

Oregon Transportation Infrastructure Bank Program Description and Application Instructions

Overview

The Oregon Transportation Infrastructure Bank (OTIB) is a statewide revolving loan fund designed to promote innovative transportation funding solutions. Oregon's program was started in 1996 as part of a 10-state federal pilot program. Additional legislation passed in 1997 by the Oregon Legislature establishes the program in state law and includes expanded authority. Staff support for the program is provided by the Financial Services Branch of the Oregon Department of Transportation (ODOT).

Eligible Borrowers

Eligible borrowers include cities, counties, transit districts, other special districts, port authorities, tribal governments, state agencies, and private for-profit and not-for-profit entities.

Eligible Projects and Costs

Projects must be eligible for funding under Title 23 or Title 49 of the Code of Federal Regulations (CFR). In general, eligible projects include:

- Highway projects such as roads, signals, intersection improvements, and bridges.
- Transit capital projects such as buses, equipment, and maintenance or passenger facilities.
- Bikeway or pedestrian access projects on highway right-of-way.

To be federal-aid eligible, roads must be open to public travel and functionally classified as a major collector or higher. Please consult OTIB staff before proceeding if your project is not federal-aid eligible.

Eligible project costs include preliminary engineering, required environmental studies, acquisition of right-of-way, equipment, construction including project management and engineering, inspections, financing costs and contingencies. *Expenditures made prior to loan closing will not be eligible for reimbursement.*

Types of Financial Assistance Available

The OTIB currently offers direct loans for eligible projects. Loans may be funded from available OTIB resources or through the sale of revenue bonds. If your project requires a form of financial assistance other than a direct loan, please consult OTIB staff before proceeding.

Project Selection and Approval

Projects are rated on established criteria by OTIB staff and a regional advisory committee. A copy of the evaluation criteria is included in the application package. Three criteria are considered essential and projects must receive minimum scores in these criteria to be eligible for funding. Individual criterion ratings are combined to determine an overall project ranking. *Since the criteria ratings are determined by answers to questions in the application, it is important that applicants provide complete information. Incomplete applications may be rejected or may receive lower overall scores.*

Based on the overall rankings, ODOT's Chief Financial Officer recommends projects to the Oregon Transportation Commission for final approval. Once approved by the Commission, OTIB staff will prepare a letter summarizing the general terms and conditions of the loan, and noting any contingencies that must be satisfied prior to loan closing.

Timeframes

Applications are accepted at any time. Typically, complete applications will be processed in sixty days or less. Incomplete applications may require a substantially longer timeframe for processing. A pre-application form is available if you need a quick determination of whether your project is eligible for the program. Pre-applications generally will be evaluated within three business days of receipt.

Loan Underwriting

Prudent underwriting standards are critical to ensuring that the OTIB operates as a self-sufficient revolving loan fund. OTIB staff will assess the credit quality of the applicant and determine if there are sufficient resources to repay the loan. The applicant's audited financial statements, budget and other information provided in the application will be used to make this determination.

Interest Rates and other Loan Terms

Loan interest rates will be based on the term of the loan and an evaluation of the credit quality of the applicant. For public sector applicants, a widely published index of tax-exempt municipal borrowing rates will be used to determine a fixed interest rate for the loan. Rates generally will be set as of the date of Commission approval. Please consult OTIB staff for an estimate of the interest rate for your project.

Repayment of OTIB loans must begin within five years of project completion and must be complete within 30 years or at the end of the useful life of the project, if shorter. Applicants are encouraged to request the shortest feasible repayment term since the interest rate generally will be higher with a longer repayment schedule. In addition, preference is given to projects with quick loan repayment.

For loans with a term in excess of one year, the department charges a one-percent loan fee at closing. This fee is designed to cover the costs of administering the program and legal review of all loan documents. The fee may be included in the loan request or paid using other funds of the applicant.

Prepayments of OTIB loans are not allowed except under the conditions outlined in the loan documents. A penalty of up to two percent of the outstanding loan amount may be assessed for prepayments.

Project Prospectus and Local Agency Agreement

A project prospectus must accompany applications for highway projects. This document will be used by your ODOT region office to assess the feasibility of the project and ensure that the project meets all relevant requirements. In addition, Part 3 of the project prospectus will be used to determine whether additional environmental studies are required for the project. Please contact the federal-aid specialist in your ODOT region office if you need assistance in completing the prospectus.

Once a loan has been approved, the ODOT region office will prepare a local agency agreement for all federally-funded highway projects. This intergovernmental agreement between the applicant and ODOT specifies the organization that will be responsible for the various phases of the project. The OTIB local agency agreement will become part of the loan closing documents.

Loan Closing

After all contingencies have been met, OTIB staff will prepare a complete set of closing documents and forward these to the applicant. The primary loan document is the loan agreement. This document and its exhibits provide the conditions under which the state is willing to make the loan, and the remedies in the event of a default. Other loan documents include a tax certificate and Internal Revenue Service Form 8038-G. These tax documents are required in the event that the OTIB loan is funded using bond proceeds or is used as security for future OTIB bond issues.

The applicant will need to provide additional documents at closing including a resolution authorizing the borrowing and an opinion of counsel of the legality of the transaction. The resolution must be adopted by the governing body of the borrower and requires a 14-day public notice period in addition to meeting any other public notice requirements of the applicant.

Federal Requirements

Projects using federal funds must conform to all relevant federal and state requirements. Loans funded solely with state funds may be excepted from certain of the federal requirements. Some of the applicable state and federal laws, rules and regulations include:

- National Environmental Policy Act (NEPA).

- Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970.
- Civil Rights Act of 1964, including the Disadvantaged Business Enterprise program.
- Davis-Bacon Act and state prevailing wage laws.
- Common Rule with respect to procurement (Title 49 Code of Federal Regulations).
- Brooks Act (Public Law 92-582).
- Competitive bidding requirements as contained in state and federal law.
- Buy America.
- Manual of Uniform Traffic Control Devices.
- Americans with Disabilities Act (ADA).
- Oregon Administrative Rules (OAR), Chapter 731, Division 30.
- Sections 103 and 141 of the Internal Revenue Code.

Generally, preparation of bid documents and awarding of contracts will be performed by ODOT for all federally-funded highway projects. Please allow sufficient time in your project construction schedule for these activities. *Applicants are responsible for ensuring that all federal and state requirements are met during all phases of the project. OTIB and ODOT region staff will monitor projects for compliance with all requirements.*

Administrative Rules

The Oregon Transportation Commission has adopted administrative rules governing the operation of the OTIB. These rules are contained in OAR Chapter 731, Division 30. A copy of the rules can be obtained from OTIB staff or from the Secretary of State's website:

http://arcweb.sos.state.or.us/rules/OARS_700_1998/OAR_731_1998/731_030_1998.html.

Questions

If you have any questions about your project, the OTIB application or the application process, please contact OTIB staff:

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