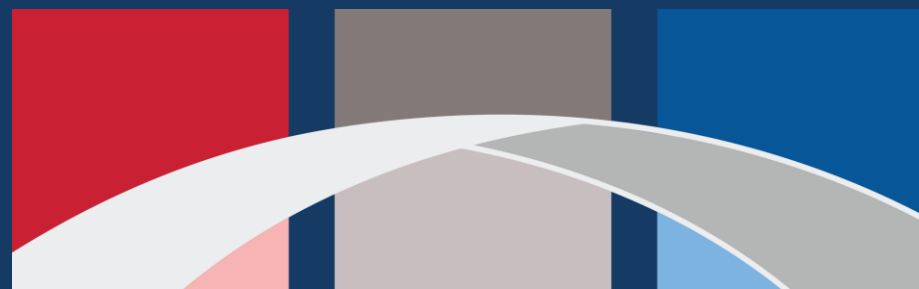




**U.S. Department
of Transportation**



BUILD AMERICA BUREAU

**Are Low-Interest, Federal Loans
Right For Your Airport Project?**

March 6, 2025

Meeting Logistics

Session Details

Today's session is being recorded

All participants automatically join on mute, with cameras off

Questions for Presenters

Type questions in the Q&A box

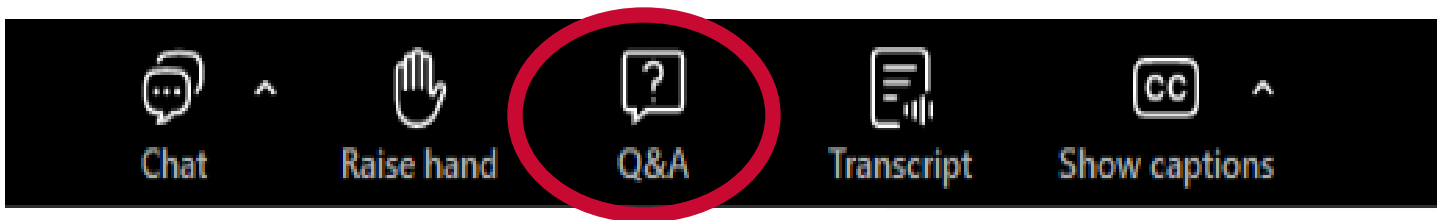
Technical Support

Email: Webconferencing@dot.gov

More Information

The presentation and recording will be posted to the Bureau's website at

<https://www.transportation.gov/buildamerica/airports>



Submit questions for panelists using the Q&A tool. Questions will be answered in Q&A tool or during Q&A time after the presentation.

Agenda

- Meeting Logistics
- Poll Question #1
- Introductions
- Welcome
- Airport TIFIA Program Overview
- FAA Roles and Responsibilities
- The First Airport TIFIA Loan: Sacramento Airport Perspective
- Poll Question #2
- Q&A

Thank You to Our Partners



Poll Question #1

What entity do you represent? Please select one answer.

- Large-hub airport
- Medium-hub airport
- Small-hub airport
- Non-hub airport
- GA airport
- Public agency (local, state, or federal DOT)
- Consultant
- Investment banker
- Rating agency
- Other (fill in the blank)

Introductions



Morteza Farajian, PhD

Executive Director

Build America Bureau



Danielle Rinsler, AICP

Director, Office of Airports Planning
and Programming

Federal Aviation Administration



Anthony Mekhail, PMP

Project Development Lead

Build America Bureau



Chris Wimsatt

Assistant Director of Airports

Sacramento County Department of
Airports

Welcome from Morteza

- January 2025 first airport loan closed – Sacramento
- More airport projects in the pipeline
- Our team will work with you
- Airport eligibility ends this year
 - Bureau must receive letters of interest by September 30, 2025



History and Background of TIFIA for Airports

- Transportation Infrastructure Finance and Innovation Act (TIFIA)
 - Surface transportation and public infrastructure under FHWA and FTA
 - Fast Act in 2016 created the Build America Bureau and consolidated credit assistance
- Airports applied for TIFIA under public infrastructure provision
- Airport projects became TIFIA-eligible with Infrastructure and Investment and Jobs Act (IIJA) in November 2021

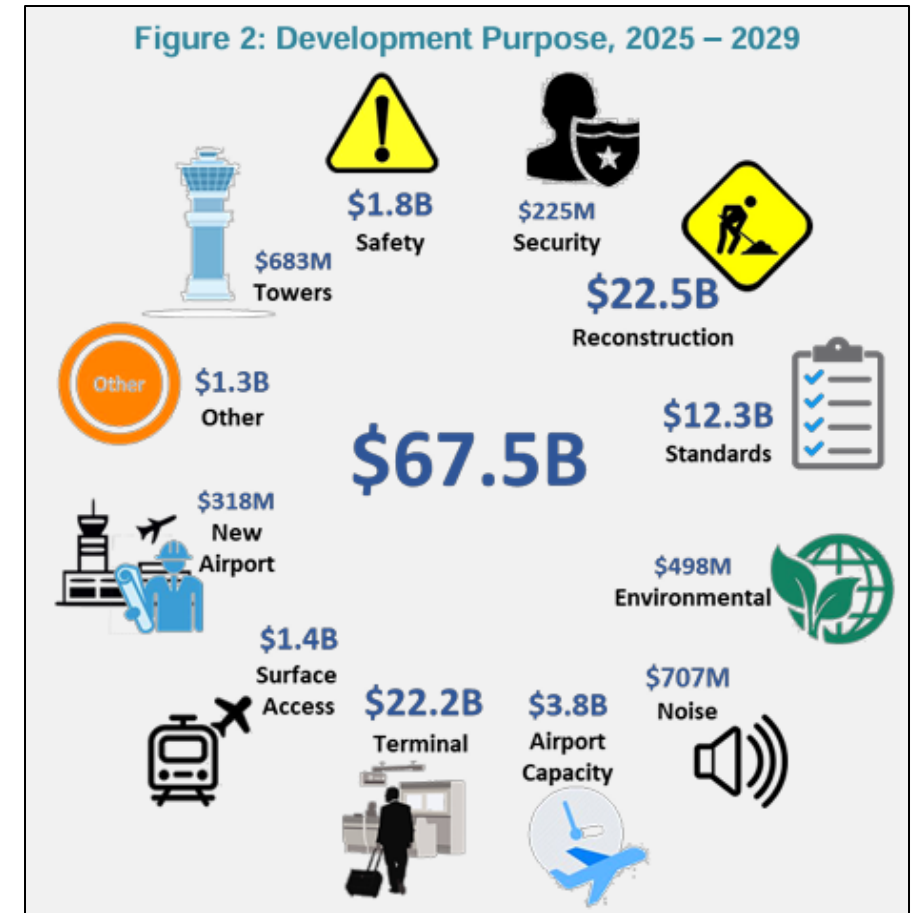
What is TIFIA?

- Provides credit assistance (loans) for qualified and eligible transportation infrastructure projects
- Designed to fill market gaps and leverage federal investments to improve the nation's transportation system



Why TIFIA?

- Per FAA 2025-29 NPIAS Report,
\$67.5 billion in infrastructure needs
 - 8% increase from \$62.4 billion in 2023
 - 55% increase from \$43.6 billion in 2021
 - 92% increase from \$35.1 billion in 2019
- Limited funding sources
 - \$130 billion approved PFC Authority
 - \$4 billion/Year AIP Funding FY25-FY28
- Fluctuating interest rates



TIFIA Features

- Borrow up to 33% of eligible project costs and up to 49% for rural, transit, and transit-oriented development
 - Low interest rate (4.60% as of 3/6/25)
- Highly customizable to meet borrower needs
- Long repayment period – up to 35 years
- Optional 5-year deferral after project completion
- Accrue interest on funds drawn
- No pre-payment penalty



Key TIFIA Program Requirements

Minimum Project Size

- \$10 million total project costs

Maximum Financing

- No maximum eligible project costs
- Maximum loan value 33% of eligible project costs (49% for rural)
- Total federal assistance may not exceed 80% of project costs (grants + loans)

Credit Rating

- One or two investment grade rating (BBB-, Baa3, or higher), depending on loan size

Repayment

- Legally binding pledge of an identified revenue source

Bureau Advisor Costs

- Borrower pays for the Bureau's external legal, financial, and technical advisors (costs waived for projects less than \$75 million)
- Depends on project and loan structure complexity

Loan proceeds can serve as non-federal match for federal grants



Federal Requirements

National Environmental Policy Act (NEPA)

- Federal environmental review and final determination

Uniform Relocation Assistance and Real Property Acquisition Act (URA)

- Relocation assistance and compensation to persons displaced by Federally assisted projects

Planning and Programming

- TIFIA projects must be included in transportation improvement plan
- Contact local and state agencies early

Buy America

- Domestic sourcing of steel, iron, manufactured goods, and construction materials

Davis-Bacon

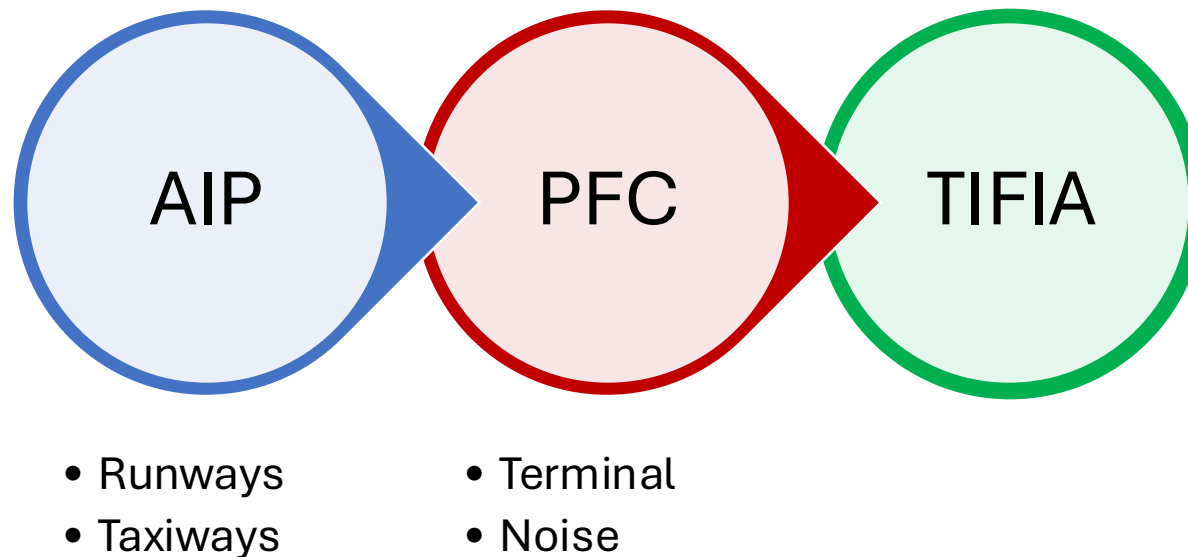
- Prevailing wages and labor standards for all contractors on federally assisted contracts

Other Modal Requirements

- Airport project receiving a TIFIA loan must comply with all FAA AIP grant requirements

TIFIA Project Eligibility

- An airport-related project that the Secretary has received the following by September 30, 2025—
 - (i) received a letter of interest; and
 - (ii) determined that the project is eligible for assistance



Letter of Interest (LOI)

- Key information
 - Estimate of total project costs
 - Project description
 - Project schedule
 - Environmental review status
 - Proposed sources and uses of funds
- Developing the LOI is iterative and can be updated many times
- Submitting an LOI does not commit borrowers to TIFIA

TIFIA Rural Project Initiative (RPI)

Requirements

- Rural: not in an urban area or in an urban area that has a population less than 150,000
- Project cost = \$10 million to \$100 million

Benefits

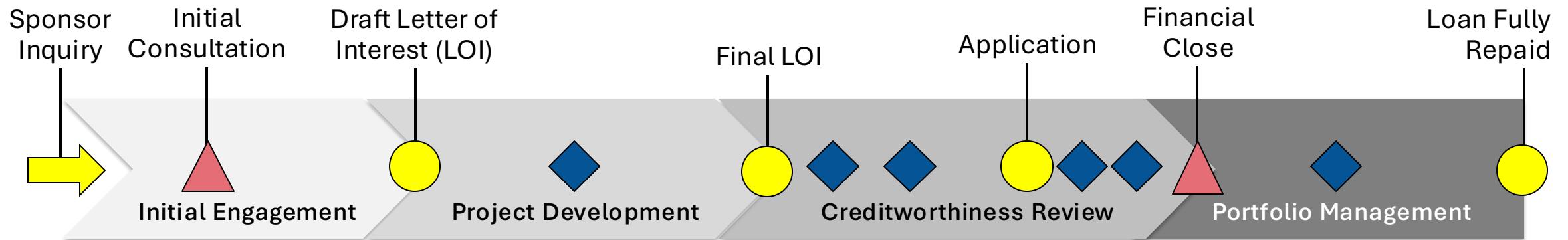
- Low, fixed interest rate (one-half Treasury rate) and maximum loan to value (49% of costs)
- Bureau advisor costs waived for projects under \$75 million

Value for Money Analysis and Springing Lien Waiver

- Value for Money Analysis \$750 million+
 - Document project delivery method selection
 - Methods evaluated and selection process
 - Rationale and authorization
- Springing Lien Waiver
 - Public agency
 - Maximum TIFIA at 33%
 - TIFIA loan “A” category rating (potential future debt restrictions)
 - Maximum subsidy at 10%
 - System-based performance revenue pledge
 - TIFIA loan under pre-existing indenture – senior debt issued under it prior to TIFIA



Loan Process Illustration



- Bureau provides information about financing programs
- Sponsor describes project and addresses gating questions

- **Submit Draft LOI**
- Bureau assigns project development lead
- **Submit Final LOI**
- Bureau assigns lead underwriter

- Underwriting
- **Submit Final Application**
- Loan approval
- Financial close
- Bureau assigns lead portfolio manager

- Financial oversight
- Disbursements
- Field visits
- **Repayment**
- **Reporting**
- **Project completion and operation**

Contact us!



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Build America Bureau

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<https://www.transportation.gov/BuildAmerica/airports>



Federal Aviation Administration Roles and Responsibilities

- Headquarters
 - Regular interaction with the Build America Bureau
- Regional Office
 - Confirmation of other Federal financial assistance
- District Office
 - Relationship with sponsor



The Determination Memo – Part 1

- FAA letter to the Bureau
- FAA formally acknowledges:
 - Amount of the TIFIA loan that the sponsor seeks
 - Project description
 - Plan of finance, with details on PFC application or Federal grants
 - Compliance with applicable Federal requirements (e.g., grant assurances)
 - Inclusion in ACIP
 - Incorporation in ALP

The Determination Memo – Part 2

- Compliance with requirements per the IIJA, i.e., 23 U.S.C. § 602(c)
 - Eligibility per PFC program
 - Davis-Bacon
 - FAA Buy American Preference
 - Title VI of the Civil Rights Act
 - NEPA (e.g., CatEx approval)
 - Uniform Relocation Assistance and Real Property Acquisition Policies Act



Image Source: Katherine Frey/The Washington Post/Getty Images

Tips for Success

- TIFIA process can take about a year
 - Sponsor can make the process go as smoothly as possible
- Mitigate financing risk
 - Sponsor may want to secure other sources of funding (bond proceeds, grants) early.
- FAA has up to 120 days to act on a PFC application
 - Sponsor should work with ADO early to ensure as issue-free PFC application process
- Mitigate construction risk
 - Sponsor should work with ADO to make sure nothing could hold up the project
- Communication is key!

Contact us!



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Rawley Vaughan

Management and Program Analyst

Policy Branch, Financial Assistance Division

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First Airport TIFIA Loan – Sacramento Pedestrian Walkway Project

Construction of an ADA-compliant pedestrian walkway from Terminal B to Concourse B, including moving sidewalks, vertical circulation, and utilities.



Total Project Costs - \$92.5 million



Total Loan Amount - \$36.1 million



1st TIFIA for Airport Loan



½ US Treasury Rate



\$15 million saved



Image Source: Sacramento International Airport



Airport Perspective on Project Development

- Initial Consultation: September 2022 – July 2023
 - First stop: Laurie and Anthony
 - Exploration of the TIFIA program and our proposed project
 - TIFIA in law vs. TIFIA in practice
- Letter of Interest: July 2023 – December 2023
 - Initial Project details
 - Approximate loan size/ eligibility calculation
 - Timing of other funding
 - Indicative credit rating
 - TIP/STIP

Airport Perspective on Creditworthiness

- Creditworthiness: January 2024 – December 2024
 - DOT retains advisors: E&Y as financial, Skadden as legal
 - Method of payment varies
 - Sponsor payment letter arrangement
 - “At government cost” method
- Due diligence period for Bureau underwriters and their advisers
- Weekly calls very helpful – canceled when nothing new to discuss
- TIFIA financial model (specific capabilities built in)

Airport Perspective on Creditworthiness

- TIFIA loan agreement and negotiation of key points
 - Lien position
 - Subsidy issue
 - Pledge
 - Use of PFC as pledged revenue
 - Agreement versus indenture
 - Recourse, reporting requirements, events of default, cure period

Airport Perspective on Closing

- Credit Review Team review
 - Meets weekly
 - Bureau underwriters final sign off for submission to move forward
 - Underwriter moves to this step when all is settled
- Council on Credit and Finance (CCF)
 - Meets monthly
 - Consists of Deputy Secretary and heads of FAA, FHWA, FTA, etc.
 - Final authorization to establish a closing date

Takeaways and Lessons Learned

- Work through your underwriter
- Know what you can influence and focus there
- Know when to concede a point, and don't be afraid to hold out
- Your ADO and the FAA are potent allies in the effort to secure a TIFIA loan
- Get your project financing and procurement figured out before proceeding to creditworthiness, and align the timelines
- Ask for a loan agreement that mirrors your indenture if you have one
- Have your construction, risk, and accounting teams engaged early. They will be able to provide great information.

Contact me!



Chris Wimsatt

Assistant Director of Airports

Sacramento County Department of Airports

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Poll Question #2

Are you considering or do you plan to submit an LOI for an airport TIFIA loan prior to the deadline of September 30, 2025?

Please select one answer.

- Yes
- No
- Uncertain

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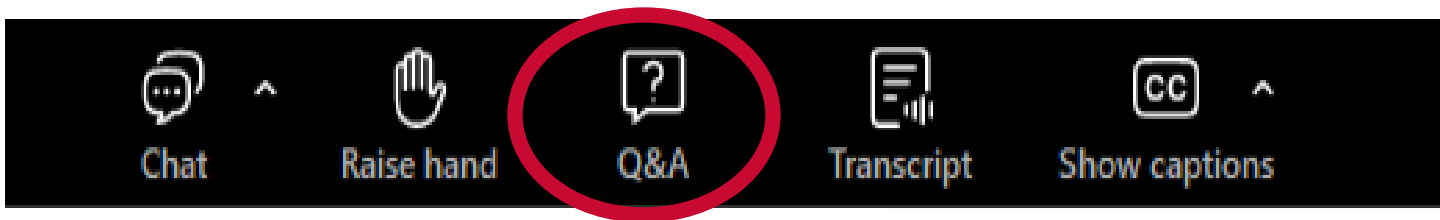
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