Bouncing Forward – The Sustainable Infrastructure Investment Initiative

Partnering to Advance Near Term Economic Recovery & Long Term Sustainable Infrastructure

DRAFT FOR DISCUSSION 12/18/20
The Challenge:

*Revitalizing America’s Economy Post-COVID while Relying on Outdated & Decaying Infrastructure*

Short Term Urgencies:

- Need for wide economic stimulus
- Need for jobs for those impacted by the pandemic
- Declining competitive standing of U.S. in world economy

The Infrastructure Vital to Build the Recovery Upon is Decaying:

- Existing U.S. infrastructure is rated a D+, in need of repair /upgrading
- Mounting need for new infrastructure in key areas incl. energy communications & transportation to advance global competitiveness
America’s Infrastructure will only further decline in near term without concerted action.

Historical reluctance to aggressively invest in infrastructure due to

- **Limited funding available** to infrastructure owner / operators
- **Default short term orientation** of public officials - addressing perceived more immediate needs
  - ‘Fix it when it breaks’ approach / reactive not proactive stance

Most state & local governments will further limit investment given:

- **Pandemic impacts leading to lack of available / discretionary funding**
- **Decline in the creditworthiness** of most state and local governments
The Opportunity:  
*Recover the Economy in the Short Term & Advance Long Term Competitiveness & Sustainability*

**Rebuild American Infrastructure**
- Target key sectors incl. transportation, communications, energy
- Design in environmental, social and governance priorities

**Create Good Jobs in the Building & Long Term Operation / Maintenance**
- Expand workforce via re-training programs for displaced workers

**Recover the American Economy in the Short Term while Bolstering America’s Competitive Footing in the Global Marketplace**
- More efficient infrastructure with expanded workforce skill set
- Investment in infrastructure has a multiplier effect on economy
Use Municipal Bond Funding Backed by Federal Guarantee

Municipal Bonds Could Fund Much of Effort – Minimizing Federal Govt. Hard Dollar Funding

• Strong market exists for sound investment opportunities

• In particular, there is substantial capital earmarked for sustainable investments but there is a dearth of opportunities

Fed. Govt. Guarantee Could Provide Confidence in Uncertain Times

• Federal backing would be vital in these economically distressed times

• Guarantee would minimize hard dollar expenditures & borrowing by federal government

Benefits Would Continue in Long Term beyond short term cash assistance
Potential Strategy

A potential to be explored is a public finance initiative that includes:

- **Issuing low risk municipal bonds to fund infrastructure**
  - Attractive coupon with a US government guarantee, potentially tax-free
  - Possibly zero coupon structure – could minimize near term outlays

- **Creating good paying jobs in construction & ongoing operation**
  - For those already trained and for those that could be newly trained

- **Substantial ripple effect on wider economy**

- **Advancing ESG principles** (and tapping into this rising investment pool)

- **Federal guarantee minimizes hard dollar expenditures & borrowing by federal government**

- **Potentially ESG investment sources could also play a guarantee role**
In sum...

This confluence of forces offers a distinct opportunity to integrate short term economic recovery and jobs with advancing long term competitiveness and sustainability to create a true infrastructure renaissance.
Potential Immediate Actions

Take advantage of near term window and sense of urgency.

Bring together key stakeholders from industry, labor, government and finance to:

• Analyze the challenge and key considerations
  • Advance survey of key stakeholders
  • Virtual forum(s) in short term

• Identify potential strategies to address the challenge
  • Produce a consensus proceedings and compendium of white papers / position papers around the challenge
  • Develop online resource and information sharing hub

• Establish an ongoing coalition of interested parties to advance one or more consensus strategies (continuing communications, collaboration)
Who We Are

• **Project NEXT™** is a program at NYU whose mission is to actively work with key stakeholders to
  • adapt, re-imagine and innovate for a better operating environment including critical infrastructure to address the needs of public and private organizations as well as wider society

• The program integrates capacities from **two leading centers at NYU:**
  • **Institute for Design & Construction (IDC) Innovation Hub** – *strong experience with major infrastructure projects*
  • **International Center for Enterprise Preparedness (INTERCEP)** – *critical infrastructure resilience and sustainability*
What We Bring

• Neutral independent ground for business, government and NGOs
• Proven engagement and convening capability extending over 15 years
• Demonstrated facilitation skills yielding actionable results
• Reputation as a leading international university and the largest private university in the United States
• Long history of respected research capacity
• Expertise across multiple disciplines including sustainability, resilience, engineering, public policy and multi-party collaboration
• Commitment to multi-party collaboration on shared challenges through active problem solving