TRANSCRIPT OF PODCAST

Federal Credit Fridays: Independent Financial Advisors (September 2026)

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00:00:00 Intro

Connecting you with thought leaders and experts in federal loan programs, this is Federal Credit Fridays with your host, Anthony Curcio.

00:00:15 Anthony Curcio

Hello, I'm Anthony Curcio and welcome to another episode of Federal Credit Fridays. One of the themes we explore regularly on this podcast is how federal credit programs continue to evolve to support increasingly large, complex, and innovative financing transactions. Whether we're talking about infrastructure, energy, or industrial policy investments, federal agencies are being asked to evaluate transactions that often involve sophisticated capital structures, multiple sources and very complex risk allocations. As these programs have grown in size and complexity, many federal agencies have turned to independent financial advisors or IFAs for support. An IFA serves as an independent advisor to the government, helping to bridge the gap between federal credit expertise and private sector finance norms, giving agencies access to specialized knowledge while preserving independent decision-making and stewardship of the taxpayer resources. Today, we're going to explore the role IFAs play in federal credit programs and why agencies use them, where they add the most value, and how they can support transaction structuring, underwriting, due diligence, and portfolio risk management. Most federal credit professionals know what an underwriter does. They know what a lender does. They often know what a financial modeler does. But the role of an independent financial advisor sits somewhere in the middle. Joining me to shed more light on this is 2 guests who bring deep experience from both federal credit and project finance communities. First, I'm pleased to welcome back to this podcast Brian Oakley, a director at Summit who spent much of his career advising federal agencies, lenders, and program stakeholders about credit risk, financial analysis, and underwriting. Brian brings a practical understanding of how government credit programs operate and the challenges agencies face when evaluating complex transactions. I'm also delighted to welcome Kristy David, a managing director at Savalan, where she advises on complex infrastructure and finance transactions, the types of transactions that blend both public and private sources of financing. She has more than 20 years of project finance advisory experience and has guided transactions totaling more than $100 billion across sectors including energy, transportation, water, and infrastructure. Brian and Kristy have both spent years at the intersection of public policy credit analysis and project finance, making them uniquely qualified to discuss how IFAs guide federal agencies as they make sound decisions. Brian, Kristy, welcome to Federal Credit Fridays.

00:02:53 Brian Oakley

Good to be here.

00:02:54 Kristy David

Thank you.

00:02:54 Anthony Curcio

Hi, thanks. Well, I'm so glad you're here .Before you guys came in, I've introduced a little bit of the concept of IFAs to get us warmed up. I've also said really nice things about you and your backgrounds before you came on. So maybe we can just start with the basics. For listeners who had heard the term but never worked with one directly, why have IFAs become such an important part of the federal credit landscape?

00:03:17 Brian Oakley

I would argue that IFAs have become an important part of the federal credit landscape because that landscape is actually changing. I think it's reflecting our industrial policy. So what we're seeing across federal credit programs are more complex credits, early stage companies looking for credit assistance, and I guess relatively more complex undertakings. And I think that drives the need for outside expertise. Historically, the programs that used external financial advisors tended to be generally loan by loan scoring programs that are lending on bespoke terms. Exim Bank, I think, is a really good example. I think they've always employed independent financial advisors. Other programs have had the requirement imposed on them. So if a program has a high profile default, and the IG comes in or GO comes in, the first question they'll ask is, did you use outside expertise in your underwriting? And if the answer is no, that may drive some recommendations about getting outside help. And then there's other programs that have, I guess, maybe a relatively standardized sort of application process, consistent sort of applications, maybe one loan doesn't vary to the next and the underwriting process may be more formulaic and simple. And those programs simply do not retain independent financial advisors or they retain an advisor for projects that are kind of more complicated than the norm. And so we kind of see across the whole spectrum of those types of engagements.

00:04:56 Anthony Curcio

Interesting. So Brian, I'm suspecting you've observed the same thing I have, but when I have served a number of different credit programs, frankly, I've been pretty impressed with some of the talent there. I'm sort of, maybe you can help, maybe you and Kristy can help me understand. So I don't know if it's a lack of talent as much as it is something else. So I think I know what the core staff do, but what, what does a financial advisor do and is that different than what the staff do internally?

00:05:27 Kristy David

I'll jump in on that one. So in this case, as we're discussing the role of an IFA, I think the simplest way to say it, and this isn't to say that it's not what the talent in these programs, like the actual government employees are doing, but it's really the simplest way to say it is they analyze risk and help structure a deal so that the lender has confidence that the debt gets repaid. In this case, we're working on the lender side of the table, often on loans for industries that are newer or riskier, still proving themselves commercially. They might be exposed to construction, market, technology risk, et cetera. So all to say, on top of that, these deals typically need more capital and they have longer repayment terms than banks or bond markets will normally offer. So that's why the government's stepping in. But as I'm describing, these are very complex projects and the support required to really move them forward and close a loan that everybody's happy with, it requires an entire team. It's not just going to be a sole underwriter. You need oftentimes outside legal counsel, your technical expertise, your market expertise, and of course, yours truly, your financial advisors. And that's how you get to something that you can negotiate something workable, right?

00:06:45 Anthony Curcio

Yeah, it sounds like part of this is a staffing model, Kristy, because you need to have a specialized team that might be able, that might need to flex or to change its composition from one complex transaction to the next, something like that.

00:07:01 Kristy David

And I heard this recently and I'm probably gonna totally, it's gonna come out not right, but hopefully you'll be with me on this one. If we say everybody in the room is talented, we should assume that more people in the room are even more talented than one, right?

Anthony Curcio

Exactly

Kristy David

So you're bringing in more heads are better than one. So it really is that. And especially when you're bringing in different types of advisors with different experiences, expertise, spanning multiple industries, they can really come together and work out structures that make a really solid project and transaction.

00:07:35 Anthony Curcio

Let me nerd out a little. I want to dig in on something you mentioned earlier in your comments. You mentioned the financial model. Expand a little more on that. And I want to know how, if you can, if you can explain how an IFA might be able to use a financial model to help shed some light or to structure transactional, you know, alongside the program staff.

00:07:55 Kristy David

First of all, I love that you used the word nerd because this is a topic that I could dive into for like a series of podcasts. And I fell in love with financial modeling.

Anthony Curcio

Oh no, don’t tell me that (laugh)

Kristy David

Yeah, no, definitely. Well, go ask anybody I've worked with in the past and they'll say, yes, she drones on. But otherwise, I did fall in love with financial modeling in graduate school and I am very nerdy and passionate about best practices. But I'll keep this short and streamlined for today. But really, the model, especially in these complex transactions, the model is the backbone of the whole analysis. It's how we test project economics under a base case, run sensitivities, stress test the project to see where it breaks. And that in and of itself helps to drive those decisions that we make as we're negotiating the transaction. Decisions like how much debt can the project support? How fast can it be repaid? How big is the reserve fund that's needed? And more importantly, or just as importantly, the protections that will go into the loan agreement if performance dips, you know, for example, structuring cash traps and cash sweeps. I will say this too, just like a side note, most applicants haven't even stress tested their own model before we receive it. So part of the job is finding where it breaks and then fixing it. So that really takes some modeling chops.

00:09:18 Anthony Curcio

Got it. Wow, it sounds like important, you know, a central way to stress-test the application and the project so you know how to mitigate risk. That makes a ton of sense. Let me ask a question that some of our listeners who may not have a lot of background in the federal government may understand. A lot of folks assume that, deciding to invest hundreds of millions of dollars of taxpayer money into a private or into a project that's, not a federal project, but a non-federal project is something that a pretty important official would have to decide.

Like these things are inherently governmental, that government officials must make these decisions, not independent financial advisors or other folks, you know, here to help. So how does an IFA guide an official decisionmaker in making decisions that are inherently governmental?

00:10:11 Kristy David

Well, first of all, I completely agree with you. And it's absolutely not the role of the advisor to act as the government's agent. We really are there with the other advisors to support the government in developing its positions. Like I said before, we're working with outside counsel and other experts. So this is an effort to prepare the government in developing the structure that is acceptable, right? Not only acceptable such that it's following the agency's policies, but also protecting the taxpayer.

00:10:45 Anthony Curcio

And Chrissy, if I could, in your experience, is it mostly the federal official conducting the negotiation with the IFA as their advisor, or does the IFA actually conduct the negotiation?

00:10:58 Kristy David

No, in my experience, the IFA is not. In fact, I'd say typically when we're looking at federal credit, it would be government official themselves or their counsel or like internal counsel. When I've worked on large multi-lender global deals with export credit agencies, often it is their outside counsel who will lead the negotiations because you're representing a group of lenders. You need somebody who can synthesize the information and speak for them. But it's never the financial advisor. We really are there to work hand in hand with the government official and with the other advisors to structure the deal.

00:11:41 Brian Oakley

If I can add on to that, I would say best practice would be to have the IFA engaged through sort of the initial analysis and financial modeling and then through the negotiations in support because you'll have deal points that you actually want to run through the model to see how it performs. And the way agencies engage a financial advisor varies. Some will just have you produce a report, which I think is probably not very satisfying because the deal changes, right? And so if you have a report, it will get stale pretty quickly. And I think if you have the advisor engaged through all the structuring and negotiation, it's a really good resource and helpful to the transaction.

00:12:24 Anthony Curcio

Interesting. And if I could, just to get an even clearer understanding of what's happening there, I'm sort of thinking, what is the deliverable, for example? So if you hire a major credit rating agency, you get a rating. What is it? Is there an opinion? Is there a rating? What is the work product that an IFA, I know it's probably different from agency to agency, but typically, what do you have found to be the work product that the IFA delivers after their analysis is complete?

00:12:56 Brian Oakley

Typically, it's summarized in a report, but in the, you know, the conclusions, I wouldn't say it's an opinion of credit worthiness. It's not like a yes, no. The kind of federal government standard is a reasonable prospect to repayment. And I think that reflects the recognition that if you're a government lending program, you're there for a specific policy purpose that entails A risk-taking activity. So the way I look at it above all is an articulation of the risks presented by the transaction and how they're mitigated by the transaction structure. I think that's, one of the key deliverables. And as part of those mitigants, you may have, for example, recommended commercial terms, whether it be, structural supports or covenants. Typically, we'll make recommendations like that. So, you know, the final chapter is usually a summary of the strengths, the weaknesses, and then recommendations as opposed to like an opinion.

But I think as advisors, I think Kristy would agree, you want to make sure you include all the risks. It's all about letting your client know what risks the government's taking and the government may want to take that risk. I mean, a good example would be DOE lent Ford Motor Company $5 billion during the Great Recession. And at the time, I think Ford was in selective default. And that worked out very well for both Ford and DOE. That's a good example of a loan that was made for a policy purpose at a critical time, but actually had a lot risk associated with it.

00:14:30 Anthony Curcio

Absolutely. So it was helping that government official understand the risks that she or he is taking, not necessarily telling them to do it or not to do it.

00:14:38 Brian Oakley

Exactly.

00:14:39 Anthony Curcio

Great. Well, as we get close to the end of our time, what are some of the challenges that agencies face when using an IFA? I can imagine that you guys have seen examples of how they're used well and how they're not used well. As some of our listeners may be considering using an IFA or maybe actively using them now, what are some challenges that you guys can bring to us that they can try to avoid?

00:15:03 Brian Oakley

I'm sure Kristy has some thoughts. I guess I would say that the biggest challenge is how do you incorporate the services of an IFA without delaying the project? Because it's like if the agency has done their analysis and they hire an IFA, you know, they'll cross their fingers that you arrive at the same conclusion and it's going to add a lot of time. So I think that's the big challenge. Probably the way to address that challenge is you bring the IFA in earlier. And I think Kristy, you mentioned you've had experience with that where it's actually kind of accelerated the process.

00:15:37 Kristy David

Yeah, that's right. I agree. It's been my experience that bringing in the IFA team really, right? Because it's not just one person typically. You have your modeler, you have your more senior person who might be reviewing agreements, et cetera. But you bring that team in earlier and it can speed up the entire process. It really helps to facilitate the discussions between borrower and lender and also just the internal discussions.

00:16:04 Anthony Curcio

Got it. So it's more like a, it also has the added benefit of being sort of a quarterback or a drum major or something like that to keep the process moving along.

00:16:12 Kristy David

Yes. And sometimes that's an official part of the role and sometimes it's not.

00:16:16 Anthony Curcio

Got it. Okay, well, listen, I could keep going, but I've been told that these things can only go for so long. I've really enjoyed this, guys. This has been cool. I really enjoy it. And Kristy, I've written down here your offer to go deeper on financial modeling. If people can tolerate it, I'd love to discuss more, especially, but I'll say this.

I especially want to know how it can help policy driven programs within federal credit to make those decisions. I think that because what you have both highlighted and I've seen in my career as well is that this is a growing part of the policy toolbox of the US government.

We're using credit more, a lot more than we were using it 15 years ago. And so I think these kinds of skills are going to be really important to the success of our government. So thanks for coming.

00:17:04 Brian Oakley and Kristy David

Thank you.

00:17:05 Anthony Curcio

Well, until next time, this has been the latest episode of Federal Credit Fridays.