



## Capitalizing Rural America's Infrastructure for the 21<sup>st</sup> Century

**Recapitalizing America's infrastructure** to make our economy more competitive in the 21<sup>st</sup> Century is now at the top of the national, state and local policy agenda. The boost to GDP from every dollar spent on public infrastructure is large—an estimated \$1.59—and there is little doubt that the nation has underinvested in infrastructure for some time, to the increasing detriment of the nation's long-term growth prospects.<sup>1</sup> The American Society for Civil Engineer's now estimates that the US needs to invest \$2.2 trillion to maintain and repair our nation's infrastructure. Additional investments are needed to bolster our competitiveness.

**Modernizing infrastructure in rural America** will be key to enabling small towns and regional centers to take advantage of emerging opportunities in energy and high-value opportunities in agriculture, health care, advanced services, transportation/shipping and manufacturing.

**Leveraging private investment capital** is necessary now and in the future as cash-strapped governments at all levels will be unable to maintain existing infrastructure or build the new facilities and systems that are needed for a growing population and a thriving economy. Public private partnerships (PPP's) to finance infrastructure have proliferated around the world with billions of dollars of assets – some of in the form of development banks and others in the form investment funds, capitalized by individual, institutional and government investors.

### The Heartland Development Bank

The Heartland Development Bank will invest in infrastructure assets in energy, agriculture, manufacturing, health care, essential community facilities and telecommunications that contribute to making America's rural areas more innovative and more competitive.

As a public-private partnership (PPP) the Heartland Development Bank will be capitalized with private investment capital and troubled assets now held by the United States government, including real estate and mortgage-related assets and securities based on those assets. The Bank will be capitalized using \$100 million from private investors and another \$100 million using assets from the FDIC.

The Bank will leverage government financing and grants available from federal, state and local governments and engage in reciprocal syndication project financing with other state and national-chartered banks to maximize it's overall ability to finance infrastructure in rural America.

**The Heartland Development Bank's infrastructure investment potential is \$3 to \$4 billion** – based on current regulatory standards for lending and a commitment to maximizing the leverage of other resources wherever possible.

---

<sup>1</sup> The Economic Impact of the American Recovery and Reinvestment Act. Mark Zandi. Chief Economist Moody's Economy.com Januar 21, 2009

<sup>2</sup> The Heartland Infrastructure Development Bank: Phase 1 Final Report to USDA's Small Business Innovation Research program. Delore Zimmerman, President, Praxis Strategy Group January 29, 2009