Background on TIFIA

- **Strategic goal** – to leverage limited Federal resources and stimulate capital market investment in transportation infrastructure by *providing credit assistance in the form of direct loans, loan guarantees, and standby lines of credit* (rather than grants) to projects of national or regional significance.

- **Key objectives**
  - Facilitate projects with significant public benefits
  - Encourage new revenue streams and private participation
  - Fill capital market gaps for secondary/subordinate capital
  - Be a flexible, “patient” investor willing to take on investor concerns about investment horizon, liquidity, predictability and risk
  - Limit Federal exposure by relying on market discipline
**Background on TIFIA (continued)**

- **Major requirements**
  - **Minimum Anticipated Project Costs** –
    - $10 million for Transit-Oriented Development, Local, and Rural Projects
    - $15 million for Intelligent Transportation System Projects
    - $50 million for all other eligible Surface Transportation Projects
  - **TIFIA Credit Assistance Limit** – Credit assistance limited to 33 percent of reasonably anticipated eligible project costs (unless the sponsor provides a compelling justification for up to 49 percent)
  - **Investment Grade Rating** – Senior debt and TIFIA loan must receive investment grade ratings from at least two nationally recognized credit rating agencies (only one rating required if less than $75 million)
  - **Dedicated Repayment Source** – The project must have a dedicated revenue source pledged to secure both the TIFIA and senior debt financing
  - **Applicable Federal Requirements** – Including, but not limited to: Civil Rights, NEPA, Uniform Relocation, Buy America, Titles 23 and 49

- **Rolling application process** – Applicants must submit detailed letters of interest when a project is able to provide sufficient information to satisfy statutory eligibility requirements, such as creditworthiness and readiness to proceed; after invitation from the TIFIA Joint Program Office, a formal application is required
Eligible Sponsors and Projects

ELIGIBLE SPONSORS
- State Governments
- State Infrastructure Banks
- Private Firms
- Special Authorities
- Local Governments
- Transportation Improvement Districts

ELIGIBLE PROJECTS
- Highways and Bridges
- Intelligent Transportation Systems
- Intermodal Connectors
- Transit Vehicles and Facilities
- Intercity Buses and Facilities
- Freight Transfer Facilities
- Pedestrian and Bicycle Infrastructure Networks
- Transit-Oriented Development
- Rural Infrastructure Projects
- Passenger Rail Vehicles and Facilities
- Surface Transportation Elements of Port Projects
1. Creditworthiness:
   a. Ability to satisfy applicable creditworthiness standards
   b. Rate covenant, if applicable
   c. Adequate coverage requirements to ensure repayment
   d. Ability to obtain investment grade ratings on senior debt

2. Foster partnerships that attract public and private investment for the project

3. Ability to proceed at an earlier date or reduced lifecycle costs (including debt service costs)

4. Reduces Contribution of Federal Grant Assistance for the Project

5. Construction contracting process can commence no more than 90 days from execution of a TIFIA credit instrument
Program Implementation: Selection & Funding of a TIFIA Project

Step 1:
Project Sponsor Engages with Bureau Outreach Staff to Determine Project Needs and Offer Technical Assistance

Step 2:
Project Sponsor Submits Letter of Interest/Draft Application On A Rolling Basis

Step 3:
If Requested by DOT, Project Sponsor Provides Additional Information, Preliminary Rating Opinion Letter and the Advisors’ Fees

Step 4:
Upon Invitation from DOT, Project Sponsor Makes Oral Presentation to DOT

Step 5:
Upon Invitation from DOT, Project Sponsor Submits Complete Application

Step 6:
DOT Notifies Project Sponsor Regarding Completeness of Application No More Than 30 Days After Receiving Application

Step 7:
DOT Staff Prepare Evaluation and Make Recommendation to DOT Council on Credit and Finance

Step 8:
DOT Council on Credit and Finance Offers Recommendation to the Secretary, Who Makes Final Determination

Step 9:
DOT Notifies Project Sponsor Regarding Project Approval No More Than 60 Days After Delivery of Notice Regarding Application Completeness

Step 10:
DOT Issues Term Sheet, Executes Credit Agreement, and Obligates Funds

Step 11:
DOT Disburses Funds Upon Satisfaction of Conditions Set Forth in the Credit Agreement
TIFIA Documentation Requirements

**MAJOR REQUIREMENTS**

- Letter of interest provided
- Project of interest provided
- Project consistent with state transportation plan and, if applicable, included in metropolitan transportation plan
- Preliminary rating opinion letter obtained
- Advisors’ Fees Upfront Payment remitted
- Oral presentation
- Draft EIS circulated (or Categorical Exclusion of FONSI obtained)
- Project included in STIP
- ROD obtained
- Project included in STIP
- Investment-grade rating on senior debt submitted prior to anticipated closing date
- Application submitted
- Project sponsor invited to submit application
- Project selection made
- Term sheet issued
- Funding obligated
- Credit agreement executed
- Funds disbursed according to terms
- Project sponsor engages with Bureau Outreach

**APPLICATIONS, APPROVALS, AND FUNDING**
Project sponsors must reimburse DOT for the costs of the outside advisors who advise TIFIA on the transaction.

- This transaction fee generally ranges between $400,000 and $700,000.
- Fee may vary significantly depending on the complexity of the project.

Borrowers must pay an annual Loan Servicing Fee, due by November 15, of approximately $13,000.

DOT may also charge a Monitoring Fee as defined in the credit agreement (to date this fee has not been charged).
TIFIA Approved Projects

(TIFIA Instruments in Millions)

Number of Projects: 64
Total Assistance $26.0 billion
Total Project Investment: $94.6 billion