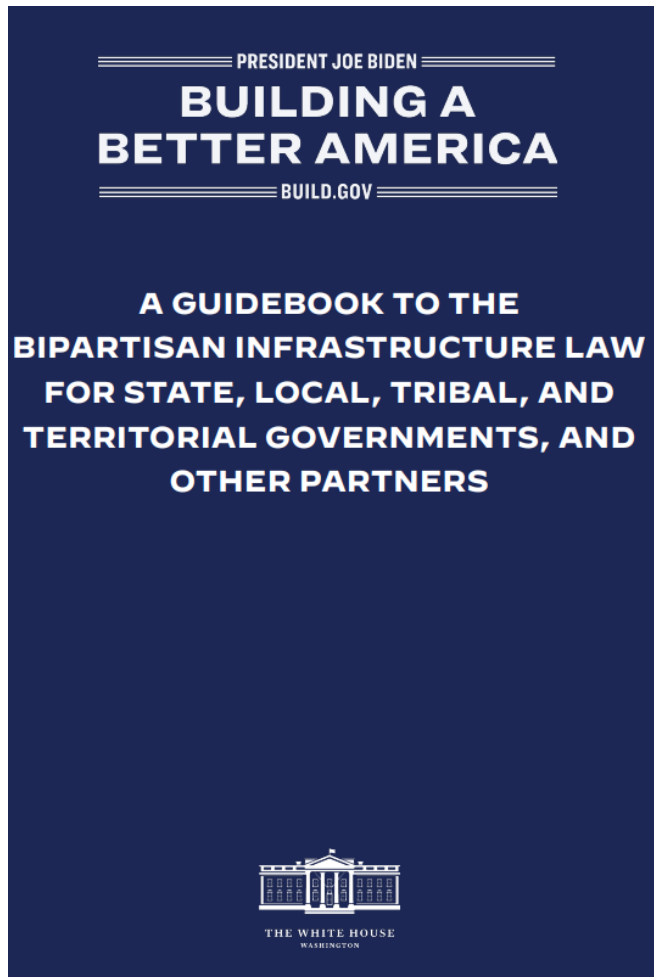


- US infrastructure needs are estimated at over **\$15 Trillion** by 2039 just to keep pace with GDP (OECD/WEF). These figures do NOT account for additional needs triggered by climate change, technology, etc.;
- ASCE 2021 report card assigns an overall **grade of C-** to the Nation's major infrastructure, but does not contemplate all infrastructure categories;
- *Other key infrastructure sector investment needs:*
 - Target-driven initiatives: Resiliency, climate, smart cities, etc.
 - Transformational projects
 - Technology and ICT
 - Social infrastructure (i.e., public buildings, housing, etc.)
- Fix-as-fails approach in increasing burden on future generations (every dollar of deferred maintenance costs taxpayers \$5-\$6 in future capital expenditures).
- Facing debt ceilings and budget constraints, limited resources are available to devote to capital and operational expenditures, while infra users are increasingly facing affordability and capacity-to-pay issues.

U.S. Infrastructure Investment Profile



- Federal investment in infrastructure has been relatively flat for decades and has been declining in real terms.
- State and local government shoulder more of the burden, despite growing fiscal pressures.
- Nevertheless, according to CBO, 60% of state and local investment in transportation and water infrastructure is financed using tools that impose costs on the federal government: tax-exempt bonds, tax credit bonds, state banks, and direct federal credit programs.
- Focus over past decade has been on “repair”.
- Although US requires, on average, an investment in infrastructure equal to 3.8% of GDP to tread water, total government investment infrastructure as a share of GDP is currently around 1.3% of GDP (down from 1.7% a decade ago and half the high of 2.5% in 1967).



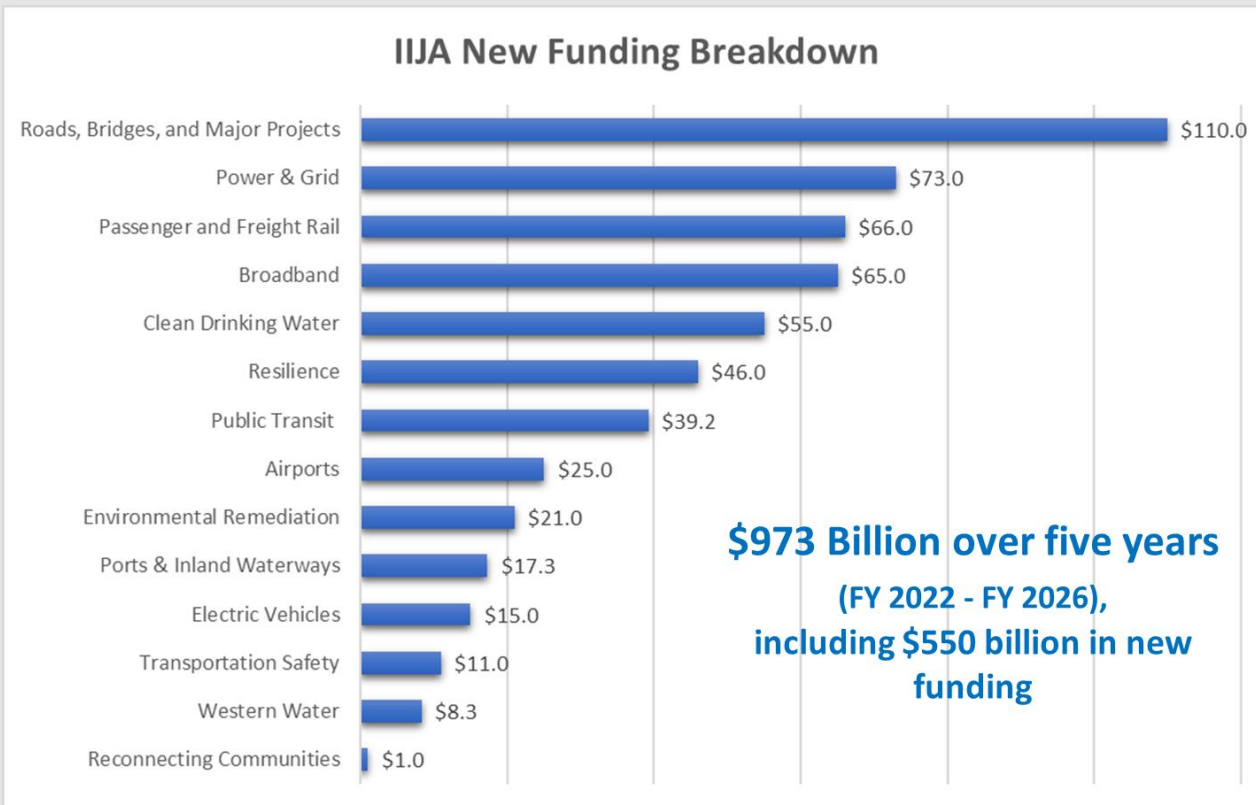
IIJA Key Points

- Infrastructure Investment and Jobs Act (IIJA) was enacted by the 117th Congress and signed into law by President Joe Biden on November 15, 2021.
- Public Law 117-58 states: “SHORT TITLE.—This Act may be cited as the ‘Infrastructure Investment and Jobs Act’”, but since then has been rebranded as Bipartisan Infrastructure Law (BIL)
- Once-in-a-generation investment in infrastructure with around \$550 B in new Federal infrastructure investment, including—
 - Largest federal investment in public transit ever
 - Largest federal investment in passenger rail since the creation of Amtrak
 - Largest dedicated bridge investment since the construction of the Interstate System
 - Largest investment in clean drinking water & wastewater infrastructure in U.S. history
 - Largest investment in clean energy transmission & electric vehicle infrastructure in history
 - Ensuring every American has access to reliable high-speed internet
- Jan 31, 2022, White House releases general guidance for State and Local governments (https://www.whitehouse.gov/wp-content/uploads/2022/01/BUILDING-A-BETTER-AMERICA_FINAL.pdf)
- Funding is now available, although in some instances, implementing guidelines still under development for new programs.

Other Key Parts of IJA

- **Surface Transportation Reauthorization Act**
 - Provides a five-year reauthorization (through FY26), which authorizes funding for competitive grants, formula grants, set-asides, and more for federal surface transportation programs.
- **Surface Transportation Investment Act**
 - Provides a five-year authorization and investments for key rail, multimodal, and safety programs.
- **Energy Infrastructure Act**
 - Authorizes funding and programs related to energy technologies and the electric grid.
- **Drinking Water and Wastewater Infrastructure Act**
 - Authorizes funding and programs related to water infrastructure.

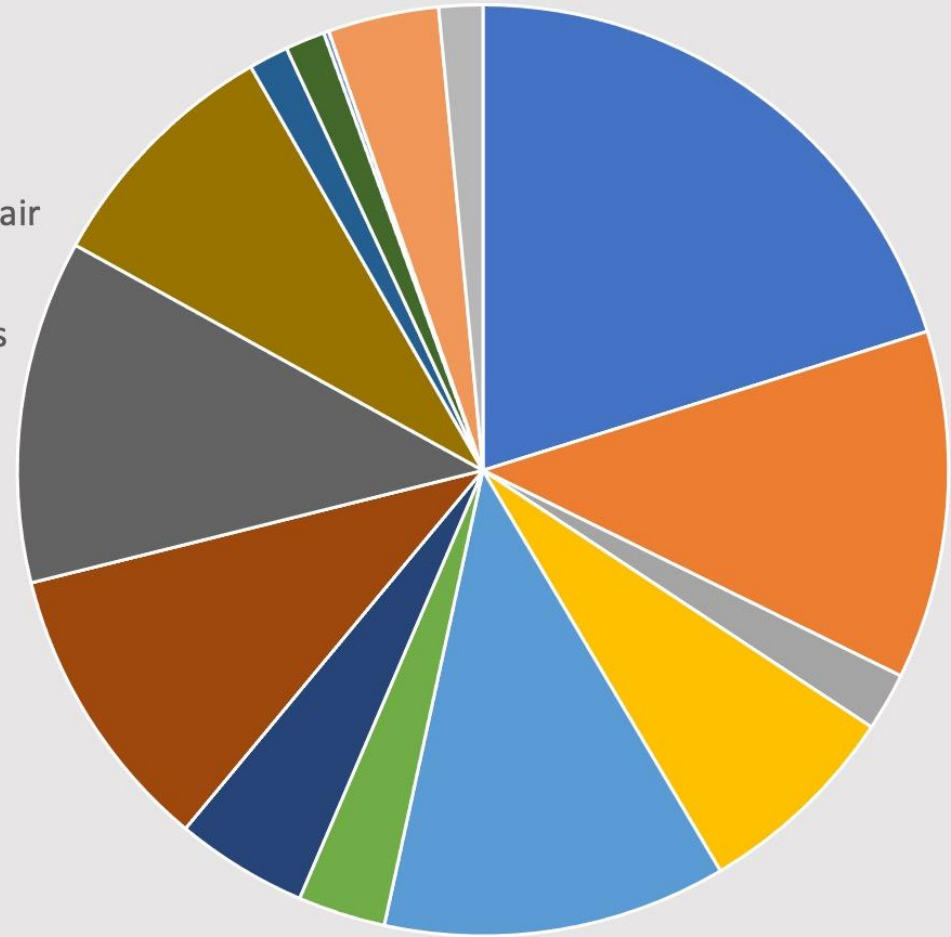
IIJA/BIL Funding Overview



- Total of \$973 Billion in spending over 5 years, with \$550 Billion in new spending for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience;
- Makes advanced appropriations over a number of years to several federal agencies (typically, federal appropriations are made over one fiscal year by an appropriations act or an omnibus);

IIJA Funding Breakdown

- \$110B Roads, bridges, and major projects
- \$66B Passenger and freight rail
- \$11B Highway and pedestrian safety programs and pipeline repair
- \$39.2B Public transit repair and expansion programs
- \$65B Broadband grants to improve rural and low-income access
- \$16.6B Ports and waterways
- \$25B Airport repairs, air traffic control systems improvements
- \$55B Water infrastructure
- \$65B Power and grid
- \$47.2B Resiliency
- \$7.5B Clean school buses and ferries
- \$7.5B Electric vehicle charging infrastructure
- \$1B Reconnecting communities
- \$21B Addressing legacy pollution
- \$8.3B Western water infrastructure

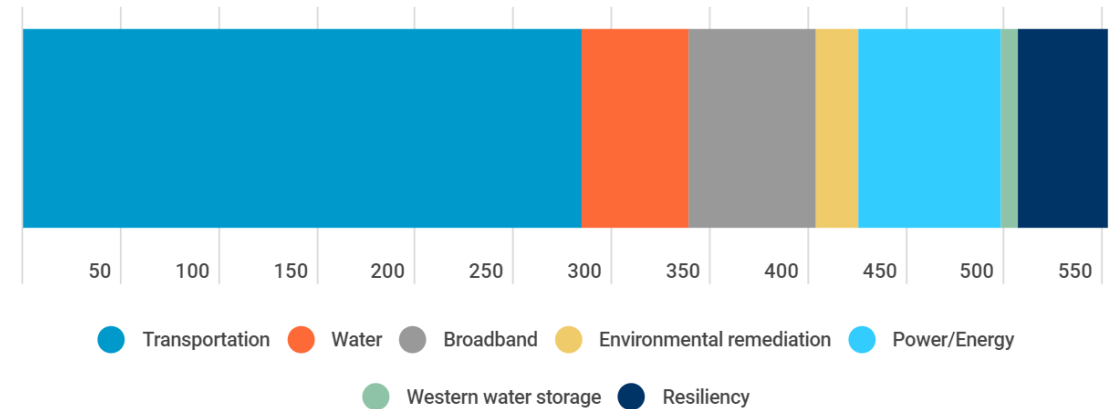
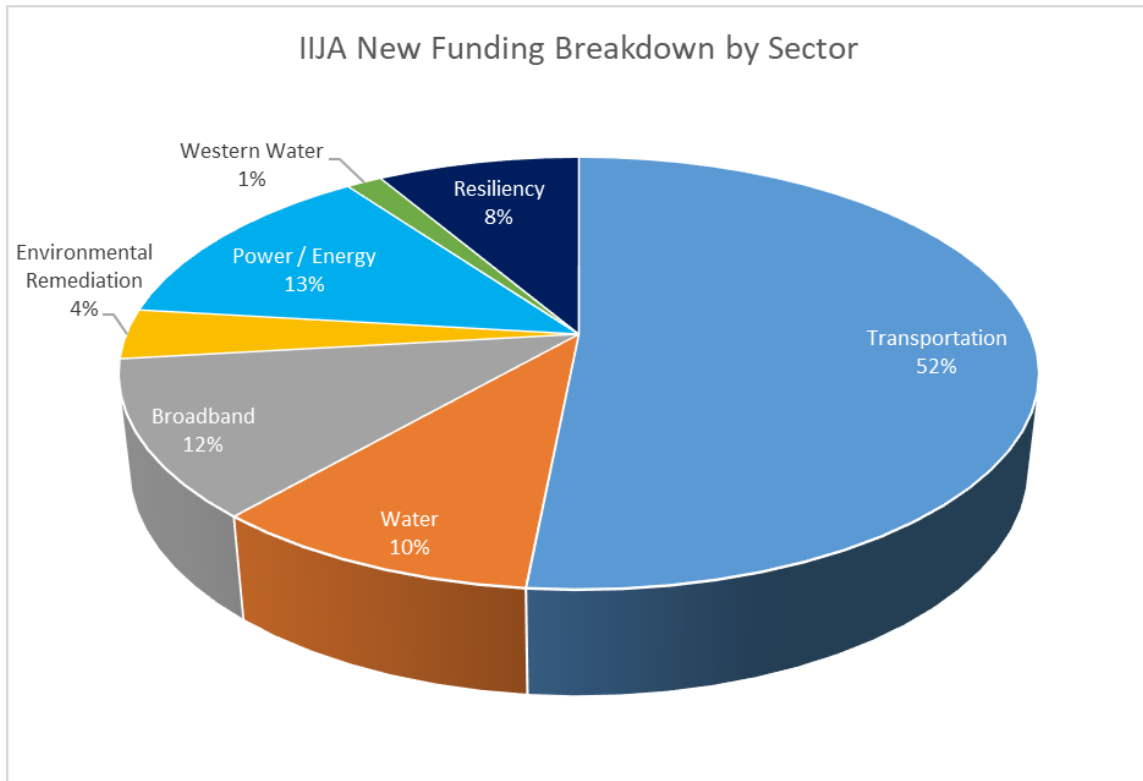




Funding Scope Overview

- **Roads, Bridges, & Major Projects: \$110B above baseline** - Includes surface transportation reauthorization. Funds new dedicated grant program to replace and repair bridges and increases funding for major project competitive grant programs.
- **Passenger and Freight Rail: \$66B** - Provides funding for Amtrak, expands intercity passenger rail and dedicates funding to Northeast Corridor. Increases funding for freight rail and safety at rail-highway grade crossings.
- **Safety: \$11B** - Funds highway & pedestrian safety programs, including Safe Streets program.
- **Public Transit: \$39.2B** - Funds nation's transit system repair backlog (buses, rail cars, stations, and thousands of miles of track, signals, and power systems).
- **Broadband: \$65B** - Grants to states for broadband deployment, supports broadband affordability, expands eligible private activity bond projects to include broadband infrastructure, and supports middle-mile deployment efforts.
- **Ports and Waterways: \$17.3B** - Funding for waterway and coastal infrastructure, inland waterway improvements, port infrastructure, and land ports of entry through the Army Corps,
- **Airports: \$25B** - Increases funds for Airport Improvement grant program for runways, gates, & taxiways as well as a new Airport Terminal Improvement program for terminals, concessions, and multimodal connections. Improves Air Traffic Control infra.
- **Water Infrastructure: \$55B** - Includes \$23.4B for the Drinking Water and Wastewater Infrastructure Act. Provides additional funding to address PFAS and for lead remediation.
- **Power and Grid: \$73B** - Includes the Energy Infrastructure Act, which funds grid reliability and resiliency; critical minerals and supply chains for clean energy technology; critical energy technologies (i.e., carbon capture); and energy demonstration projects.
- **Resiliency: \$46B** - Funding for cybersecurity, waste management, flood mitigation, wildfire, drought, and coastal resiliency, ecosystem restoration, and weatherization.
- **EV Infra: \$15B** - Funding for Electric Vehicle Charging and Fueling grant program. Funds the production and procurement of electric vehicle and low carbon school buses and ferries.

IIJA New Funding Breakdown by Sector





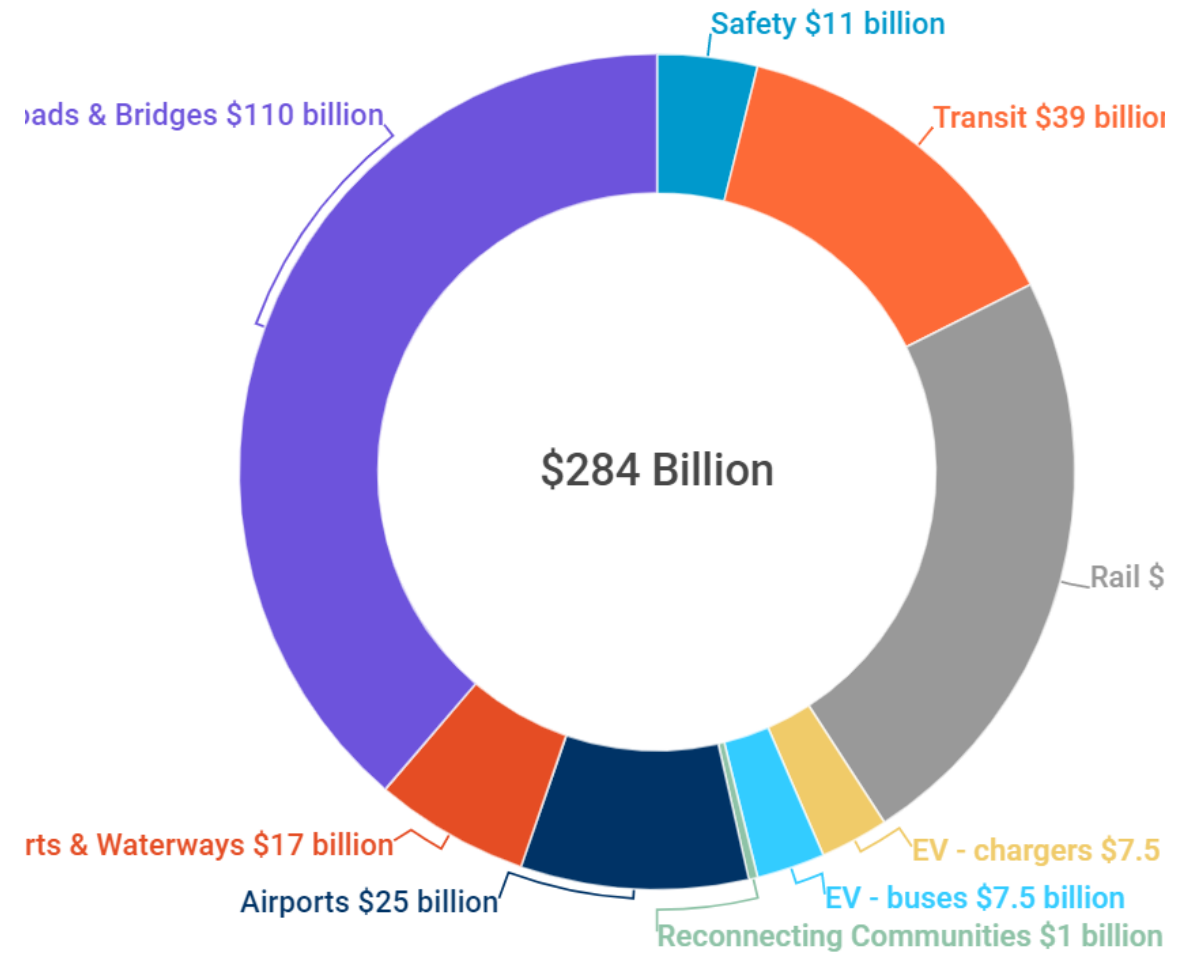
Funding Format

- Formula Grants (apportioned programs)
- Discretionary / Competitive Grant Programs
 - Currently 25 competitive grant programs are open for application
- Private Activity Bond Eligibility
- Federal Credit Programs (TIFIA, RRIF, WIFIA, etc.)
- Tax credits
- Other

Transportation

IJA directs approx. \$284 billion (52 percent) of the \$550 billion in new investments toward modernizing and making improvements across all modes of transportation, with majority of funding reserved for highways, roads and bridges:

- **Roads, Bridges & Major Projects:** \$110 billion
- **Transit:** \$39 billion
- **Rail:** \$66 billion
- **Safety:** \$11 billion
- **Airports:** \$25 billion
- **Ports & Waterways:** \$17 billion
- **Electric vehicle chargers:** \$7.5 billion
- **Electric buses:** \$7.5 billion
- **Reconnecting Communities:** \$1 billion



Funding Available to a Range of Recipients

Program Examples	State	MPO	Local	Tribe	PA*	Territory	FLMA*
Apportioned programs (formula)	✓						
Bridge Program (formula)	✓			✓			
National Electric Vehicle Formula Program	✓		✓				
Safe Streets and Roads for All program		✓	✓	✓			
PROTECT Grants (discretionary)	✓	✓	✓	✓	✓		✓
Charging and Fueling Infrastructure Program	✓	✓	✓	✓	✓	✓	
Congestion Relief Program	✓	✓	✓				
Bridge Investment Program (discretionary)	✓	✓	✓	✓	✓		✓
Reconnecting Communities Pilot Program	✓	✓	✓	✓			
Rural Surface Transportation Grants	✓		✓	✓			
INFRA	✓	✓	✓	✓	✓		✓
Nat'l Infra. Project Assistance	✓	✓	✓	✓	✓		
Local and Regional Project Assistance	✓	✓	✓	✓	✓	✓	

Source: FHWA

Note: This table does not include all BIL programs or eligible entities, and there are additional nuances not represented in this table. FHWA will administer most, but not all, programs listed.

* "PA" means a special purpose district or public authority with a transportation function; FLMA means Federal Land Management Agency

Major Competitive DOT/FHWA Grants

Major Competitive DOT/FHWA Grants to be awarded to States/Local Govt's Over Next Five Years

Megaprojects	\$5.0b – For critical projects too large or complex for existing funding programs.
RAISE	\$7.5b – To support surface transportation projects of local or regional significance.
Safe Streets	\$5.0b – Support local government's "vision zero" plans.
Culverts	\$1.0b – For removing, replacing, or restoring culverts to facilitate fish passage.
Bridge	\$12.5b – To replace and restore major bridges.
INFRA	\$8.0b – To rebuild infrastructure projects.
Rural	\$2.0b - To improve and expand the surface transportation infrastructure in rural areas.
<u>PROTECT</u>	<u>\$1.4b</u> – For resilience improvement, evacuation routes, and at-risk coastal infrastructure.
TOTAL	\$40.4b



Roads, Bridges & Major Projects - \$110B

- Bridge grant programs — \$36.735B
 - Increases funding for Bridge Investment Program—competitive grant program.
 - Supports a bridge formula program to help support the \$125 billion bridge repair backlog.
- Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants — \$7.5B
 - Boost funding for RAISE (formerly BUILD) grant program, which supports surface transportation projects of local and/or regional significance.
- National Infrastructure Project Assistance grant program — \$5B
 - New program supports multi-modal, multi jurisdictional projects of national or regional significance.
- Infrastructure for Rebuilding America (INFRA) Grant Program — \$3.2B
 - Increase in baseline funding to the INFRA grant program, which supports highway and rail projects of regional and national economic significance.
- Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) - \$8.7B
- Appalachian Development Highway System formula program — \$1.25B
- Surface Transportation Private Activity Bonds — \$500M
 - Increase current cap from \$15 billion to \$30 billion.
- University Transportation Centers — \$95M
- Culvert Removal, Replacement, and Restoration — \$1B

Passenger And Freight Rail - \$66B

- Northeast Corridor grants - \$6B
- Fed-State Partnership Intercity Passenger Rail - \$36B
- Amtrak National Network - \$15.7B
- Consolidated Rail Infrastructure and Safety Improvement (CRISI) - \$5B
- Railroad Crossing Elimination Program - \$3B
- • Restoration and Enhancement Grants - \$250M
 - This program funds operating assistance grants for initiating, restoring, or enhancing intercity passenger rail transportation.



Public Transit - \$39.2B

\$39.2 billion in new funding to address the infrastructure needs of the nation's public transit assets.

- Increased Contract Authority - \$19.15 B
 - The transit title reflects an increase of 43% above baseline levels for contract authority, for \$69.9 billion over the next five years. When combined with the supplemental appropriations of this section, this package provides an 83% increase for transit funding compared to FAST Act levels.
- State of Good Repair - \$4.75B
 - Grants support maintenance, replacement, and rehabilitation projects. These activities help transit agencies maintain assets in a state of good repair and develop Transit Asset Management plans.
- The Capital Investment Grants Program - \$8B
 - Capital Investment Grants support new and expanded commuter and light rail, bus, and ferry service. The program includes New Starts for the construction of new systems and expansion of existing systems, Small starts for new systems and expansion projects with capital costs less than \$300 million, Core Capacity for projects related to corridor development, and projects with combined system goals.
- Enhances Mobility for Seniors & Disabilities - \$2B
- Low-No Program - \$5.25B
 - Low-No Program provides funding to state and local governments for the purchase or lease of zero-emission and low-emission transit buses, including acquisition, construction, and leasing of required supporting facilities.

Electric Vehicles - \$15B+

Program Name	Agency Name	Funding Amount
National Electric Vehicle Infrastructure Formula Program	Department of Transportation	\$5,000,000,000
Charging and Fueling Infrastructure Grants (Community Charging)	Department of Transportation	\$1,250,000,000
Charging & Fueling Infrastructure Grants (Corridor Charging)	Department of Transportation	\$1,250,000,000
Low or No Emission (Bus) Grants	Department of Transportation	\$5,624,550,890
Clean School Bus Program	Environmental Protection Agency	\$5,000,000,000
Electric or Low-Emitting Ferry Program	Department of Transportation	\$250,000,000
Electric Drive Vehicle Battery Recycling And 2nd Life Apps	Department of Energy	\$200,000,000
Low or No Emission Vehicle Component Assessment Program	Department of Transportation	\$26,169,974
TOTAL - ELECTRIC VEHICLES, BUSES AND FERRIES		\$18,600,720,864

Five major programs

1. National Electric Vehicle Infrastructure Formula Program (\$5 billion)
2. National Electric Vehicle Infrastructure Grant Program (\$2.5 billion),
3. Clean School Bus Program (\$5 billion),
4. Low- and No-Emission transit bus Program (\$5.6 billion) and
5. Electric or Low Emitting Ferry Program (\$250 million)



Safety & Research - \$10.5B

- \$10.5 billion in new funding to address the safety requirements of our nation's infrastructure.
- \$2.24B in increased contract authority for Federal Motor Carrier Safety Administration (FMCSA) and National Highway Traffic Safety Administration (NHTSA)
- \$8.27 in supplemental appropriations
 - Safe Streets for all - \$5B
 - Safe Streets for All program funds state and local "vision zero" plans and other improvements to reduce crashes and fatalities, especially for cyclists and pedestrians.
 - SMART grant program - \$500M
 - NHTSA Highway Safety Programs — \$1.1B
 - FMCSA Motor Carrier Safety Assistance Program — \$467.5M
 - High Priority Grant Program — \$200M
 - This competitive grant program supports commercial vehicle safety plan activities, including data collection, public awareness campaigns, technology demonstration, and other safety related efforts
- Pipeline and Hazardous Materials Safety Administration PHMSA Modernization — \$1B



Airports - \$25B

- *Airport Terminal Program - \$20B*
 - \$5B discretionary grant program for terminal development and other landside projects
 - Additional Appropriations: \$15 billion in formula funding for AIP projects
- *Air Traffic Control Infrastructure - \$5B*

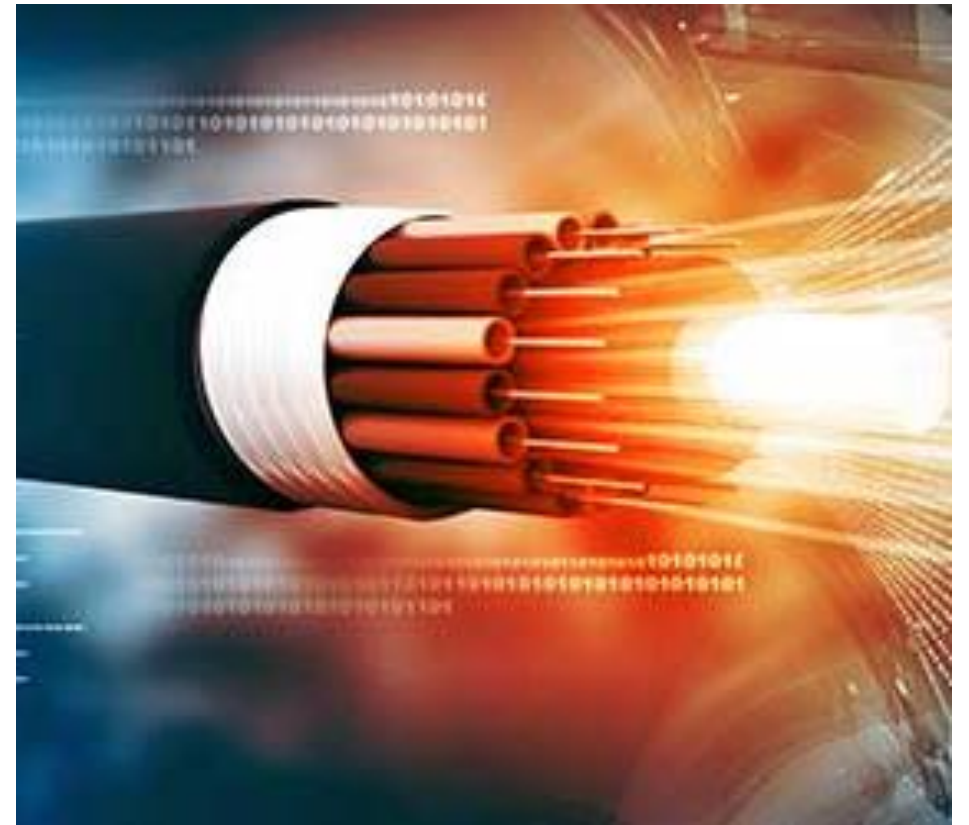
Ports/Waterways - \$17.3B

PORTS-WATERWAYS	
\$5,150,000,000	Army Corps of Engineers Construction
\$4,000,000,000	Army Corps of Engineers Operations and Maintenance
\$300,000,000	Army Corps of Engineers Mississippi River and Tributary
\$100,000,000	Army Corps of Engineers General Expenses/Regulatory Needs
\$2,250,000,000	DOT Port Infrastructure Development Program
\$25,000,000	DOT Marine Highways Program
\$429,000,000	U.S. Coast Guard Unfunded Priority Infrastructure
\$3,850,000,000	GSA/CBP Land Ports of Entry Modernization and Construction
\$400,000,000	Reduction in Truck Emissions at Ports
\$912,000,000	Ferry Boat and Terminal Construction

- Funding for waterway and coastal infrastructure, inland waterway improvements, port infrastructure, and land ports of entry through the Army Corps of Engineers, Department of Transportation, Coast Guard, General Services Administration, and Department of Homeland Security.

Broadband - \$65B

- Grants for Broadband Equity, Access, and Deployment (BEAD) Program: \$42.45 billion
 - This funding supports a formula-based grant program for the purposes of broadband deployment.
- Private Activity Bonds (PABs): \$600 million
- Support for Rural Areas: \$2 billion
 - Support for programs administered by the U.S. Department of Agriculture, including the ReConnect Program, that provide loans and grants (or a combination of loans and grants) to fund the construction, acquisition or improvement of facilities and equipment that provide broadband service in rural areas.
- Affordable Connectivity - \$14.2 billion
- Tribal Grants: \$2 billion
- Digital Equity Program: \$2.75 billion
- Middle Mile Grant Program - \$1 billion



Clean Water - \$55B

- Funding falls into the following major programs covered under this section
 1. Drinking Water and Clean Water State Revolving Funds (\$23.43 billion),
 2. Lead Service Lines (\$15 billion),
 3. PFAS and Emerging Contaminants (\$10 billion),
 4. Indian Water Rights (\$2.5 billion),
 5. Indian Health Service Water and Sewer (\$1.8 billion),
 6. Water and Sewer Tax (\$1.25 billion),
 7. Rural Water (\$1 billion)





Western Water - \$8.3B

Sec. 9001. Western water infrastructure authorizes \$8,300,000,000 for FY22- 26 for Bureau of Reclamation western water infrastructure, including:

- \$3.2 billion for aging infrastructure,
- \$1.15 billion for water storage, groundwater storage and conveyance projects (includes \$100 million for small water storage),
- \$1 billion for water recycling and reuse projects (includes \$450 million for large water recycling projects),
- \$250 million for desalination projects,
- \$1 billion for rural water projects,
- \$500 million for dam safety projects,
- \$300 million for Drought Contingency Plan,
- \$400 million for waterSMART Water and Energy Efficiency Grants (includes \$100 million for natural infrastructure projects),
- \$100 million for the Cooperative Watershed Management Program,
- \$250 million for Aquatic Ecosystem Restoration Program,
- \$100 million for multi-benefit watershed projects, and
- \$50 million for Colorado River fish species recovery programs.

Resilience - \$42.7B



- Funding for cybersecurity to address critical infrastructure needs, waste management, flood and wildfire mitigation, drought, and coastal resiliency, ecosystem restoration, heat stress, and weatherization.
- Resiliency – Flood Mitigation
 - \$7B for U.S. Army Corps of Engineers priorities.
 - \$3.5 B for FEMA FLOOD MITIGATION ASSISTANCE PROGRAM
 - \$2B for NOAA projects, including National Coastal Resiliency Fund and Community-Based Restoration Project
 - \$500M SAFEGUARDING TOMORROW THROUGH ONGOING RISK MITIGATION (STORM) ACT
- \$1 billion for Resilient Infrastructure and Communities (BRIC) Program
- Resiliency – Drought
 - \$2.2 B for Aging Infrastructure Account (BoR)
 - \$500M for the Western Area Power Administration's (WAPA)
- Others



Power Infrastructure - \$73B

\$73 billion for power grid upgrades, including building thousands of miles of new transmission lines for renewable energy and research for new technologies like nuclear reactors and carbon capture

- *Enhanced grid security*
- *Battery Material Processing Grant Program - \$6.2 B*
- *Preventing outages and enhancing the resilience of the electric grid - \$5B*
- *Rural and Municipal Utility Advanced Cybersecurity Grant and Technical Assistance Program - \$250M*
- *Program Upgrading Our Electric Grid Reliability and Resiliency - \$6B*
- *Transmission Facilitation Program - \$2.5B*
- *Smart Grid Investment Matching Grant Program - \$3B*

Other

- \$21 billion dedicated for environmental remediation to address past pollution that harms public health. The plan also includes \$1 billion to reconnect communities that have been divided by past infrastructure projects, such as highways splicing through established areas.
- Furtherment of streamlined permitting processes
- Technical Assistance programs
- R&D programs
- Public-Private Partnerships
- Non-federal project funding and project readiness

Final Thoughts...



- BIL / IIJA is a significant federal investment in infrastructure
- Roll-out has been steady and funds are already being disbursed
- Grant applications are open for many programs, while newer programs may still be developing guidelines
- Extremely clear guidance for accessing funds has been developed, particularly for grants
- Some provisions of the IIJA will take longer to have impact (i.e., federal credit programs, PABs and tax credits), but already influencing infrastructure finance markets.

Q&A



Jill Jamieson, CEO

JillJamieson@IlluminatiAdvisory.com



Breaking Down the Infrastructure Investment and Jobs Act (IIJA)



Scott Krapf

Member
Frost Brown Todd LLC

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES
Presented together with Ernst & Young LLP



2022 CDFA Infrastructure Finance Learning Series

April 19, 2022 | Scott Krapf

skrapf@fbtlaw.com | 317-237-3818

Overview of the Infrastructure Investment and Jobs Act

- Approximately \$550 billion.
- Infrastructure, broadband, carbon capture programs.
- Appropriations for water infrastructure, broadband, energy, public transit modernization and passenger and freight rail, port infrastructure, electric vehicle charging stations, and environmental remediation.
- Reauthorization and extension of programs.
- \$550 billion in new spending over five years.
- A broader approach to “infrastructure”.

Applying for and Receiving IIJA Funds

- Prioritize community's capital needs and develop a project pipeline.
- Review the Bipartisan Infrastructure Law Guidebook to identify federal funding streams to target.
- Ensure all transit, railway, road, highway, and bridge projects are a part of the Metropolitan Planning Organization's Transportation Improvement Plan.
- Begin mapping sites for electric vehicle and alternative fuel charging stations.
- Inventory and map the lead pipes in the community.
- Work with the state's broadband agency to ensure the community needs are appropriately mapped and inventoried.
- Establish relationships with the regional offices for key federal agencies, who can help direct to resources and provide technical assistance.

Important Provisions for the Municipal Bond Market

- Expansion of tax-exempt “exempt facility ” bonds.
 - Qualified broadband projects.
 - Qualified carbon dioxide capture facilities.
- Increase in the volume cap for the U.S. Department of Transportation.

Strategies for Using Funds (Federal Investment Guide for Local Leaders)

- Strategy 1: Approach IIJA Funds in Terms of Recipients and Applicants.
- Strategy 2: Engage Private Financing Using Infrastructure as a Platform.
- Strategy 3: Build Economic Opportunity through Deployment.
- Strategy 4: Geographically Align Spending to Support Place-Making.
- Strategy 5: Use the IIJA to Address the Climate Crisis and Build Resiliency.
- Strategy 6: Position as a Clean Energy and Tech Innovation Hub.

Grants under the Act

- Highway/transportation.
- New surface transportation programs.
- Drinking Water State Revolving Funds.
- Clean Water State Revolving Funds.
- Aviation.

Broadband Infrastructure Funding

- Broadband Equity, Access, and Deployment Program.
- Middle Mile Broadband Infrastructure Program.
- Qualified Broadband Project Exempt Facility Bonds.



Breaking Down the Infrastructure Investment and Jobs Act (IIJA)



Meagan M. Bolton

Of Counsel
Ice Miller LLP

CDFA.NET / EY.COM



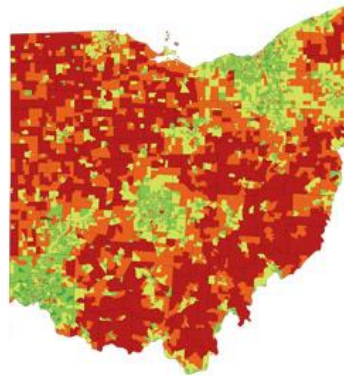
INFRASTRUCTURE FINANCE LEARNING SERIES

Presented together with Ernst & Young LLP

CDFA Infrastructure Finance Learning Series



5 GHz



Federal Broadband Funding

- Infrastructure Investment and Jobs Act (IIJA) **\$65 Billion**
 - BEAD **\$42.45 Billion**
 - Middle Mile **\$1 Billion**
 - Affordable Connectivity Program (ACP) **\$14.2 Billion**
 - Qualified Broadband Private Activity Bonds (PABs) **\$600 Million**

IIJA

In 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA) which made a \$65 Billion investment in broadband connectivity. IIJA established the following programs/funding sources:

NTIA

- Broadband Equity, Access, and Deployment (BEAD) Program **\$42.45**
- Enabling Middle Mile Broadband Infrastructure Program **\$1Billion**
- Digital Equity Act Programs **\$2.75 Billion**

Other Programs & Funds

- Qualified Private Activity Bonds **\$600 Million**
- Affordable Connectivity Program (ACP) **\$14.2 Billion**
- USDA RUS Distance Learning, Telemedicine, and Broadband Program **\$2B**

Broadband Deployment

BEAD Program

The BEAD Program is a \$42.45 Billion formula-based grant program administered through NTIA. NTIA is currently undergoing a comment process to receive public views on administering the program.

- **Planning:** Initial funds will be used to support broadband planning and related capacity efforts, from mapping, staffing state/territory broadband offices, to outreach and coordination with local communities.
- **Formula Based Funding:** After a preliminary planning phase and once the FCC releases its maps, funding will be allocated to states based on a formula that considers the number of unserved and high-cost locations in the state.
- **Project Proposals:** States and territories will then propose projects that meet the statutory priorities, prioritized based on level of service available.
 - **Tech Neutral:** The program does not favor particular technologies or providers.
 - **100/20 Mbps Requirement:** Projects will have to meet a minimum speed of 100 Mbps download/ 20 Mbps upload.

Enabling Middle Mile Broadband Infrastructure Program

The purpose of this \$1 Billion grant program is to expand and extend middle mile infrastructure to reduce the cost of connecting unserved and underserved areas to the internet backbone.

- Middle Mile infrastructure is any broadband infrastructure that does not connect directly to an end-user.
- Middle Mile infrastructure supports increased capacity needed to transfer large swaths of data like video streaming.
- NTIA has 6 months to issue a notice of funding opportunity about the new program. Within 9 months after that notice is issued, NTIA will make the grant awards.

Private Activity Bonds (PABs) for Broadband in the Infrastructure Act

- The language in the Infrastructure Act specifically permits qualified broadband projects to be issued as tax-exempt “qualified private activity bonds” (PABs)
 - PABs allow a conduit issuer (national, state, or local; could be a county or municipality depending on applicable state law) to issue bonds on behalf of a private entity, or otherwise allow typically unpermitted private payment or private use applicable to exempt bonds, for qualified broadband projects.
- PABs give access to the tax-exempt capital markets, which is a cheaper alternative to traditional borrowing and provides qualified broadband projects access to a known market for cheaper financing and reduced upfront capital outlay.

PAB Examples:

- 1) As part of a financing of a county-wide qualified broadband infrastructure project, a private entity could work with a conduit issuer to issue tax-exempt PABs on its behalf to pay the costs of the qualified broadband project. The private entity would own the project and either hire an operator/manager or lease the project to broadband provider(s) or a to another third party to operate their network. Though the proposed infrastructure bill language exempts 75% of the qualified broadband project, there would still need to be an available portion of volume cap for the 25% that would could toward the state's volume cap allocation.
- 2) A government-owned qualified broadband project, financed through PABs, and operated and maintained by a private entity through a lease or management contract. Government-owned projects financed by PABs do not require a volume cap allocation.

Affordability

ACP

The Affordable Connectivity Program is a \$14.2 Billion FCC benefit program that extended the Emergency Broadband Benefit Program initiated during the Coronavirus Pandemic.

- The benefit provides a discount of up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands.
- Eligible households can also receive a one-time discount of up to \$100 to purchase a laptop, desktop computer, or tablet from participating providers if they contribute more than \$10 and less than \$50 toward the purchase price.
- Applicants of the SLFRF program must enroll as providers or provide a similar option.

Digital Equality Act Programs

- **State Digital Equity Planning Grant Program:** \$60 million formula grant program for states and territories to develop digital equity plans.
- **State Digital Equity Capacity Grant Program:** \$1.44 billion formula grant program for states and territories distributed via annual grant programs over 5 years to implement digital equity projects and support the implementation of digital equity plans.
- **Digital Equity Competitive Grant Program:** \$1.25 billion discretionary grant program distributed via annual grant programs over 5 years to implement digital equity projects. Eligible applicants include specific types of political subdivision, agency, or instrumentality of a state; tribal governments; nonprofit entities; community anchor institutions; local educational agencies; and entities that carry out workforce development programs.

BroadbandOhio

The Ohio Broadband Strategy, released in 2019, included a goal of “work[ing] with the Ohio General Assembly to implement a statewide grant program to assist in bringing high-speed internet access to unserved and underserved areas in Ohio,” that focused on the following principles:

- **Serve Unserved & Underserved:** Provide broadband service in areas that are unserved or underserved by broadband at speeds of 25 Mbps download/ 3 Mbps upload;
- **Spur Private Sector Investment:** Incentivize private sector investment in needed broadband infrastructure deployment;
- **Achieve Measurable Results:** Establish sound metrics and eligibility requirements to ensure that grant funds are limited to expanding coverage in eligible areas; and
- **Tailored Technology Solutions:** FOCUS on expanding broadband coverage in the most appropriate manner for the community, as opposed to favoring one type of technology or method over another.

BroadbandOhio

In 2021, Ohio House Bill 2 created the **Ohio Residential Broadband Expansion Grant Program**, focused on the previous principles. This program allows broadband providers to apply for funds to provide last-mile service of at least 25 Mbps download/ 3 Mbps upload to unserved and underserved households.

- Prioritizes unserved households;
- Covers the gap between funds a servicer needs to build the last-mile and what is deemed cost effective;
- Implemented a challenge process to ensure that funding is used to reach homes that lack access; and
- Allows flexibility for broadband technology solutions as long as it provides the requisite speed.

BroadbandOhio

- Applications were due on **November 8, 2021**
- Award announcements were made on **March 18, 2022**
 - more than \$232 million in grant funding awarded;
 - 33 broadband expansion projects receiving funds;
 - 31 counties and more than 43,000 Ohio households impacted.

How Communities Can Use Broadband Funding

- Incentivize construction, acquisition, or leasing of facilities for broadband build out to unserved and/ or underserved areas;
- Bring connectivity to businesses, farms, ranches, and community facilities such as first responders, health care, and schools;
- Middle mile broadband infrastructure;
- Public Wi-Fi projects;
- Partnerships for device and/or wireless hotspot distribution;
- Assistive technologies, and training and support, for individuals with disabilities;
- Low-cost broadband service for low-income consumers;
- Digital equity plans;
- Digital inclusion initiatives (e.g., programming; technical assistance);
- And more.

Attracting Private Partners

Local government policies can encourage and facilitate local broadband expansion through:

- effectively managing local rights-of-way;
- seeking opportunities to reduce buildout costs; and
- alleviating permitting delays.



Meagan M. Bolton

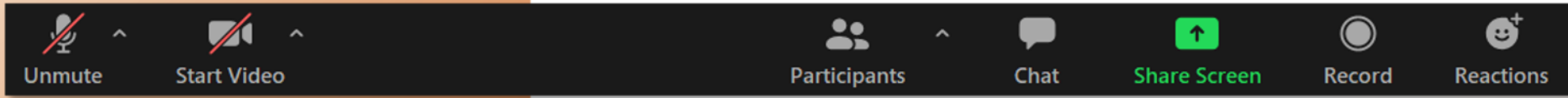
Of Counsel

Ice Miller LLP

Meagan.bolton@icemiller.com

202.807.4024

Audience Questions



**Submit your questions by
using the chat function!**

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES
Presented together with Ernst & Young LLP



Upcoming Events at CDFA

CDFA TRAINING INSTITUTE

We offer 17 courses in development finance designed for all skill levels. Learn more and register today at www.cdfa.net

CDFA.NET / EY.COM

CDFA Infrastructure Finance Learning Series: Building the Foundation for Infrastructure Projects

Tuesday, May 31, 2022 // 1:00 PM - 4:00 PM Eastern

Intro Tax Increment Finance WebCourse

April 25-26, 2022 // 12:00 PM - 5:00 PM Eastern

SSBCI Coalition Meeting

April 22, 2022 // 1:00 PM - 2:00 PM Eastern



INFRASTRUCTURE FINANCE LEARNING SERIES

Presented together with Ernst & Young LLP

Contact Us



Adam Christian

EY

Senior Vice President
213-321-7319
adam.christian@ey.com

Zeyu Zhang

Council of Development Finance Agencies

Coordinator, Research & Technical Assistance
614-705-1302
zzhang@cdfa.net

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES

Presented together with Ernst & Young LLP



Office Hour with EY



Adam Christian

Senior Vice President
EY

CDFA.NET / EY.COM



INFRASTRUCTURE FINANCE LEARNING SERIES
Presented together with Ernst & Young LLP