



RESOLUTION 2018-027: LIABILITY FOR PROJECT LOAN REPAYMENTS

**Board of Directors
June 8, 2018**

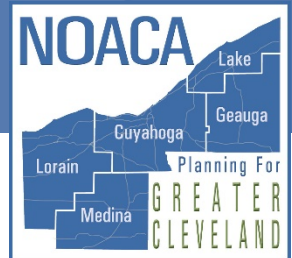
ACTION REQUESTED

Request that the Board of Directors adopt the following Resolution:

- **2018-016, which approves a policy that requires the project sponsor to be liable for scheduled loan repayments in the event that an entity should cease to be a member of NOACA.**

PREVIOUS ACTION

- Requested by the Board of Directors at its December 2017 meeting
- Discussed by the Policy Committee at its January 2018 meeting
- Recommended for approval by the Policy Committee at its April 2018 meeting



BACKGROUND

- Geographic boundaries are a fundamental component to NOACA's planning and funding responsibilities
- In the event that NOACA boundaries change, those planning and funding responsibilities could change as well
- Examples of potential boundary changes:
 - Member entities forming their own MPO or RTPO
 - Re-designation of MPO boundaries



BACKGROUND

- Federal regulation and NOACA policy restricts the eligibility of project funds to only those areas contained within its MPO planning area boundaries
- Therefore, at the time of a boundary change, areas not part of the defined MPO planning area would no longer be eligible for funding
- However, current NOACA policy does not address existing project funding commitments that are under a loan or other type of arrangement for repayment



BACKGROUND

- At the January 2018 Policy Committee meeting, staff proposed a policy that terminated NOACA obligations for loan repayments in the case a member leaves
- ODOT expressed concern over the proposed policy
 - Conflicted with NOACA responsibilities under existing State Infrastructure Bank (SIB) loan agreements
- Committee directed staff to resolve the issue for the Vrooman Road Bridge project and bring back a revised policy considering ODOT concerns

BACKGROUND

- Vrooman Road Bridge project was resolved amicably and revised policy reflects this approach
- Proposed policy to protect NOACA in the event of a change to its MPO planning area boundary:

In the event and at such time that a current NOACA member ceases to be a member of NOACA, thus no longer contained within NOACA's geographic boundaries (NOACA MPO Planning Area), they will no longer be eligible for NOACA planning and project funding in the Transportation Improvement Program; thus, all projects contained within the existing TIP for that jurisdiction will be removed and no longer funded. Furthermore, the jurisdiction will be liable to NOACA for all loan agreements previously executed and subsequent scheduled debt repayments.

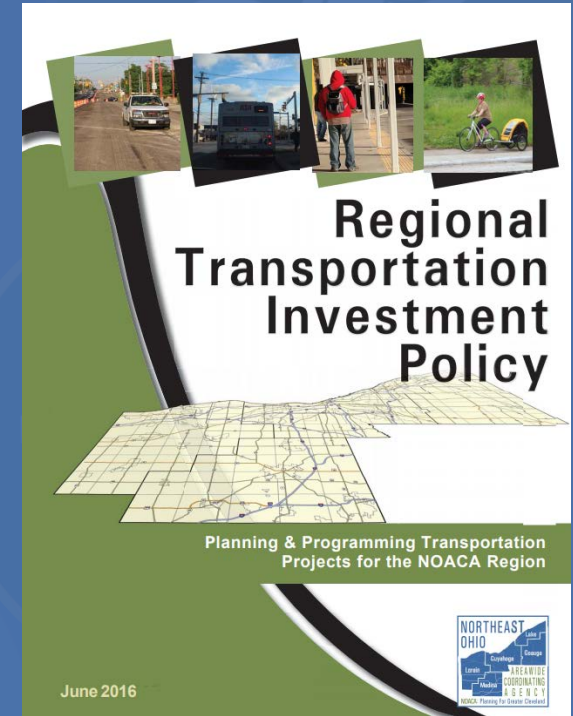


BACKGROUND

- **To implement the policy, staff proposes:**
 - A supplemental agreement, separate and apart from NOACA's responsibilities to a financier (ODOT in the case of the SIB)
 - Executed between NOACA and the project sponsor
 - Therefore, not in conflict with loan agreements
 - Requires payback to NOACA for any funds paid by NOACA under its obligations to lender

BACKGROUND

- **Policy will be incorporated into**
 - NOACA Regional Transportation Investment Policy (RTIP)
- **Provisions will be referenced into:**
 - Project funding agreements, as appropriate
 - Financial instruments, as allowable by lender



FINANCIAL IMPACT

- There is no immediate financial impact to the adoption of the policy
- Future financial impact resulting from sponsor member leaving NOACA will be mitigated

NEXT STEPS

- Pending Board approval, the Regional Transportation Investment Policy will be updated to include the new policy
- Supplemental agreements between NOACA and impacted project sponsors will be executed for all active and future loans



ACTION

Approval of Resolution 2018-027, which approves a policy that requires the project sponsor to be liable for scheduled loan repayments in the event that an entity should cease to be a member of NOACA.



Motion
Second
Discussion
Put the Question



50 YEARS OF PLANNING

1968 - 2018



NOACA will **STRENGTHEN** regional cohesion, **PRESERVE** existing infrastructure, and **BUILD** a sustainable multimodal transportation system to **SUPPORT** economic development and **ENHANCE** quality of life in Northeast Ohio.

