



## NORTHEAST OHIO AREA WIDE COORDINATING AGENCY

### MEMORANDUM

**TO:** NOACA Board of Directors

**FROM:** Grace Gallucci, Executive Director

**DATE:** October 3, 2014

**RE:** **Resolution 2014-040 - Authorization to Execute State Infrastructure Bank (SIB) Loan Documents**

#### **ACTION REQUESTED**

The Board of Directors is asked to adopt Resolution 2014-040, which authorizes the Executive Director to execute an application and loan related documents for the Lake County Engineer sponsored Vrooman Road Improvements project. The Finance and Audit Committee recommends this action.

#### **BACKGROUND/JUSTIFICATION FOR CURRENT ACTION**

The Ohio SIB was authorized by the Ohio State Legislature in 1996 for the purposes of funding highway, rail, transit, intermodal and other transportation facilities and projects. Assistance provided by the SIB is in the form of loans, loan guarantees, letters of credit, leases, interest rate subsidies, debt service, cash reserves, and other forms ODOT determines to be appropriate. NOACA has previously utilized SIB loans, most recently in 2014 for the widening of Bagley Pleasant Valley Road in Cuyahoga County.

LAK VROOMAN ROAD: PID No. 5669, sponsored by the Lake County Engineer, is listed in the state fiscal years (SFYs) 2014 - 2017 NOACA Transportation Improvement Program (TIP), approved by the NOACA Board of Directors on May 10, 2013 via Resolution No. 2013-012, with an estimated cost of \$24,970,738. This project was approved in the TIP utilizing the SIB to finance the \$17,304,830 NOACA-attributable share as a means to maintain fiscal balance and flexibility while enabling the project to advance into the TIP during the year requested by the sponsor.

The Ohio Attorney General's Office, on behalf of ODOT, requires certified resolutions from the County and NOACA, that authorize the execution and delivery of all documents and performance of the loan requirements thereunder, as applicable.

#### **FINANCIAL IMPACT**

The total estimated cost of the project is currently \$28,217,340. NOACA will be financially responsible for the repayment of principal, interest, and administrative costs, up to the Board of Directors approved funding cap of \$17,304,830, and any future Board approved funding cap increases, over the term of the loan. The loan will be repaid through bi-annual installments to the SIB drawn from the NOACA-attributable STP funds that are apportioned annually to NOACA per federal transportation law. The standard terms of the ODOT SIB program, as portrayed include:

- Term of Loan – 6 years (1 year interest-free period / 5 years of amortization)
- Repayment Schedule – Biannually (July and January of each year)
- Interest – 0% for months 1-12, 3% for months 13-72
- Initial Payment: 19<sup>th</sup> month after loan closing date
- Prepayment Penalty – 3% premium charged for any prepayment of the loan, in whole or in part, prior to the 36<sup>th</sup> month following closing

### **CONCLUSION/NEXT STEPS**

Following the Board approval, NOACA staff will work with the County and ODOT to ensure completion of SIB related documents and performance of the contract in accordance with the conditions of the future SIB agreement, as applicable. The project is expected to advertise for bids in October 2014 with a contract awarded for construction in November 2014.

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**RESOLUTION 2014-040  
(AUTHORIZATION TO EXECUTE SIB DOCUMENTS)**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE  
NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**

**WHEREAS**, the Northeast Ohio Areawide Coordinating Agency (NOACA) is the Metropolitan Planning Organization (MPO) for the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina, and the areawide water quality management agency for the same region; and

**WHEREAS**, as the MPO, NOACA develops and manages the Transportation Improvement Program (TIP) for the same region; and

**WHEREAS**, the Vrooman Road project (LAK VROOMAN RD: PID No. 5669), sponsored by the Lake County Engineer, is included in the state fiscal years (SFYs) 2014 - 2017 TIP, approved by the NOACA Board of Directors on May 10, 2013 via Resolution No. 2013-012; and

**WHEREAS**, the NOACA federal-aid share of the LAK VROOMAN RD: PID No. 5669 is listed in the TIP as being financed through a loan from the Ohio State Infrastructure Bank (SIB); and

**WHEREAS**, the Ohio SIB was authorized by the Ohio State Legislature in 1996 for the purposes of funding highway, rail, transit, intermodal and other transportation facilities and projects; and

**WHEREAS**, the NOACA Board of Directors will be financially responsible for \$17,304,830, and any Board approved funding cap increases, including principal, loan interest and administrative costs; and

**WHEREAS**, loan security and payments from the NOACA Board of Directors will be in the form of Surface Transportation Program (STP) funds that are apportioned annually to NOACA per federal transportation law; and

**WHEREAS**, the loan will be repaid through bi-annual installments, each July and January, to the SIB drawn from the NOACA-attributable funding obligation authority; and

**WHEREAS**, the term of the loan is six years, with an initial payment on the 19<sup>th</sup> month after the date of loan closing and an estimated loan maturity date of July 1, 2021 and

**WHEREAS**, the interest rate is zero percent for the first 12 months and three percent for the remaining 60 month payback period; and

**WHEREAS**, the Lake County Engineer is required to sign the loan agreement, and coordinate the local financial share and perform other project sponsor activities.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Northeast Ohio Areawide Coordinating Agency, consisting of 45 principal officials serving general purpose local governments throughout and within the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina that:

**Section 1:** The Executive Director is authorized to execute an application and agreement with the Ohio State Infrastructure Bank for a loan to finance the NOACA Board approved not-to exceed project funding maximum, including loan interest and administrative costs for LAK VROOMAN RD: PID No. 5669;

**RESOLUTION 2014-040  
(AUTHORIZATION TO EXECUTE SIB DOCUMENTS)**

**Section 2:** The Executive Director is authorized to transmit certified copies of this resolution to appropriate federal, state, and local agencies.

Certified to be a true copy of a Resolution of the Board of Directors of the Northeast Ohio Areawide Coordinating Agency adopted this 10th day of October 2014.

Secretary: 

Date Signed: 10 OCT 14