



# Overview of TIFIA Loans

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PFM Financial  
Advisors LLC

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509 Olive Way  
Suite 1416  
Seattle, WA 98101

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Duncan Brown  
(206) 858-5367  
Matt Schoenfeld  
(206) 858-5365



## Introduction to TIFIA

### ◆ TIFIA = Transportation Infrastructure Finance and Innovation Act

- Flexible federal loan program established in 1998 as part of the “Transportation Equity Act for the 21<sup>st</sup> Century”
- Originally established to provide lower-cost financing to transportation projects backed by user revenues (e.g., toll roads)
- Administered by U.S. Department of Transportation (USDOT) through its Build America Bureau (BAB)

What TIFIA is	What TIFIA is <u>not</u>
Debt financing – subject to state law; must be repaid!	Free money
Flexible loan program	Low-interest loan program (at least not for all borrowers!)
Part of a project funding / financing strategy	A complete project funding / financing strategy
A distinct loan program administered by BAB	A RRIF loan (also administered by BAB)



## Eligible TIFIA Projects

- ◆ Applicants must submit detailed letters of interest when a project is able to provide sufficient information to satisfy statutory eligibility requirements

### Eligible TIFIA Applicants

State Governments

State Infrastructure Banks

Private Firms

Local Governments

Transportation Improvement Districts

Special Authorities

### Eligible TIFIA Projects

Rail Facilities

Transit Vehicles and Facilities

Highways and Bridges

Airports and Port Projects

Intelligent Transportation System (ITS) Projects

Inter-modal Freight Projects

Transit Oriented Development





## Key TIFIA Benefits

- ◆ **Final Maturity** – final maturity up to 35 years after construction completion
- ◆ **Draw Flexibility** – fixed interest rate is locked at closing, funds are drawn on a reimbursement basis as needed (no interest accrues until funds are drawn)
  - Draws must begin one year after project completion
- ◆ **Payment Deferral** – both principal and interest may be deferred up to five years after project completion
  - Interest accrues and compounds during this period
- ◆ **Interest Rate** – based on U.S. Treasury rate for loan’s final maturity (+0.01%)
  - **“Rural” projects eligible for 50% interest rate reduction and fee waiver**
  - Rural project costs may not exceed \$100 million
  - Must be located outside an urbanized area with population >150,000 per most recent U.S. Census
    - *Currently excludes Vancouver, Olympia, Tacoma, Seattle, Everett, Marysville, Tri-Cities, Spokane, and parts of the Kitsap Peninsula<sup>(1)</sup>*



## Key TIFIA Requirements

- ◆ **Minimum Project Cost** - must be greater than \$50 million for eligible transportation projects, excepting:
  - *Rural projects*: between \$10-100 million
  - *Transit-oriented development and local infrastructure*: at least \$10 million
- ◆ **Credit Assistance Limit** – up to 49% of reasonably anticipated eligible project costs
- ◆ **Investment Grade Rating** - must receive investment grade ratings from at least two nationally recognized credit rating agencies
  - Only one rating required if project is <\$75 million
  - Reviewed annually
- ◆ **Financial Model** - Requires an Excel-based long term financial model (30+) years
  - Required at submission and updated annually
- ◆ **Applicable Federal Requirements** - Civil Rights, NEPA, Buy America, Davis-Bacon, etc.
- ◆ **Fees** - Borrower/applicant must pay applicable fees (transaction fee, BAB's legal and advisory fees, annual loan servicing fee, etc.)



## TIFIA vs. RRIF vs. Traditional Bonds

	TIFIA Loan	RRIF Loan	Traditional Bonds
<i>Investor(s)</i>	U.S. Dept. of Transportation		Bond funds, insurance companies, retail investors, commercial banks
<i>Interest Rate</i>	Based on U.S. Treasury rate 50% discount for “rural” projects	Based on U.S. Treasury rate <b>plus</b> “credit risk premium”	Based on investor preferences and market conditions
<i>Max. Size</i>	49% of est. project cost	75-100% of est. project cost	100% of est. project cost
<i>Max. Term</i>	35 years after substantial project completion		Typically 30 years from issue date
<i>Credit Rating(s) Required?</i>	Yes	No	Yes
<i>Timing</i>	Cannot close until after NEPA determination		Mostly determined by Port
<i>Prepayment</i>	Any time		Generally after year 10
<i>Applicable Regulations</i>	State law re: bonds Numerous federal regulations (generally consistent with federal grants)		State law re: bonds Federal securities law Federal tax code
<i>Other Features</i>	Proceeds drawn as reimbursement Payments may be deferred up to five years after completion		



## Interest Rate Comparison

- Rural designation provides obvious interest rate benefit for most borrowers (50% of applicable Treasury rate)
- May also have benefit for lower-rated credits or projects not eligible for tax-exempt financing
  - TIFIA rate is the TIFIA rate, regardless of borrower’s credit rating or project specifics
- The following table provides illustrative examples of highly rated tax-exempt, and lower-rated taxable, interest rates vs. comparable U.S. Treasury rates (i.e., TIFIA loan rates)<sup>(1)</sup>

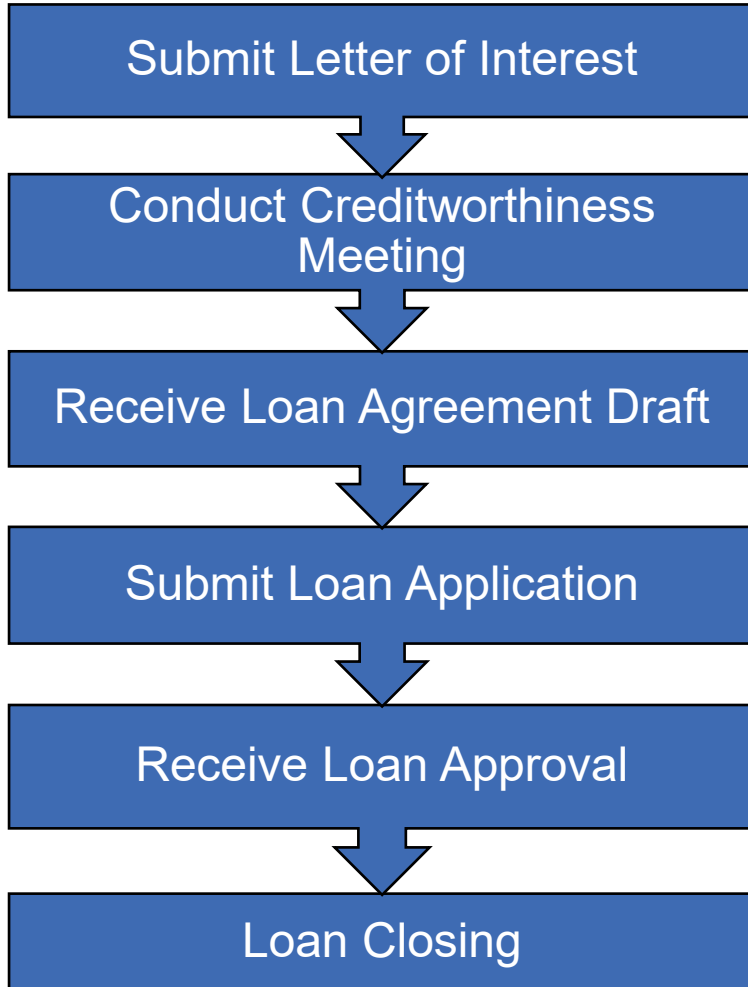
	<b>“AA” BVAL (GO)</b>	<b>“BBB” BVAL (Composite)</b>	<b>U.S. Treasuries</b>	<b>50% of U.S. Treasuries</b>
<i>Tax Status:</i>	<i>Tax-Exempt</i>	<i>Taxable</i>	<i>n/a</i>	<i>n/a</i>
10 Year	3.20%	5.54%	4.52%	2.26%
20 Year	4.21%	6.07%	5.01%	2.51%
30 Year	4.60%	6.10%	5.00%	2.50%

(1) Source: Bloomberg as of 6/9/26

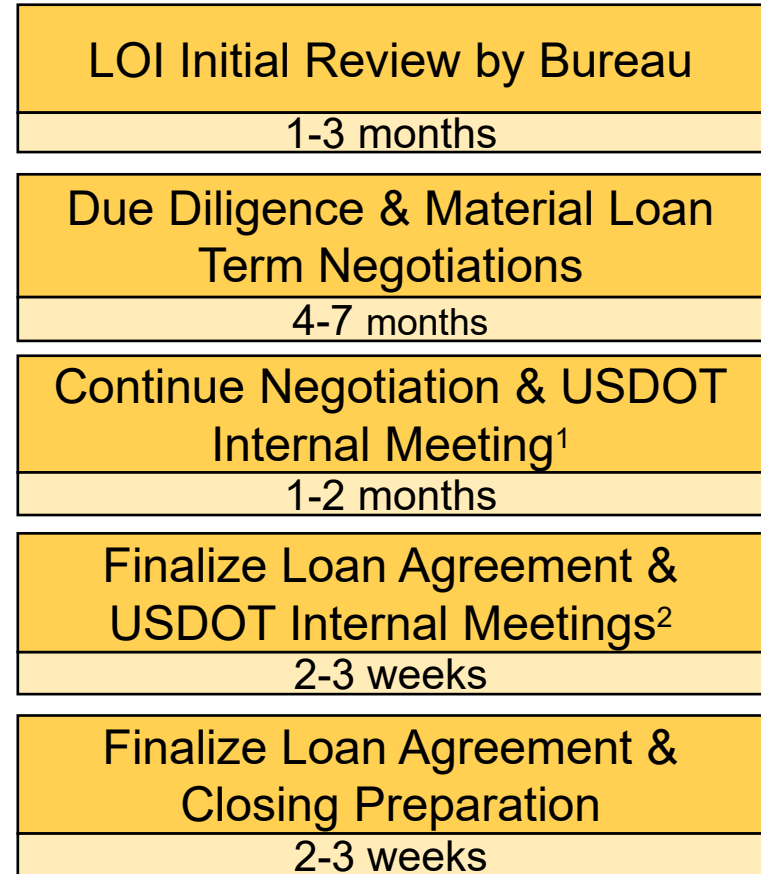


# TIFIA Application Process

## Milestone



## Key Activities



1. USDOT to conduct Credit Review Team Meeting #1 before issuing invitation to apply

2. USDOT to conduct Credit Review Team Meeting #2 after deeming application complete and issuing a completion letter

2. USDOT to conduct Council of Credit and Finance Meeting before receiving USDOT secretary approval



## Is the Juice Worth the Squeeze?

### Benefits

- ◆ **Rates:** Interest rates based on U.S. Treasury rates – no credit spread / premium
- ◆ **Rural /Small Project Benefits:** “Rural” projects receive 50% interest rate discount; small projects may qualify for waiver of up-front fees
- ◆ **Term:** Final maturity of 35 years after construction completion
- ◆ **Draw Flexibility:** Fixed rate locked at closing, with funds drawn on a reimbursement basis.
- ◆ **Principal Amortization:** Flexible amortization within TIFIA’s broad guidelines
- ◆ **Repayment Deferral:** Both principal and interest may be deferred for up to five years after substantial completion
- ◆ **Prepayment:** Prepayable at any time without penalty

### Considerations

- ◆ **Project Procurement:** Must conform to federal procurement and other standards
- ◆ **Up Front Fees:** Various consultant and legal fees including TIFIA costs passed through to the borrower
- ◆ **Annual Fee:** Modest loan servicing fee
- ◆ **Schedule:** Successful closing of a TIFIA loan can be a long and arduous process
- ◆ **Reporting Requirements:** Routinely updating DOT on construction schedules, financial plans and legal issues
- ◆ **Financial Covenants:** May vary somewhat vs. traditional bonds (subject to negotiation)
- ◆ **Annual Credit Rating Review**
- ◆ **Requisition Procedure:** Need to comply with the conditions set in the Requisition Form in order to make draws

**PFM Financial Advisors LLC**

509 Olive Way | Suite 1416 | Seattle, WA 98101

**Duncan Brown, Director**

(206) 858-5367 | brownd@pfm

**Matt Schoenfeld, Senior Managing Consultant**

(206) 858-5365 | schoenfeldm@pfm.com





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