

State Road and Tollway Authority Policy

Policy Number: 0026

Executive Director: Gena L. Evans, Ph.D.

Title: Georgia Transportation
Infrastructure Bank
Policy

Type: Board (1)

**Effective
Date:** June 29, 2009

**Employee
Signature:** No

Scope: All SRTA employees (0)

Owner: Treasury

PURPOSE

In accordance with the Georgia Transportation Infrastructure Bank Act, O.C.G.A. §§ 32-10-120 *et seq.*, this policy establishes the guiding principles for the creation and operation of the Georgia Transportation Infrastructure Bank (“GTIB”) by the Board of the State Road and Tollway Authority (“SRTA”).

DIRECTIVES

OBJECTIVES

The objectives in administering the Georgia Transportation Infrastructure Bank shall be to:

- 1) Make an additional funding resource available to government units in order to initiate and complete transportation projects.
- 2) Give priority to bridge, highway (road), rail, bicycle facility and transit projects that are close to the start of, at, or under construction, have a higher degree of contributed matching funds, and have been initiated by government units, particularly cities and counties.
- 3) Select projects for financing that add transportation and economic value to the State.
- 4) Ensure consistency, fairness, and efficiency in the evaluation of applications.
- 5) Provide for a smooth operational process that maintains loan and grant documents, manages the GTIB’s capital prudently, tracks loan expenditures/repayments, and provides adequate reporting.

TYPES OF ASSISTANCE AVAILABLE

The GTIB will assist in financing qualified projects primarily by providing loans. The GTIB may also provide other financial assistance contemplated by O.C.G.A. § 32-10-122(11).

GTIB CAPITALIZATION-AUTHORIZED REVENUES

Revenues used to capitalize the GTIB will be consistent with O.C.G.A. § 32-10-60.

ELIGIBILITY

- Eligible borrowers will be consistent with the definition of a “Government Unit” as provided in O.C.G.A. § 32-10-122. A government unit may submit an application for the funding of an eligible project; however, preference may be given to counties and cities as applicants.
- Eligible costs will be consistent with the definition of “Eligible Costs” as provided in O.C.G.A. § 32-10-122. Preference will be given to eligible projects that are close to the start of, at, or under construction.
- Eligible projects will be consistent with the definition of “Eligible Projects” as provided in O.C.G.A. § 32-10-122. Preference will be given to highway (road), bridge, rail, transit and bicycle facility projects.
- Preference shall be given to projects in which GTIB proceeds don’t account for 100% of the funding sources. Local or federal funds expended prior to the date of GTIB assistance may be applied as a match.
- Proposed project funding must reflect that proceeds from a loan or financial assistance from the GTIB, together with other funding sources, will be realistically sufficient to complete a project.

APPLICATION SUBMISSION

- All applications submitted for a loan, grant, or other financial assistance from the GTIB must be complete and received during the prescribed time frame designated by SRTA for the initial round of application. If residual funds are remaining after reviewing the first round of applications, an auxiliary application period may be instated.
- An application fee will be required.

- A set of GTIB procedures developed by SRTA staff will detail the specific steps that an applicant must follow to submit an application and what information an applicant must provide.

INTEREST RATE DETERMINATION

The benchmark interest rate for loans will be based on the Merrill Lynch Tax-Exempt Bond Index. This index may be substituted with a similar index or rate approved by the SRTA Board. The term of the loan (including any spend-down period) will determine which specific Merrill Lynch Index will be used. Once the benchmark interest rate has been determined based on the term of the loan, the rate will be determined and may be reduced if applicable. All loans with similar terms extended during the same application period will have consistent rates.

LOAN PARAMETERS

- **Loan Amount:** A requested loan for an eligible project shall be made seeking an amount of at least \$25,000 but no more than 25% of the annual GTIB appropriation.
- **Loan Term:** The minimum loan term will be 5 years. The maximum term of a loan is limited to the lesser of 20 years or the useful life of the project.
- **Spend-down:** There will be a maximum spend-down period of 5 years. During this period, interest will accrue on any draws and compound annually. At the end of the spend-down period, any accrued interest may either be paid in full or amortized over the life of the loan. Including the spend-down period, the loan must be completely paid down within 25 years of the initial extension of loan proceeds.
- **Loan Repayments:** Loan repayments will be due monthly and collected via automatic debit. All loan repayments will be credited to the appropriate GTIB account. Loan terms and schedules may be modified subject to negotiation and approval.
- **Loan Prepayment:** There will be no penalty for prepayment. However, if a loan is modified, the terms of the modified loan may be negotiated on a case by case basis.
- **Interest:** During the spend-down period, the GTIB will retain any interest on funds earmarked for the borrower's projects that have not yet been drawn.
- **Loan Closing Fee:** There will be a loan closing fee based on a percentage of the loan amount. This fee will be paid as a fixed cost at closing.

- **Terms and Conditions:** The terms and conditions of a loan or other financial assistance from federal accounts shall comply with applicable federal requirements.

GRANTS

The grant application review process will follow the procedures developed in the document entitled “GTIB Grant Procedures.”

The eligibility requirements may be further restricted to remain consistent with the intent of the grant program.

No more than 25% of the total grant funding will be awarded to a single application.

APPLICATION PROCESSING AND REVIEW

Application processing will be a multi-step collaborative effort among multiple agencies, including, but not limited to, SRTA and the Georgia Environmental Facilities Authority (“GEFA”). Each agency will have specific roles and responsibilities throughout the process. The individual steps for application review and project selection will be followed in a manner consistent with a set of developed GTIB procedures.

An Advisory Committee will be established to evaluate the applications given a set of selection criteria. The Advisory Committee may be comprised of representatives from SRTA, GEFA, the Georgia Department of Transportation, the Georgia State Financing and Investment Commission, and other agencies. The Advisory Committee will review applications and make recommendations to the SRTA Board based on the GTIB procedures established.

The Board of SRTA will approve application recommendations of qualified projects.

The requested terms of an applicant’s loan or assistance from the GTIB may be negotiated or reduced.

Award or denial announcements will be made through letters to applicants for loans or other financial assistance from GTIB. The approval of the Board regarding an application shall be final.

BANK OPERATIONS

Funds will be physically held at the Georgia Office of Treasury and Fiscal Services and tracked internally by SRTA's staff. Individual accounts will be established and maintained in a manner consistent with O.C.G.A. §§ 32-10-121 and 32-10-126.

A set of procedures will establish the daily operational processes of the GTIB.

DEFAULT PROVISIONS

If SRTA does not receive a repayment due to the GTIB, it shall proceed with collection efforts set forth in O.C.G.A. § 32-10-130.

PROJECT CANCELLATION

In the event a project is cancelled prior to completion, any and all unused funds received by a borrower from the GTIB must be returned in full within 30 days. No further funds will be disbursed by the GTIB, and borrowers will be encouraged to immediately pay back any outstanding loan balance or other financial assistance if possible. If this is not possible, a schedule to pay back the loan will be established by SRTA and provided to the borrower.

REPORTING

Following the close of each state fiscal year, SRTA staff shall submit to the Governor, Lieutenant Governor, Speaker of the House, and members of the SRTA Board an annual report detailing the activities of the GTIB. This annual report will be made available to the General Assembly, and copies will be submitted to the appropriate federal agencies in compliance with requirements of any federal programs for which funds were received.

SRTA staff will also follow up with all borrowers to monitor the progress of each project through the collection of semiannual progress reports and as-needed site visits and audits.

REVISION HISTORY

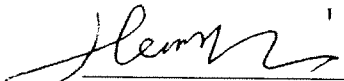
<i>Revision Number</i>	<i>Date</i>	<i>Policy Owner</i>	<i>Executive Director</i>
Original	June 29, 2009	Treasury	Gena L. Evans, Ph.D.
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REFERENCES

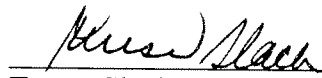
The following documents are referenced in the policy:

<i>Document Name</i>	<i>Details</i>
Article 2 of Chapter 10 of Title 32 of the O.C.G.A.	References revisions to code as passed in HB 1019 in 2008.

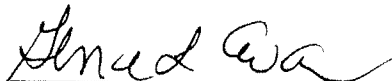
As approved by the SRТА Board of Directors as of June 29, 2009:


7/8/09

 Henry Li Date
 Treasurer


7/8/09

 Teresa Slack Date
 Chief Operating Officer


7/9/09

 Gena L. Evans, Ph.D. Date
 Executive Director