



## **Transportation Infrastructure Finance and Innovation Act (TIFIA) Program Overview**

(general summary and overview only—for full details, see 23 United States Code Section 601)

### **TIFIA IS A CREDIT PROGRAM** (not a funding source)

- TIFIA is a federal credit assistance/loan program that offers low-interest loans to transportation projects of national and regional significance.
- TIFIA loan amounts are generally equal to about 33% of eligible project costs.
- The TIFIA program encourages new revenue streams (such as toll revenue) and private participation.
- TIFIA's objective is to be a flexible, patient investor willing to take on investor concerns about investment horizon, liquidity, predictability and risk.
- TIFIA loans come with standard costs, including reimbursement for outside advisors (usually between \$400K -- \$700K), annual loan servicing fee (\$13,000) and possible monitoring fees.

### **TIFIA HAS CERTAIN PROJECT-ELIGIBILITY REQUIREMENTS**

- TIFIA loans require a finance plan that identifies a *dedicated loan repayment revenue source*.
- Eligible applicants must be “creditworthy”:
  - Adequate debt service coverage requirements to ensure loan repayment
  - Investment grade ratings on senior debt
- Projects must be ready to go – construction contracting process can commence no more than 90 days from the execution of the loan.
- Selection of projects is competitive and rigorous:
  - Draft Environmental Impact Statement (EIS), Categorical Exclusion or Finding of No Significant Impact (FONSI) must be in place
  - Project sponsor must submit a letter of interest, resulting in an invitation to make an application
  - Credit Agreement conditions must be negotiated

### **APPLICATION PROCESS**

- Project must first meet eligibility requirements (e.g., all environmental approvals obtained, dedicated/adequate funding stream identified, preliminary investment grade rating available, etc.)
- Submit a letter of interest for review. If approved by USDOT, submit a full application. Negotiate term sheet.
- TIFIA loan funds distributed at financial close.