

**DEPARTMENT OF TRANSPORTATION****Office of the Secretary of Transportation****Notice of Funding Opportunity for Letters of Interest for the RRIF Express Pilot Program Under the Railroad Rehabilitation & Improvement Financing Program**

**AGENCY:** Office of the Secretary of Transportation and U.S. Department of Transportation (the “DOT”).

**ACTION:** Notice of funding opportunity

**SUMMARY:** This notice modifies the pilot Railroad Rehabilitation and Improvement Financing (“RRIF”) Express Program (“RRIF Express”) aimed at increasing access to the RRIF program by short line and regional railroads. Specifically, this notice:

1. Clarifies dates and responsibilities of applicants who have submitted RRIF Express Letters of Interest between January 13, 2020 and the date of this notice (Section **DATES**).
2. Offers an alternative to the current requirement for five years of audited financial statements, allowing for audits of the two most recent years’ financial statements. If this option is selected, applicants must produce five years of (non-audited) financial statements plus a self-certification from the applicant that they will provide the most recent two years of audited financial statements within 60 days of submitting the LOI and supporting materials (Section IV(iv)).
3. Resets the 90-day application period to begin on the date that this revision is posted in the **Federal Register** (Section **DATES**).

The original NOFO with modifications follows.

The RRIF Express Program will be administered by the DOT’s National Surface Transportation and Innovative Finance Bureau (the “Build America Bureau” or “Bureau”). The overall RRIF program finances development of railroad infrastructure, and is authorized to have up to \$35 billion in outstanding principal amounts from direct loans and loan guarantees at any one time.

The 2018 Consolidated Appropriations Act<sup>1</sup> appropriated \$25 million in budget authority to the DOT to cover the cost to the Federal Government (“the Government”) of RRIF credit assistance (Credit Risk Premium (“CRP”) Assistance or “CRP Assistance”). Additionally, the 2016

Consolidated Appropriations Act<sup>2</sup> and the 2018 Consolidated Appropriations Act<sup>3</sup> provided \$1.96 million and \$350,000, respectively (of which approximately \$1 million remains available), to the DOT to fund certain expenses incurred by prospective RRIF borrowers in preparation of their applications for RRIF credit assistance (this approximately \$1 million assistance, collectively, “Cost Assistance”). Using existing authorities and these new budget authorities, the DOT has established the RRIF Express Program.

Subject to the availability of funds, applicants accepted into the RRIF Express Program may benefit from two types of financial assistance: (a) Cost Assistance up to \$100,000 per application to pay for a portion of the Bureau’s advisor expenses borne by applicants; and (b) for those applicants that ultimately receive RRIF credit assistance, CRP Assistance up to 5% of the final RRIF loan amount to offset the CRP paid by the borrower. Any costs beyond \$100,000 and any CRP beyond 5% would be paid by the prospective RRIF borrower. These funds will be made available to benefit applicants accepted into the RRIF Express Program on a first come, first served basis until each source of funding is expended or this notice is superseded by a new Notice of Funding Opportunity. Letters of Interest will be accepted in the order received and will be allocated cost assistance based on the date of acceptance into the pilot program. CRP assistance will be allocated in the order of financial close. For more information about potential financial assistance for RRIF Express applicants, see Supplementary Information: Section II. Funding of CRP and Cost Assistance.

This notice solicits Letters of Interest from prospective RRIF borrowers seeking acceptance into the RRIF Express Program, establishes eligibility criteria and describes the process that prospective borrowers must follow when submitting Letters of Interest.

**DATES:** Letters of Interest from prospective RRIF borrowers for the RRIF Express Program must be submitted during the following submission window: *From March 16, 2020 to June 15, 2020.*

Prospective RRIF borrowers that have previously submitted a Letter of Interest but that also seek acceptance into the RRIF Express Program should resubmit a Letter of Interest during the

<sup>2</sup> Pub. L. 114–113, div. L, tit. I, § 152, 129 Stat. 2242, 2856.

<sup>3</sup> Pub. L. 115–141, div. L, tit. I, H.R. 1625 at 646 (as enrolled Mar. 23, 2018).

submission window above and follow the instructions below. *Applicants who previously submitted Letters of Interest under the RRIF Express Notice of Funding Opportunity published on December 13, 2019 and whose Letters of Interest have not been returned as ineligible, do not have to re-apply.*

**ADDRESSES:** Applicants to the RRIF Express Program must use the latest version of the Letter of Interest form available on the Build America Bureau website: <https://www.transportation.gov/content/build-america-bureau> (including applicants who have previously submitted Letters of Interest and who are now seeking participation in the RRIF Express Program). Letters of Interest must be submitted to the Build America Bureau via email at: [RRIFexpress@dot.gov](mailto:RRIFexpress@dot.gov) using the following subject line: “Letter of Interest for RRIF Express Program.” Submitters should receive a confirmation email, but are advised to request a return receipt to confirm transmission. Only Letters of Interest received via email at the above email address with the subject line listed above shall be deemed properly filed.

**FOR FURTHER INFORMATION CONTACT:** For further information regarding this notice please contact William Resch via email at [william.resch@dot.gov](mailto:william.resch@dot.gov) or via telephone at 202–366–2300. A TDD is available at 202–366–3993.

**SUPPLEMENTARY INFORMATION:** RRIF Express pilot program information, including any additional resources, terms, conditions and requirements when they become available, can be found on the Build America Bureau website at: <https://www.transportation.gov/buildamerica/rif-express>. For further information about the overall RRIF program in general, including details about the types of credit assistance available, eligibility requirements and the creditworthiness review process, please refer to the *Build America Bureau Credit Programs Guide* (“*Programs Guide*”), available on the Build America Bureau website: <https://www.transportation.gov/buildamerica/programs-services/tifia/program-guide>.

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<sup>1</sup> Pub. L. 115–141, div. L, tit. I, H.R. 1625 at 646 (as enrolled Mar. 23, 2018).

## I. Background

The Transportation Equity Act for the 21st Century,<sup>4</sup> established the RRIF program, authorizing the DOT to provide credit assistance in the form of direct loans and loan guarantees to public and private applicants for eligible railroad projects. The RRIF program is a DOT program and final approval of credit assistance is reserved for the Secretary of the DOT. The 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users;<sup>5</sup> the Rail Safety Improvement Act of 2008;<sup>6</sup> and the 2015 Fixing America's Surface Transportation Act<sup>7</sup> (the "FAST Act") each made a number of changes to the RRIF program. In addition, the FAST Act authorized the creation of the Bureau to consolidate administration of certain DOT credit and grant programs, including the RRIF program.

## II. Funding of CRP Assistance and Cost Assistance

Through the RRIF program, the DOT is authorized to have, at any one time, up to \$35 billion in unpaid principal amounts of obligations under direct loans and loan guarantees to finance development of railroad infrastructure.

### CRP Assistance

Prior to the 2018 Consolidated Appropriations Act, the RRIF program did not have an appropriation of budget authority to pay the cost to the Government of providing RRIF credit assistance. As a result, the RRIF borrower or a third party was required to bear this cost through the payment of a CRP. The 2018 Consolidated Appropriations Act<sup>8</sup> provided \$25 million to the DOT to cover the cost to the Government of RRIF credit assistance. The DOT will use this funding to pay or offset the CRP (up to 5% of the RRIF loan amount) payable by participants in the RRIF Express Program, until this funding is expended or this notice is superseded by a new Notice of Funding Opportunity.

### Cost Assistance

As described in the *Programs Guide*, RRIF borrowers are required to pay (or reimburse the DOT) for costs incurred by the Bureau in connection with the review of Letters of Interest and applications for RRIF credit assistance.

The 2016 Consolidated Appropriations Act<sup>9</sup> and the 2018 Consolidated Appropriations Act<sup>10</sup> collectively provided \$2.31 million to the DOT to be used to fund expenses incurred by prospective RRIF borrowers in preparation to apply for RRIF credit assistance. A portion of these funds have already been allocated for prior RRIF projects. The DOT is reserving approximately \$1 million of remaining funds from these appropriations to offset the cost of DOT advisors (up to \$100,000 per application) that would be payable by participants in the RRIF Express Program, until this funding is expended or this notice is superseded by a new Notice of Funding Opportunity.

## III. Eligibility Requirements for RRIF Credit Assistance

The RRIF statute and implementing rules set forth eligibility requirements for applicants and projects. These requirements as well as other applicable federal requirements are described in detail in the *Programs Guide* and apply to all applicants and projects, including those seeking acceptance into the RRIF Express Program. In addition, for prospective borrowers seeking RRIF Express Program benefits, the requirements set forth in section IV (Eligibility Criteria for the RRIF Express Program) of this notice also apply.

## IV. Eligibility Criteria for the RRIF Express Program

The DOT has identified the following strategic objectives for the RRIF Express Program: Encouraging increased utilization of RRIF credit assistance by Class II and Class III railroads; reducing transaction costs for Class II and Class III railroads; and streamlining the underwriting process for Class II and Class III railroads. These priorities are reflected in the eligibility criteria below. Generally, projects most suitable for the RRIF Express Program are rail line modernization projects where the borrower has a well-documented financial history and easily identified revenue stream(s) for loan repayment.

To differentiate among Letters of Interest received for projects under this notice of funding opportunity, the DOT will consider whether the project satisfies the following eligibility criteria as demonstrated by the Letter of Interest:

(i) *Applicant*: The applicant must be a Class II railroad, a Class III railroad,

or a joint venture with a Class II or III railroad.

(ii) *Project Size*: The project must have eligible project costs of \$50 million or less.

(iii) *Project Scope*: The project scope, as described in Section B4 of the Letter of Interest, must be limited to the activities below:

(a) Track improvement predominantly within existing railroad right-of-way, including stabilizing embankments, installing or reinstalling track, re-grading, replacing rail, ties, slabs and ballast, installing, maintaining, or restoring drainage ditches, cleaning ballast, constructing minor curve realignments, improving or replacing interlockings, improving grade crossings and warning devices, and the installation of ancillary equipment such as for communication, signals and train control;

(b) Bridge rehabilitation, including reconstruction or replacement, the rehabilitation of the rail elements of docks or piers for the purposes of intermodal transfers, and the construction of bridges, culverts, or grade separation projects that are predominantly within existing right-of-way and that do not involve extensive in-water construction activities, such as projects replacing bridge components including stringers, caps, piles, or decks, the construction of roadway overpasses to replace at-grade crossings, construction or reconstruction of approaches or embankments to bridges, or construction or replacement of short span bridges;

(c) Rolling stock acquisition including locomotives, passenger coaches, freight cars, trainsets, and construction, maintenance or inspection equipment;

(d) Planning and design related to the project activities included under items (a)–(c) above;

(e) Refinancing of non-federal debt (incurred at least three years prior to March 16, 2020 and for the purpose of one or more of the activities listed in 45 U.S.C. 822(b)(1)(A) or (C). Refinancing is limited to up to 40% of the final RRIF loan amount. Letters of Interest including refinancing must demonstrate with specificity in Section D5 how the refinancing would improve the creditworthiness of the applicant and document how such improvement would facilitate the activities referenced in items (a)–(c) above and would increase the applicant's ability to repay a RRIF loan and the overall financial health of the applicant.

(iv) *Applicant Financial History and Projections*: Attachment D–1 of the Letter of Interest must include audited financial statements (by a qualified third

<sup>4</sup> Public Law 105–178, § 7203, 112 Stat. 107, 471.

<sup>5</sup> Public Law 109–59, § 9003, 119 Stat. 1144, 1921.

<sup>6</sup> Public Law 110–432, § 701(e), 122 Stat. 4848, 4906.

<sup>7</sup> Public Law 114–94, Subtitle F, 129 Stat. 1312, 1693.

<sup>8</sup> Public Law 115–141, div. L, tit. I, H.R. 1625 at 646 (as enrolled Mar. 23, 2018).

<sup>9</sup> Public Law 114–113, div. L, tit. I, § 152, 129 Stat. 2242, 2856.

<sup>10</sup> Public Law 115–141, div. L, tit. I, H.R. 1625 at 646 (as enrolled Mar. 23, 2018).

party, e.g., a certified public accountant) for the *two (2) most recent consecutive* years preceding the year of application and that have no significant unresolved findings (e.g. fiscal years 2018 and 2019). *Interim unaudited financial statements may be submitted with a letter pledging to provide these audited statements within 60 days of submitting of the LOI and supporting materials. Failure to provide the audited financial statements within 60 days will disqualify the LOI. Applicants choosing this option must still provide unaudited financial statements for the previous five years and prospective financial projections (pro-forma) for the term of the loan.*

(v) *Collateral*: If collateral will be pledged for the RRIF loan, Section D9 of the Letter of Interest must be supported with an independent appraisal of the collateral that must have been completed within the past 12 months preceding submission of an LOI. Section D9 of the Letter of Interest must demonstrate that the collateral will be unencumbered at time of closing, including a description of any lien release process that would occur prior to closing on the RRIF loan to render currently pledged collateral unencumbered.

(vi) *Environmental Clearance*: Section B6 and Attachment B-6 of the Letter of Interest must demonstrate that either NEPA review is complete or the project qualifies for a Categorical Exclusion under NEPA, in which case Attachment B-6 must include a completed Federal Railroad Administration Categorical Exclusion worksheet with its Letter of Interest. For projects involving replacement of existing railroad bridges, supporting documentation must be provided that assesses the eligibility of the bridge for listing in the National Register of Historic Places and addressing compliance with Section 106 of the National Historic Preservation Act.

(vii) *Domestic Preference*: Section B4(a) of the Letter of Interest must demonstrate that the steel, iron, and manufactured goods used in the project will be produced in the United States in accordance with the Federal Railroad Administration "RRIF Buy America" policy, which follows 49 U.S.C. 24405(a). Projects that require a waiver are not eligible for the RRIF Express Program, however, prospective borrowers can seek a loan from the overall RRIF program for projects that require a waiver.

(viii) *Project Readiness*: Section B4(c) of the Letter of Interest must demonstrate the prospective borrower's ability to commence the contracting

process for construction of the project (e.g., issuance of a final RFP) by not later than 90 days after the date on which a RRIF credit instrument is obligated for the project.

## V. Letter of Interest Process and Review and Next Steps

### A. Submission of Letters of Interest

All prospective borrowers seeking acceptance into the RRIF Express Program should submit a Letter of Interest following the instructions described in this notice of funding opportunity. The Letter of Interest should be annotated with "RRIF EXPRESS" immediately following the Applicant Name in the Summary Information section on page one of the Letter of Interest. The Letter of Interest must, among other things:

(i) Describe the project and its components, location, and purpose in Section B, and include as Attachment B-2 the project budget organized according to construction elements from preliminary engineering estimates, and including costs as appropriate for property, vehicles, professional services, allocated and unallocated contingency, and finance charges;

(ii) Outline the proposed financial plan in Section C, and include the financial model, that addresses such aspects as model assumptions, annual cash flows, balance sheets, income statements and repayment schedules for the duration of the loan, as well as coverage ratios and debt metrics. The model should allow reviewers the flexibility to evaluate scenarios in the native spreadsheet (Microsoft Excel, or equivalent) format and be included in the application as Attachment C-1;

(iii) Provide information regarding satisfaction of other statutory eligibility requirements of the RRIF credit program; and

(iv) Provide information regarding satisfaction of the RRIF Express Program eligibility criteria (as described in Section IV above).

Prospective RRIF Express borrowers should describe in Letter of Interest Section D8 if the project will (1) decrease transportation costs and improve access, especially for rural communities or communities in Opportunity Zones,<sup>11</sup> through reliable and timely access to employment centers and job opportunities; (2) improve long-term efficiency, reliability or costs in the movement of workers or goods; (3) increase the economic productivity of land, capital, or labor,

including assets in Opportunity Zones; (4) result in long-term job creation and other economic opportunities; or (5) help the United States compete in a global economy by facilitating efficient and reliable freight movement. Projects that bridge gaps in service in rural areas, and projects that attract private economic development, all support local or regional economic competitiveness.

Letters of Interest must be submitted using the latest form on the Build America Bureau website: <https://www.transportation.gov/content/build-america-bureau>. Other RRIF Express pilot program information including any additional terms, conditions, and requirements can be found on the Build America Bureau website at: <https://www.transportation.gov/buildamerica/rrif-express>. The Bureau may contact a prospective borrower for clarification of specific information included in the Letter of Interest. The Bureau will review all Letters of Interest properly filed and received in the submission time window provided herein.

### B. Review and Evaluation

Each Letter of Interest that is properly filed and received will be evaluated for completeness and eligibility for the RRIF Express Program using the criteria in this notice. This initial step of the review process will include (1) an evaluation as to whether the proposed project and applicant satisfy RRIF statutory eligibility requirements, and (2) an evaluation as to whether the proposed project and applicant satisfy the RRIF Express Program eligibility criteria.

The Letters of Interest determined to be eligible for the RRIF Express Program will then be advanced to the Bureau's creditworthiness review process, which is an in-depth creditworthiness review of the project sponsor and the revenue stream proposed to repay the RRIF credit assistance as described in the *Programs Guide*. The Secretary reserves the right to limit the number of applications from a single entity or subordinates of a single parent or holding company. Prospective RRIF borrowers whose RRIF Express Program Letters of Interest are determined to be ineligible, but whose projects are otherwise statutorily eligible for standard RRIF credit assistance, have the option to be considered under the overall RRIF program.

<sup>11</sup> See <https://www.cdfifund.gov/Pages/Opportunity-Zones.aspx> for more information on Opportunity Zones.

Issued in Washington, DC, on March 10, 2020.

**Morteza Farajian,**

*Executive Director, The Build America Bureau.*

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**BILLING CODE 4910-9X-P**

## DEPARTMENT OF THE TREASURY

### Office of the Comptroller of the Currency

#### Agency Information Collection Activities: Information Collection Renewal; Submission for OMB Review; Guidance on Sound Incentive Compensation Policies

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of an information collection as required by the Paperwork Reduction Act of 1995 (PRA). An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is soliciting comment concerning renewal of an information collection titled, "Guidance on Sound Incentive Compensation Policies." The OCC also is giving notice that it has sent the collection to OMB for review.

**DATES:** Written comments should be submitted by April 15, 2020.

**ADDRESSES:** Commenters are encouraged to submit comments by email, if possible. You may submit comments by any of the following methods:

- *Email:* [prainfo@occ.treas.gov](mailto:prainfo@occ.treas.gov).
- *Mail:* Chief Counsel's Office,

Attention: Comment Processing, 1557-0245, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 3E-218, Washington, DC 20219.

- *Hand Delivery/Courier:* 400 7th Street SW, Suite 3E-218, Washington, DC 20219.

- *Fax:* (571) 465-4326.

**Instructions:** You must include "OCC" as the agency name and "1557-0245" in your comment. In general, the OCC will publish comments on [www.reginfo.gov](http://www.reginfo.gov) without change, including any business or personal information provided, such as name and address information, email addresses, or

phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Additionally, please send a copy of your comments by mail to: OCC Desk Officer, 1557-0245, U.S. Office of Management and Budget, 725 17th Street NW, #10235, Washington, DC 20503 or by email to [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov).

You may review comments and other related materials that pertain to this information collection<sup>1</sup> following the close of the 30-day comment period for this notice by any of the following methods:

- *Viewing Comments Electronically:*

Go to [www.reginfo.gov](http://www.reginfo.gov). Click on the "Information Collection Review" tab. Underneath the "Currently under Review" section heading, from the drop-down menu select "Department of Treasury" and then click "submit." This information collection can be located by searching by OMB control number "1557-0245" or "Guidance on Sound Incentive Compensation Policies." Upon finding the appropriate information collection, click on the related "ICR Reference Number." On the next screen, select "View Supporting Statement and Other Documents" and then click on the link to any comment listed at the bottom of the screen.

- For assistance in navigating [www.reginfo.gov](http://www.reginfo.gov), please contact the Regulatory Information Service Center at (202) 482-7340.

- *Viewing Comments Personally:* You may personally inspect comments at the OCC, 400 7th Street SW, Washington, DC. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

#### FOR FURTHER INFORMATION CONTACT:

Shaquita Merritt, OCC Clearance Officer, (202) 649-5490 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597, Chief Counsel's Office, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219.

<sup>1</sup> On December 12, 2019, the OCC published a 60-day notice for this information collection, 84 FR 68012.

**SUPPLEMENTARY INFORMATION:** Under the PRA (44 U.S.C. 3501 *et seq.*), Federal agencies must obtain approval from OMB for each collection of information that they conduct or sponsor.

"Collection of information" is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC asks OMB to renew its approval of the collection of information in this notice. The requirements of this collection have not changed.

**Title:** Guidance on Sound Incentive Compensation Policies.

**OMB Number:** 1557-0245.

**Description:** Under the guidance, each large national bank and Federal savings association should: (i) Have policies and procedures that identify and describe the role(s) of the personnel and units authorized to be involved in the design, implementation, and monitoring of incentive compensation arrangements, identify the source of significant risk-related inputs into these processes and establish appropriate controls governing the development and approval of these inputs to help ensure their integrity, and identify the individual(s) and unit(s) whose approval is necessary for the establishment of new incentive compensation arrangements or modification of incentive compensation arrangements; (ii) have any material exceptions or adjustments to the incentive compensation arrangements established for senior executives approved and documented by its board of directors; and (iii) have its board of directors receive and review, on an annual or more frequent basis, an assessment by management of the effectiveness of the design and operation of the organization's incentive compensation system in providing risk-taking incentives that are consistent with the organization's safety and soundness. Application of the guidance to banking organizations will vary with their size and complexity, and monitoring methods for small banks are not directly tied to these three policies and procedures. In addition, the guidance states that all banks should create and maintain sufficient documentation to permit an audit of the organization's processes for developing and administering incentive compensation arrangements.

**Type of Review:** Regular.

**Affected Public:** Business or other for-profit.

**Estimated Number of Respondents:** 41 large banks; 1,105 small banks.

**Total Annual Burden:** 35,330 hours. This estimate has been adjusted from