
VDOT
Virginia Department of Transportation

I-81 Corridor TIFIA Loans Update

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Overview

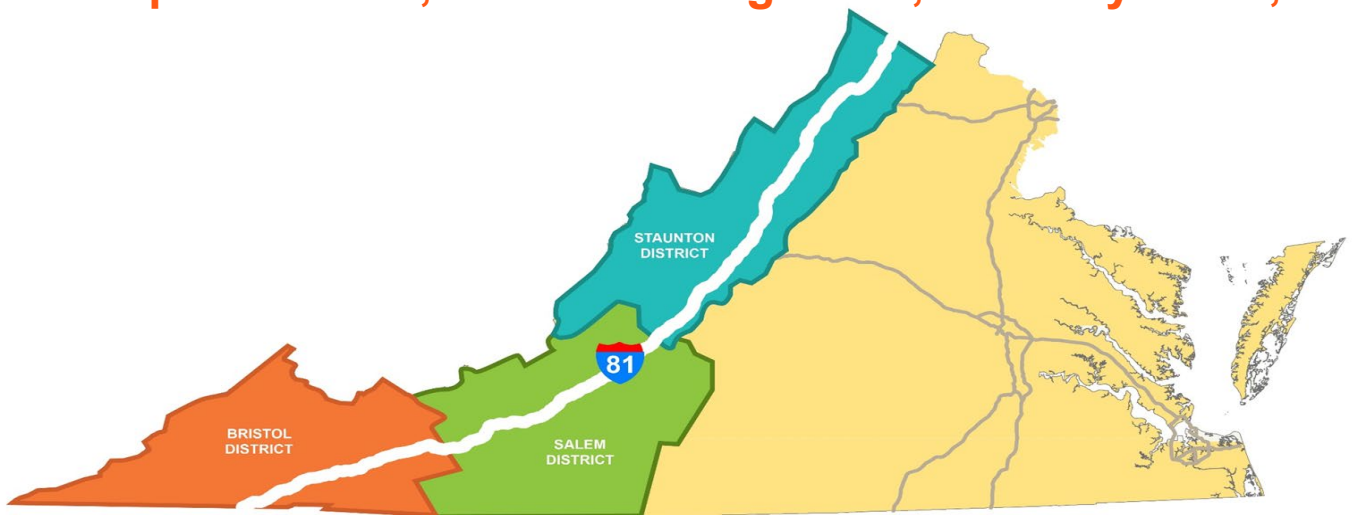
- Overview of I-81 Program Debt Structure
- Plan of Finance for additional Rural TIFIA Loans
- Next Steps
- Board action required in September for 2026 Rural TIFIA Loans

Legislative Background

- Chapters 837 and 846 (HB 2718 and SB 1716, 2019 Session)
  - Created the Interstate 81 Corridor Improvement Program and Fund
  - Provided new transportation revenues to support the interstate highways and specifically I-81
- Chapters 1230 and 1275 (HB 1414 and SB 890, 2020 Session)
  - Authorized the sale and issuance of bonds with an aggregate principal amount not to exceed $1 billion
  - Reduced the geographic footprint for collections of fuel tax revenues
  - Provided allocated funding through the Interstate Operations and Enhancement Program (IOEP)

The I-81 Program

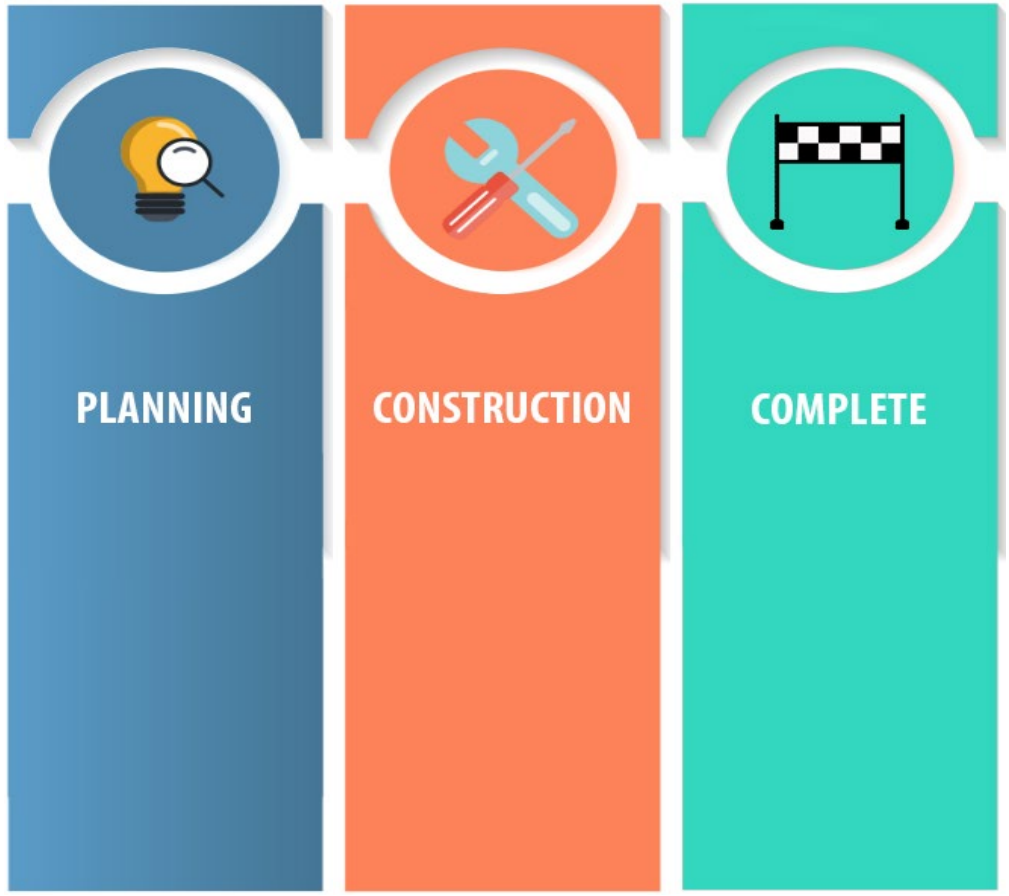
- The 325-mile corridor and related program is divided across:
  - Three VDOT Districts: Bristol, Salem and Staunton
  - Thirteen Counties: Augusta, Botetourt, Frederick, Montgomery, Pulaski, Roanoke, Rockbridge, Rockingham, Shenandoah, Smyth, Warren, Washington and Wythe
  - Ten Cities: Bristol, Buena Vista, Harrisonburg, Lexington, Radford, Salem, Roanoke, Staunton, Waynesboro and Winchester
- The Program consists of Operational Improvement and Capital Improvement projects
- Capital Improvement projects generally include widening, acceleration/deceleration lane extensions, curve improvements, truck climbing lanes, auxiliary lanes, and shoulder widening



I-81 Program - Development Process and Status

- As of June 2026, strong program-wide progress continues, with 43 projects complete and 14 under construction across the three districts
- A breakdown of the I-81 Program's 65 capital projects by district and status is provided below

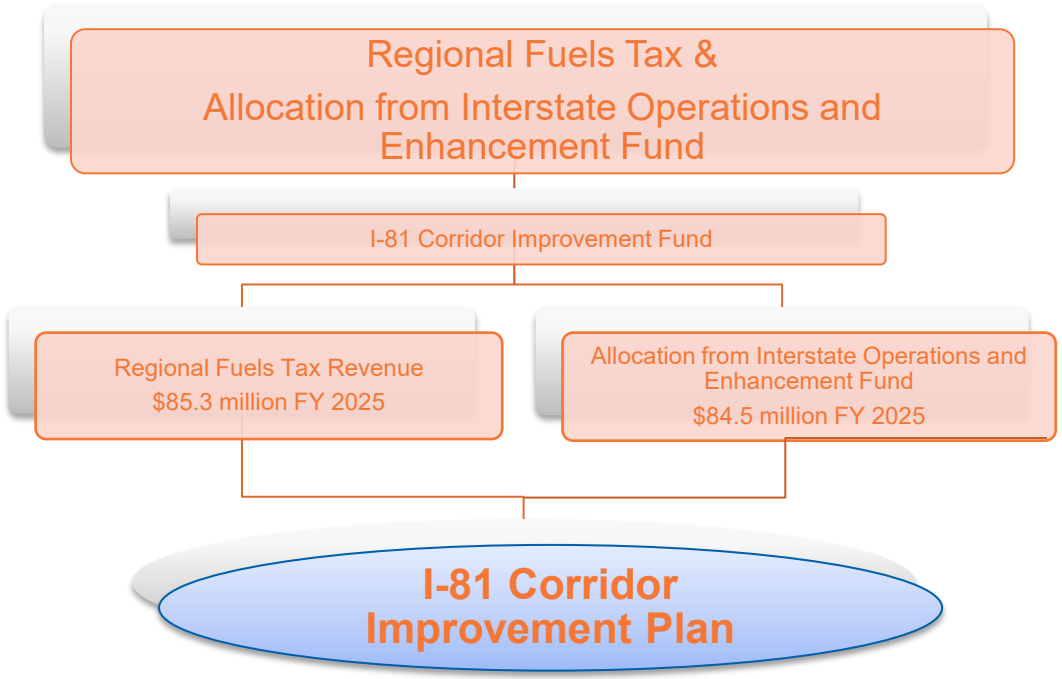
Districts	Planning	Construction	Complete	Total
Staunton	6	5	13	24
Salem	2	4	8	14
Bristol	0	5	22	27



2026 Status	8 Projects	14 Projects	43 Projects

Funding Sources and Structure

- **Dedicated funding for the I-81 Program is deposited in the I-81 Corridor Improvement Fund and includes:**
  - Regional Fuels Tax along the I-81 Corridor
  - Share of statewide revenues from allocation of the IOEP
- **Regional Fuels Tax**
  - July 1, 2019 through June 30, 2020, additional 2.1% tax on gasoline and diesel sold by a distributor to a retail dealer
  - Effective July 1, 2020, changed to a per gallon rate subject to annual CPI-U adjustment
  - May be leveraged for debt service and PAYGO
- **Allocation from IOEP**
  - I-81 receives allocation equal to ratio of Vehicle Miles Traveled (VMT) on I-81 by vehicles Class 6 or higher to total VMT on all Interstate highways
  - Intended to provide funding for PAYGO



Revenue Performance and Projections

Interstate 81 Improvement Fund (in millions) - Actual Receipts for FY 2020 - 2025 and Projections for FY 2026-2032

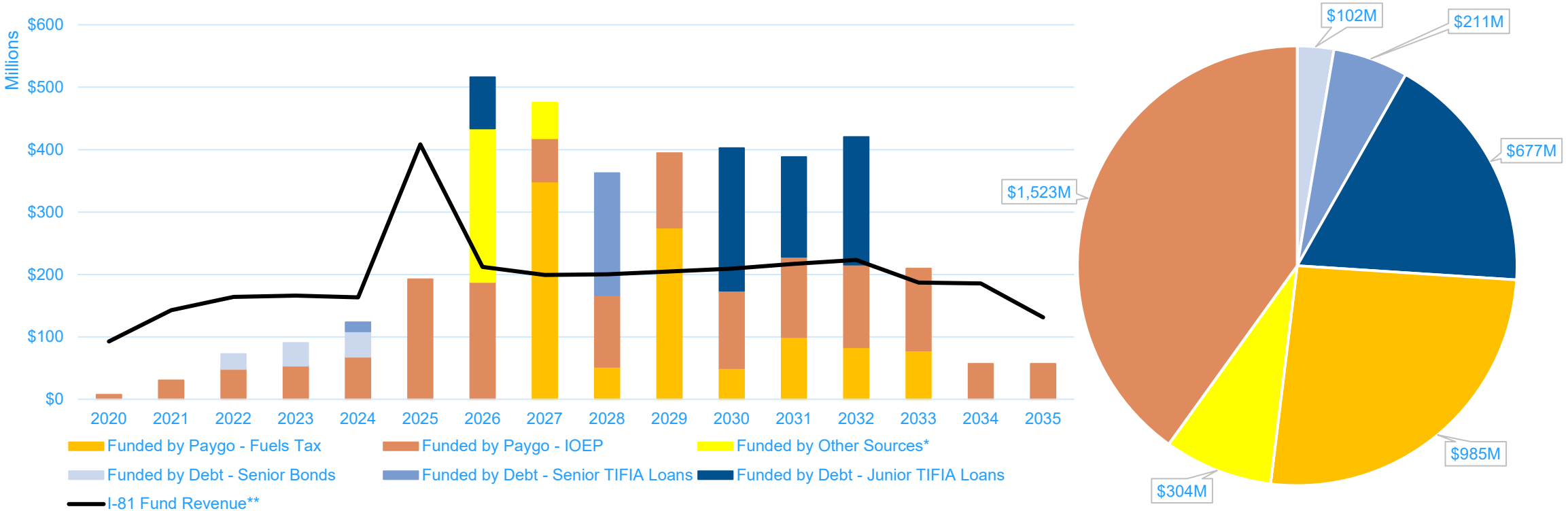
Source	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	Total
Regional Fuels Tax	$69.8	$71.4	$76.1	$79.1	$83.8	$85.3	$89.0	$92.6	$95.9	$99.5	$103.0	$106.4	$109.7	$1,161.7
Interstate Operations and Enhancement Program	22.8	71.3	98.5	96.2	85.8	84.5	93.8	117.7	115.2	120.0	124.2	128.5	132.4	1,290.9
Total	$92.6	$142.7	$174.6	$175.4	$169.6	$169.8	$182.8	$210.3	$211.1	$219.5	$227.2	$234.9	$242.1	$2,452.7

	(in millions)
Cumulative Project expenditures from FY 2021 through FY 2025	$509.8
Fund Balance* (End of FY 2025)	$742.7

* Fund Balance includes other revenue not shown separately in the table above.

I-81 Program - Funding by Year and Source

- **The current I-81 Program of $3.9 billion is fully funded through FY2035 by a well-balanced mix of IOEP allocations, fuels tax PAYGO, and multi-lien debt**



** Other Sources include $245 million from the Commonwealth's General Fund and $59 million of Federal Earmarks to support the acceleration of the I-81 Program*

*** Net of financing payments*

I-81 Program - Debt Issuance Plan

- Strategic, multi-year plan to accelerate delivery of projects using a blend of PAYGO funds and multi-lien debt
  - Municipal bonds
  - Transportation Infrastructure Finance and Innovation Act (TIFIA) loans
- Apply consistent assumptions regarding the flow of funds, credit features, and loan structure
- The I-81 Regional Fuels Tax revenues will support all existing and planned debt
- Does not impact debt capacity of the Commonwealth
  - Additional bonds test and debt service reserve fund requirements apply
- Similar to bond programs implemented by NVTA and HRTAC backed by regional revenues

Transportation Infrastructure Finance and Innovation Act (TIFIA) Loans

- **Proposed structure allows for maximized TIFIA program benefits**
  - **Repayment term – 35 years after substantial completion**
  - **Flexible payment structure and draw period of up to one-year post substantial completion**
- **TIFIA Program allows VDOT to advance projects with the use of debt financing**
- **Rural TIFIA Loan Program**
  - **Allows for financing of up to 49% of project costs at one-half 30-year U.S. Treasury rate**
  - **Maximum of $100 million in TIFIA eligible costs**
  - **Highly competitive**

* Subject to change

I-81 Program - Debt Issuance Plan and Status to Date

- Issued municipal bonds in 2021
- Entered into two TIFIA loans in 2022
  - 2022 Rural TIFIA Loan projects are complete
  - 2022 Regular TIFIA Loan project is estimated to be completed by the end of CY 2026
- Currently developing applications for four Rural TIFIA (I-IV) loans in 2026
  - Anticipate closing two loans by September 2026
- Future Regular and Rural TIFIA loans planned to support project activity

Funded Costs in (in millions)	2021 Bonds	2022 TIFIA Loans	2026 TIFIA Loans	Future Financings	Total
Issuance Status	*Issued*	*Issued*	*Applying*	*Planned*	
Senior Lien Bonds	$102				$102
Senior Lien Rural TIFIA Loan		$15	$177	$18	$211
Subordinate Lien Regular TIFIA Loan		$83		$594	$677
Total	$102	$98	$177	$612	$988

2026 Rural TIFIA Loan Approach

- **2026 Rural TIFIA Loan Project Bundles consist of 14 projects procured under 9 contracts totaling $360.7 million* in TIFIA eligible project costs**
  - **Will be on a senior lien and on parity with the existing 2022 Rural TIFIA Loan and Series 2021 Bonds**
- **VDOT on behalf of the CTB is requesting four 2026 Rural TIFIA Loans**

Loans	Project Bundle	Projects	Construction Completion	Project Costs*	Loan Amount*
2026 Rural Loan I	Group I	Project A-D	December 2027	$92,438,797	$45,295,010
2026 Rural Loan II	Group II	Project E-F	February 2027	$96,630,748	$47,349,066
2026 Rural Loan III	Group III	Project G	October 2027	$85,926,120	$42,103,798
2026 Rural Loan IV	Group IV	Project H-I	September 2028	$85,723,713	$42,004,619
Total				$360,719,378	$176,752,493

* Subject to change

2026 Rural TIFIA Loan Projects*

Individual Projects Included in Senior Lien 2026 Rural TIFIA Loans				
Contract	**UPC(s)**	**Project Descriptions**	**Project Location**	**Project Cost (in millions)**
A	116279	Add SB auxiliary lane, Exit 221 to Exit 220	Augusta County	11.77
B	116166	Extend SB decel lane at MM 81.7	Wythe County	4.78
C	116164 116168	Extend NB decel lane at MM 73; reconfigure loop Construct auxiliary lane, Exit 73 to Exit 72	Town of Wytheville	36.51
D	116170	Widen SB to 3 lanes, MM 8 to MM 10	Washington County	39.38
E	116156 116172	Add NB truck climbing lane at MM 32.4 Add SB truck climbing lane at MM 34.0	Washington County	23.31
F	122267 116163 116175	Extend accel/decel lanes MM 72.0–73.4; replace bridges Preliminary engineering for UPC 122267 Preliminary engineering for UPC 122267	Wythe County & Town of Wytheville	73.32
G	116277 116278	Add NB truck climbing lane, MM 234–237 (Weyers Cave) Add SB truck climbing lane, MM 234–237 (Weyers Cave)	Augusta County	85.93
H	116268	Widen SB to 3 lanes, MM 296–299	Shenandoah County	82.71
I	116200	Extend SB accel lane at Exit 94	Pulaski County	3.01
Total				**$360.72**

* Estimates as of June 2026; subject to change

2026 Rural TIFIA Loans' Structure

- **Loan Rate (Fixed interest rates based on a U.S. Treasury Rate)**
  - Senior Lien Rural loans – at one-half 30-year U.S. Treasury Rate
- **Loan disbursement**
  - The 2026 Rural TIFIA Loans are expected to be the last funding source to be drawn
- **Amortization**
  - Substantially level annual debt service; maximum annual debt service of existing debt and 2026 Rural TIFIA Loans is estimated to be $17.6 million
  - Principal payments start promptly after substantial completion
- **Capitalized Interest**
  - Only during the Loans' disbursement periods
- **Debt Service Reserve Fund (DSRF)**
  - No DSRF
- **Final Maturity**
  - May 15, 2061 (33-34 years after the 2026 Rural Projects' substantial completion dates)
  - The 2026 Rural Projects use the last individual project's substantial completion date
- **Payment Date**
  - Interest payments - semiannual on November 15 and May 15
  - Principal payments - annual on May 15

2026 Rural TIFIA Loans – Preliminary Schedule*

Spring/Summer 2026 to present	• TIFIA creditworthiness review meeting and due diligence • Loan term negotiation and document draft
July 2026	• Present TIFIA plan of finance to CTB • TIFIA Invitation to submit loan applications
Mid September 2026	• Prepare TIFIA approve loan applications • Request CTB approval to submit loan applications and enter into TIFIA loan agreements • Request Treasury Board approval
Late September 2026	• Request Governor approval • TIFIA loan closing

* Subject to change