PASSED BY
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CALIFORNIA
TRANSPORTATION COMMISSION

CALIFORNIA TRANSPORTATION COMMISSION

Transportation Finance Bank Revolving Loan Program, Guidelines, and Loan Application and Agreement Package

Resolution No. G-03-01

1.1 WHEREAS, the State Infrastructure Bank (SIB) pilot program was enacted by Congress under Section 350 of the National Highway System Designation Act of 1995, and

1.2 WHEREAS, California was selected as one of ten states to participate in the pilot program, and

1.3 WHEREAS, Section 64000 of the Government Code was added by Chapter 664 of the Statutes of 1998 (SB 567, Schiff), hereinafter referred to as "the act" which created the Transportation Finance Bank (TFB), and

1.4 WHEREAS, Section 64000 of the Government Code was amended by Chapter 805 of the statutes of 2002 (AB 2996, Oropeza), to allow the Department of Transportation (Department) to act as "lender" in operating and administering the TFB, and

1.5 WHEREAS, by enactment of the act, the legislature directed the California Transportation Commission (Commission) and Department to accomplish the tasks necessary to put these funds to work on needed transportation projects as soon as possible, and

1.6 WHEREAS, by enactment of the act, the legislature declared that it is in the best interest of the state to develop innovative methods for funding and accelerating transportation projects, and

1.7 WHEREAS, the SIB program offers loans and other types of credit assistance with flexible terms and below-market interest rates for the purpose of accelerating the delivery of transportation projects, and

1.8 WHEREAS, on June 4, 1996, the Commission adopted Resolution G-96-15, which established the Memorandum of Agreement between the Department, Commission, and California Infrastructure and Economic Development Bank (CIEDB) formally known as California Economic Development Financing Authority, and

1.9 WHEREAS, on October 16, 1996, the Commission adopted Resolution G-96-25, which implemented the TFB and provides for the following: 1) requests the Department to include a reservation for the TFB in the 1998 STIP Fund Estimate; 2) requests the Department, Commission Staff, and regional agencies to prepare by January 1997, draft guidelines defining the criteria for screening projects that may be submitted to the TFB; and 3) requests that the Department, Commission Staff, and CIEDB, with assistance of a qualified financial advisor, develop a standard Credit Enhancement Agreement for the TFB by January 1997, and

1.10 WHEREAS, on August 13, 1997, the Commission passed Resolution G-97-10, which adopted the TFB guidelines and appendices under which the Department in cooperation with the Commission, and the CIEDB would offer credit enhancements to advance eligible transportation projects in accordance with the executed MOA, and

1.11 WHEREAS, at the February and December 2002 Commission meeting, the Department presented the TFB Revolving Loan Program, Guidelines and Loan Application and Agreement package to implement and expedite the loan program established under the act.

2.1 NOW THEREFORE BE IT RESOLVED, that the Commission adopts the TFB Revolving Loan Program and Loan Application and Agreement package which includes guidelines and procedures associated with the program, and

2.2 BE IT FURTHER RESOLVED, that the Department will present all complete loan applications to the Commission for their consideration during the loan approval process, at such time as applications are received.

TRANSPORTATION FINANCE BANK

REVOLVING LOAN PROGRAM GUIDELINES

AND

LOAN APPLICATION AND AGREEMENT PACKAGE

TRANSPORTATION FINANCE BANK
REVOLVING LOAN PROGRAM GUIDELINES

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CALIFORNIA TRANSPORTATION COMMISSION
CALIFORNIA DEPARTMENT OF TRANSPORTATION

GUIDELINES FOR THE TRANSPORTATION FINANCE BANK REVOLVING LOAN PROGRAM

1. INTRODUCTION

The Transportation Finance Bank (TFB) Revolving Loan Program was implemented by the California Transportation Commission (Commission) and the California Department of Transportation (Department) to provide flexible, short-term financing to public entities and public/private partnerships for the purpose of accelerating the delivery of transportation projects in California.

2. BACKGROUND

Authority

The National Highway System Designation Act of 1995 (Act) authorized the creation of a State Infrastructure Bank (SIB) pilot program to provide loans and other credit assistance to public and private entities to carry out highway construction and transit capital projects eligible for assistance under Section 350 of the Act. The U.S. Department of Transportation (USDOT) selected California, as one of ten states, to participate in the program.

The Department entered into an agreement with the Federal Highway Administration and the Federal Transit Administration, to establish the SIB, and $3 million was appropriated by the USDOT for capitalization of the bank. California Government Code, Section 64000, amended by chapter 805 of the statutes of 2002 (AB 2996, Oropeza) authorized these guidelines and state participation in the program. These guidelines describe the policies and procedures for the approval and administration of TFB loans.

Funding Availability

While the USDOT authorized $3 million for capitalization of California's SIB, Section 350(e)(1) of the Act also requires the State to provide a non-federal match. Therefore, the approximate Federal contribution will be 88.53% and the State contribution will be 11.47% of the principal amount to be financed. The State contribution will come from local funds or State funds that are otherwise appropriated for projects. As loans are repaid, funds will be recycled to support new loans, and the Bank's loan capacity will increase with deposits of new capital generated from interest and fees earned on the loans.

Administration

Under the TFB Revolving Loan Program, the Department is responsible for accepting and evaluating applications, making loan recommendations to the Commission, and acting as the contact source for information on the program. The Commission approves the guidelines and loan application and

agreement package, makes decisions regarding loan approval, and provides program oversight.

The Department may develop and maintain additional internal administrative procedures necessary to carry out the legislative intent of this program, and the Commission may revise the guidelines and loan documents, including the application, as deemed necessary.

3. ELIGIBILITY

Eligible Borrowers

Loans are available to local public entities and public/private partnerships. Any regional transportation planning agency or county transportation commission (the regional agency for that county's submission to the State Transportation Improvement Program (STIP)) may apply for a loan. Additionally, recipients of fuel tax revenue monies are eligible for a TFB loan. Local entities that do not meet the above criteria and private entities interested in obtaining a loan under this program must apply jointly with the regional agency to the STIP for that county.

Eligible Projects

Highway construction projects must be eligible for assistance under Title 23, United States Code (USC) and transit capital projects must meet the requirements of Section 5302 of Title 49, USC. Additionally, revenues from certain motor vehicle fuel taxes that may be designated to meet the State's matching share requirement will be subject to the limitations imposed by Article XIX of the California State Constitution when loaned to project sponsors for the purpose of funding transit capital projects.

Additionally, projects must be included in a Federal State Transportation Improvement Program (FSTIP) and must comply with all other Federal requirements, including National Environmental Policy Act, Americans with Disabilities Act, and Davis-Bacon Act requirements, as appropriate.

Eligible Costs

Loans are available for any phase of an eligible project, but funding will be provided only for authorized expenditures incurred after the loan has been approved by the Commission. Borrowers will not be reimbursed for project costs incurred prior to loan approval. If it is determined that loan proceeds have been utilized for costs incurred prior to loan approval, immediate repayment of the total outstanding principal and interest will be required, and a penalty charge will be assessed on the outstanding principal and interest balance on the loan equivalent to the Prime Rate + 5% (the rate is determined and fixed at the time of declaration) retroactive to the date the loan was approved. In the event of non-compliance with repayment requirements, the borrower's loan collateral which is the pledge of county shares will be used to secure loan repayment and any penalty as specified above.

4. APPLICATION PROCESS AND REQUIREMENTS

Loan Application

An application for a loan must be submitted to the Department utilizing the *Transportation Finance Bank Revolving Loan Application and Agreement* form. Four original copies of the application package, including all required approvals and information, must be mailed to the address in Section 7 of these guidelines.

Financial Feasibility

Applicants must submit a financial plan that includes the estimated total project cost, a summary of the sources and uses of funds, the proposed source and timing of repayment of the principal and interest on the loan, a projected drawdown schedule, assumptions made in developing the plan, and a list of the persons and entities responsible for preparation of the plan. The applicant must also submit copies of its current budget, consolidated audited financial statements for the three most recent years, the most recent consolidated year-to-date interim financial statements, independent audit reports, and potential legal claims and/or liabilities pending that may impact the applicant's ability to repay a loan.

The financial plan must contain sufficient information to assess the credit quality of the applicant, and demonstrate that the applicant is capable of repaying the loan within the terms specified in the loan agreement.

Loan Terms

To allow the greatest flexibility for the borrower, loan terms will be established on a project-specific basis; however, the interest rate will be set on the date of Commission loan approval at 1% below the three-month Treasury Bill Average Auction rate. However, the minimum interest rate shall not be less than 1%. The loan amount must be a minimum of $300 thousand with a maximum of $1 million and it must be fully repaid in cash. The current funding capacity of the TFB is $3 million. As the funding capacity of the TFB increases, the Commission may revise the minimum and maximum loan amount in the guidelines. The maximum loan term is six (6) years. Repayment must begin no later than one year from the date of project completion and final payment must be received by the Department within six years from the date of Commission loan approval. Repayment terms will be incorporated into the Loan Application and Agreement. It should be noted that there is no penalty for prepayment of principal and/or interest on the loan.

Loan Fees

A loan application fee, set at 1/2 of 1% of the total amount requested, is payable upon submittal of an application. This fee reimburses the State for expenses incurred by financial and legal staff and independent financial advisors in processing the application. If a loan is approved at an amount higher or lower than the amount initially requested, the difference will be refunded to the applicant if the fee is overpaid, or it will be built into the loan

amount or paid separately at loan closing if the fee is underpaid. If a loan application is not selected, the loan application fee will be returned to the applicant.

Collateral Requirements

In order to ensure adequate security for a loan, the borrower and regional agency must agree to provide collateral in the form of a pledge of county share allocations. In the event of default on a loan, the regional agency for that county's submission to the STIP, shall submit a STIP amendment to receive a STIP allocation to ensure the repayment of the loan funds. The regional agency may be required to reprioritize projects on the current STIP to ensure repayment in an expeditious manner. The transfer shall be made within the time frame as specified in the STIP allocation. However, interest will continue to accrue on any loan that is in default, up to the date the county share reduction is actually made, and the principal, accrued interest, and penalties are paid. An amount equivalent to the remaining loan balance plus all accrued interest and penalties shall be deducted from the STIP county share of the affected county or counties pursuant to Sections 14524 and 14525 and transferred from the State Highway Account to the TFB. In addition, the defaulting regional agency shall be ineligible to participate in the TFB Revolving Loan Program for a period of five years from the date of final repayment.

The governing body for the regional agency, as applicant or co-applicant, must voice its approval, by resolution or other instrument, of the loan for the purpose and terms stated in the Loan Application and Agreement. The governing body must show in the resolution, or other instrument, that it recognizes that county share allocations provide the sole source of loan collateral in the case of default on the loan. The governing body must also indicate in the document that, in the judgement of the regional agency, the financial plan completed for the project and included in the application is sound. A copy of the approving resolution, or other instrument, must be submitted with the application.

It is the intent of the Commission and the Department to work with the borrower to resolve problems with respect to late loan payments instead of declaring immediate default. However, the Commission and the Department have the responsibility of securing the TFB from improper use or fiscal irresponsibility and will exercise the right, as necessary, to enforce repayment of the loan as specified in the Loan Application and Agreement. The Department will notify the borrower in writing of its intention to declare default on a loan and to apply a penalty charge on the outstanding principal and interest balance on the loan equivalent to the Prime Rate + 5% (the rate is determined and fixed at the time of declaration) retroactive to the date the loan was approved. This will be effective on the fifth working day after the date of notification of default.

Other Requirements

In order to be eligible for a TFB loan, other requirements must be met. These include, but are not limited to, the following:

- The project must be included in a FSTIP before a loan can be approved;

- The borrower will be solely responsible for ensuring that the project is in compliance with all applicable federal, state, and local laws, rules, regulations, and/or policies. (Such applicable laws, rules, regulations and/or policies include, but are not limited to Title 23, Title 49, National Environmental Policy Act, Americans with Disabilities Act, Davis-Bacon Act, 49 CFR, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, OMB A-87, Cost Principles for State and Local Governments, and all contract provisions governing the project); and

- The borrower must demonstrate that the project has a high probability of resulting in a completed facility.

In addition to the above requirements, the Department may request that the applicant provide supplemental information in support of detail included in the application package to fully evaluate the applicant's ability to meet the requirements of the program and the project's financial feasibility.

5. PROJECT SELECTION AND LOAN APPROVAL PROCESS

Application Deadline

The initial deadline for accepting loan applications will be a 60-day period beginning on the date of Commission approval and adoption of the TFB Revolving Loan Program, TFB Guidelines, and Loan Application and Agreement Package. The Loan Application and Agreement Package should be mailed (Postal Service, FedEx, or other courier service) to the Department and postmarked or hand delivered to the Department, Division of Innovative Finance by the deadline. Applications received by the initial deadline will be given priority over applications received after the deadline. If the total amount of the loan applications received by the initial deadline exceed the capacity of the loan program, the following four criteria, in sequential order, will be used to determine the order in which the loan applications will be considered.

A. Rural counties will have priority over urban counties
B. Partial programmed ** vs unprogrammed vs programmed projects
   - A partial programmed project will have priority over an unprogrammed project
   - An unprogrammed project will have priority over a programmed project
C. A higher priority will be given to a project that is closest to completion
D. A less populated county will have priority over a more populated county

** partial programmed refers to projects that have been programmed for some but not all of the components

In the event program capacity would be exceeded if an application were approved, the next selected application would be given priority; however, the Department may first negotiate with an applicant for a reduced loan amount.

After the initial deadline, applications will be accepted by the Department at any time that loan funds are available as determined by the date and order received. In the event program capacity would be exceeded if an application were approved, the next application received by the Department will be given priority; however, the Department may first negotiate with an applicant for a reduced loan amount whenever an application exceeds available funds. Applicants are encouraged to contact the Department's Innovative Finance Division in Sacramento to determine the availability of loans before submitting an application.

While the Department will evaluate each application in the order received, a project must meet the following minimum threshold criteria:

- the need for, or public benefit of, the project must be clearly identified;
- the project must be financially feasible and the applicant must demonstrate the ability to repay the loan; and
- the proposed project must meet all applicable Federal, State and local requirements.

Additionally, the TFB must have the funding capacity to participate in the project.

The Department will submit the loan application and agreement package and its recommendation for action, at the earliest possible Commission meeting, but no later than 90 days after the Department receives a completed application package except for the first round of funding which will be 90 days from the date of the initial deadline. The meeting schedule can be found on the Commission's web site at the following address: http://www.dot.ca.gov/hq/transprog/ctcliaison.htm.

Upon assurance by the Department that all loan requirements have been met and that the borrower has the apparent resources and capability of repaying the loan, the Commission will take action on the loan application. Accordingly, the Department shall execute the loan agreement approved by the Commission.

Loan Disbursement

Loan proceeds will generally be disbursed on a reimbursement basis as project expenses are incurred, and will be based on (1) the cash flow needs of the project as defined by the borrower and approved by the Commission in the Loan Application and Agreement package, and (2) the borrower's submittal of a disbursement request accompanied by supporting

documentation, such as actual invoices. Actual expenditures may be reimbursed on a lump-sum basis, for example, as may be necessary for a transit capital acquisition, or in accordance with a mutually-agreed upon drawdown schedule, as may be needed for phased highway construction projects. In the event that disbursements are made according to a drawdown schedule, the projected need for future disbursements will be re-evaluated annually by Department staff to ensure the most efficient use of TFB monies, prior to the actual disbursement of funds. The re-evaluation of the expenditure plan will be based on information provided by the borrower in accordance with annual reporting requirements. (See Section 6 of these guidelines for further detail regarding annual progress reports.)

While Department staff may approve an interim request for revision of the drawdown schedule, a minimum of 60 days' prior written notification, to allow for sufficient processing time, will generally be required.

The Commission and the Department reserve the right to disburse loan proceeds in advance of actual expenditures being incurred, for example, where it is demonstrated that it is more effective or efficient to the TFB, or the project being financed, to provide for lump sum disbursement. Authorization of this advance disbursement will be contingent upon the cash flow needs of the Department's TFB-related accounts. Borrowers of "advanced" loans must certify that there is no intent to create an arbitrage situation by investing loan proceeds at a higher yield than the interest rate payable on the loan.

6. REPORTING, ACCOUNTING, AND AUDITING REQUIREMENTS

Following the award of a loan, and until it is repaid in full, a borrower must submit annual progress reports to the Department's Innovative Finance Division staff and the Department Project Manager responsible for the project. These reports should include information regarding the status of the project, percentage of project completed, percentage of contract time lapsed vs. percentage funded to date, explanation of any delays in implementation and how the borrower will reach the completion goal, revised project schedules (if applicable), a list of expenditures at a level consistent with loan application detail, beginning and ending loan fund balances, interest earned to date on any loan proceeds advanced to the project, and the amount and percent of funds contributed to the project from other sources during that period.

In the event loan proceeds are advanced, these funds may not be commingled with the borrower's own funds and must be maintained in a separate account held by a FICA-insured financial institution.

Borrowers must maintain separate financial accounts for the project in accordance with generally-accepted accounting principles. The borrower's accounting system and records must properly accumulate and segregate incurred project costs and matching funds by line item (i.e., sources and uses) for the project, must enable the determination of incurred costs at

interim points of completion, and must provide support for loan amounts expended and project costs incurred. All accounting records and other supporting documents of the borrower related to the project shall be maintained for a minimum of three years from the date of final payment of the loan as specified under the standard provisions of the loan agreement, or three years from the date of project completion, whichever is longer. Such records shall be open to inspection and audit by representatives of the State of California and the United States (U.S.) Government, as a project expense chargeable to the loan. Copies, thereof, will be furnished by the borrower upon receipt of any request made by the State of California, the U.S. Government, or their agents.

A breach of the reporting, accounting, and/or auditing requirements specified in these guidelines could result in the department's notification to the borrower that immediate repayment and to apply a penalty charge on the outstanding principal and interest balance on the loan equivalent to the Prime Rate + 5% (the rate is determined and fixed at the time of declaration) retroactive to the date the loan was approved. In the event of non-compliance with repayment requirements, the borrower's loan collateral which is the pledge of county shares will be used to secure loan repayment and any penalty as specified above.

7. APPLICATION SUBMITTAL/PROGRAM INFORMATION

Four original copies of the TFB Loan Application and Agreement, and all applicable attachments, should be mailed to:

California Department of Transportation
Division of Innovative Finance
Transportation Finance Bank Revolving Loan Program
1120 N Street, MS-6
Sacramento, CA 95814
Attention: Finance Manager (Loan Programs)

Questions related to the TFB Program should be directed to the Finance Manager (Loan Programs) at the following numbers:

Phone: (916) 324-7624 FAX: (916) 324-7708

TRANSPORTATION FINANCE BANK

LOAN APPLICATION AND AGREEMENT PACKAGE

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CALIFORNIA TRANSPORTATION COMMISSION
CALIFORNIA DEPARTMENT OF TRANSPORTATION

LOAN APPLICATION AND AGREEMENT

FOR THE
TRANSPORTATION FINANCE BANK (TFB)
REVOLVING LOAN PROGRAM

SECTION I - APPLICANT INFORMATION

Applicant:

Mailing Address:

Street Address (or P.O. Box) **City** **State** **Zip Code**

Authorized Representative: **Title:**

Telephone Number: **Email Address:**

Check the appropriate statement below:

[ ] The applicant is the regional agency for the county's State Transportation Improvement Program (STIP) submittal.
[ ] The applicant is filing jointly with the regional agency for the county's STIP submittal. (Complete Section II for regional agency.)

(Attach the Resolution/Agreement approved by the governing body of the regional agency and, if different, the Resolution/Agreement approved by the Applicant's governing body, that authorizes entering into a loan agreement with the State for the purposes and terms stated in this Loan Application and Agreement.)

SECTION II - CO-APPLICANT INFORMATION

Co-Applicant Name:

Mailing Address:

Street Address (or P.O. Box) **City** **State** **Zip Code**

Authorized Representative: **Title:**

Telephone Number: **Email Address:**

The proposed project must::

- be included in a Federal State Transportation Improvement Program (FSTIP) before the loan can be approved;
- be financially feasible; and
- comply with all Federal-aid eligibility requirements, including Title 23, Title 49, National Environmental Policy Act, Americans with Disabilities Act, and Davis-Bacon Act requirements.

Please refer to the Transportation Finance Bank Revolving Loan Program Guidelines for additional requirements for TFB loan eligibility.

Attachments:
See Page 8 for a checklist of attachments that must be included with this application.

Note:
Additional detail may be attached to the Loan Application and Agreement document as necessary to enable the California Transportation Commission (Commission) and the California Department of Transportation (Department) to fully evaluate the loan request.

FOR DEPARTMENT USE ONLY

Date and time received (STAMP): **Application Status:**

Finance Manager (Loan Programs) Signature: **Date:**

SECTION III - TFB LOAN REQUEST

Total Amount Requested: $_____ **Term of Loan**: _____ Years _____ Months
(Rounded to nearest thousand)

Project Type: [ ] Rail [ ] Mass Transportation [ ] Highway (on-system) [ ] Local Street or Road

[ ] Other (Describe): _____

FSTIP Project ID Number: _____

Date FSTIP Adopted or Amended: _____

County Where Project is Located: _____

Most Recent Regional Share Funding Allocation: $ _____

Project Title: _____

Project Location: _____

Type of Work: _____

Project Description: _____

_____

_____

Describe the Project Benefit/Public Need (i.e., congestion reduction, access, traffic flow, air quality, economic, safety, etc.): _____

_____

_____

_____

Project Phase(s) for which Funding is Requested: [ ] Major Investment Study [ ] Engineering/Design [ ] Environmental/Clearance [ ] Right of Way Acquisition [ ] Plans, Specifications, and Estimates [ ] Construction [ ] Other (Describe): _____

Current Project Status: Check all that apply and give percentage completed and estimated date of completion.

[ ] Major Investment Study	_____%	Date: _____
[ ] Engineering / Design	_____%	Date: _____
[ ] Environmental Clearance	_____%	Date: _____
[ ] Right of Way Acquisition	_____%	Date: _____
[ ] Plans, Specifications and Estimates	_____%	Date: _____
[ ] Construction	_____%	Date: _____
[ ] Other	_____%	Date: _____

Describe "Other": _____

SECTION III - TFB LOAN REQUEST, CONTINUED

Responsible Parties: Identify the party or parties that are charged with the planning, development, financing, start-up, construction, and ongoing operations and maintenance of the project, and the party or parties that will exercise ownership control in all stages of the project. (Attach additional sheets as necessary.)

SECTION IV - FINANCIAL INFORMATION

The financial plan for the project may be presented in the applicant's own format; however, it must contain the following minimum information:

- **Provide an estimate of total project costs:** (Estimated project costs should be provided at a sufficient level of detail to enable the State to validate reasonableness of the costs, i.e., site work, structures, engineering fees, developer fees, costs of financing, etc.)
- **Summary of the sources and uses of funds:** (For sources of funds, specify any enforceable financing commitments and the current status of all other funding. For uses of funds, identify the phase of the project, i.e., design/engineering, construction, etc.)
- **Source and Timing of Repayment:** (Describe in detail the revenue stream to repay the principal and interest on the loan. The loan must be repaid in cash and may include but are not limited to local sales taxes, fuel taxes, measure money, motor vehicle fees, and developer fees.)
- **Drawdown schedule:** (Provide a schedule for projected disbursement of loan proceeds based on the estimated cash flow needs of the project.)
- **Assumptions/Plan Preparation:** (Provide detail relative to the assumptions made in developing the financing plan for the project, including the estimated rate of interest and the name(s) of the person(s) to be contacted with respect to the plan.)

In addition to the above detail, the applicant must also submit copies of the current budget, consolidated audited financial statements for the three most recent years, the most recent consolidated year-to-date interim financial statements, independent audit reports, and potential legal claims and/or liabilities pending that may impact the applicant's ability to repay a loan.

Applicant's Proposed Repayment Schedule:
The TFB offers flexible terms for the repayment of the loan, within the following parameters: The maximum loan term is six (6) years. Repayment must begin no later than one year from the date of project completion, and final payment must be received by the Department within six years from the date of Commission loan approval.

Specify the requested loan term below:

Amount of Loan: $ _____ Term: _____ Years _____ Months

Define the proposed payment structure below (i.e., equal payments of principal and interest quarterly, equal payments of principal and interest annually, or etc.) and attach a proposed repayment schedule:

Will Electronic Funds Transfer be used for repayment? [ ] Yes [ ] No

SECTION V – APPLICANT SIGNATURE

The authorized person for the Applicant must read, agree and sign the statements below in order for this to be considered an official application.

As the Applicant, or as an authorized representative of the Applicant, I hereby submit this Loan Application and certify and warrant that the information and financial data contained herein are true and correct to the best of my knowledge. I understand that additional information may be requested and I authorize the California Department of Transportation to independently verify any information contained in this Loan Application. I also understand that the acceptance and consideration of this Loan Application does not constitute a commitment of funds by the Commission. Attached to this application is:

Check applicable box(es):

[ ] the Approving Resolution approved by the governing body of the regional agency.

[ ] the Approving Resolution approved by the Applicant's governing body.

The attached resolution(s) authorize(s) this application for the stated purposes and proposed terms, and authorize(s) the undersigned to perform all acts in accordance with the Loan Application and Agreement.

Authorized Applicant Signature: _____ Date: _____

Print Name: _____ Title: _____ Date: _____

SECTION VI – BORROWER'S CERTIFICATION AND AUTHORIZATION

Borrower's Certification and Authorization

Certification

_____ (Borrower) is applying for a loan in the amount of $_____

[Applicant's (local agency's) name]

to be approved by the California Transportation Commission (Lender) from unallocated funds under the Transportation Finance Bank (TFB) Revolving Loan Program.

I,_____ , as the Authorized Representative of Borrower, certify to the following:

1. The project is included in a Federal State Transportation Improvement Program; and
2. The project complies with all Federal-aid eligibility requirements, including Title 23, Title 49, the National Environmental Policy Act, Americans with Disabilities Act, and Davis-Bacon Act requirements.

Authorization

Borrower, who is the Project Administering Agency/Authority, possesses the legal authority to enter into this Loan Application and Agreement and construct the proposed project; and by official action (e.g., the attached resolution) the regional agency's governing body authorizes the activity, including all understandings and assurances contained therein. The undersigned Authorized Representative is empowered to execute, and to act in connection with, this Loan Application and Agreement, and to provide such additional information as may be required.

Project Administering Agency/Authority/Borrower will give the California Department of Transportation's representatives access to, and the right to, audit, examine and copy all records, books, papers, or documents related to the project. All accounting records and other supporting papers of the Borrower related to the project shall be maintained for a minimum of three years from the date of final payment of the loan under the standard provisions of this agreement, or three years from the date of project completion, whichever is longer. Such records shall also be held open to inspection and audit by representatives of the State of California and the Federal Government, as a project expense chargeable to the loan. Copies, thereof, will be furnished by Borrower upon receipt of any request made by the State, the Federal government, or their agents.

Project Administering Agency/Authority/Borrower will comply with the provisions of all applicable federal, state, and/or local laws, rules and/or regulations, including the requirements included in the Transportation Finance Bank Revolving Loan Program Guidelines and this Loan Application and Agreement. Additionally, the Project Administering Agency/Authority/Borrower will comply with all contract provisions governing the project.

I, _____, as authorized representative of Borrower, warranty and certify that the information contained in this Borrower's Certification and Authorization, including all required or supplemental attachments, is accurate and that the information provided is correct, and that I am empowered to agree to the assurances and warranties contained herein.

Authorized Representative:

Signed: _____ Date: _____

Printed (Name and Title):

_____

SECTION VII - LOAN TERMS AND AGREEMENT

Borrower understands and agrees to the following:

(1) Obligation:
The principal amount under this loan agreement is the loan amount approved by the Commission and agreed to by the Borrower, in an amount not greater than the amount requested in Sections III and IV but not less than $300 thousand nor more than $1 million, and increased as necessary by audit costs incurred by the Commission.

(2) Interest Rate and Loan Application Fee:
The interest rate will be set on the date of loan approval by the Commission at 1% below the three-month Treasury Bill Average Auction Rate but the rate shall not be less than 1%. The interest charges on the loan begin to accrue on the date of initial loan disbursement, are compounded quarterly, and applied against the outstanding amount owed, including accrued interest. A loan application fee, set at 1/2 of 1% of the total amount requested, is payable upon submittal of an application. If a loan amount is approved at an amount higher or lower than the amount requested, the difference will be refunded to the applicant if the fee is overpaid, or it will be built into the loan amount or paid separately at loan closing if the fee is underpaid.

(3) Term (Length) of Loan:
The maximum loan term is six (6) years. Repayment of all principal and interest must begin no later than one year from the date of project completion and final payment must be received by the Department within six years from the date of Commission loan approval. The final repayment date shall be in substantial agreement with the term requested by the applicant in Section IV.

(4) Dedicated Revenue Stream(s) and Repayment Schedule:
Revenue stream(s) dedicated to repayment of the loan and the repayment schedule are as stated in Section IV. All payments of principal plus interest or penalties shall be deposited under the Transportation Finance Bank Revolving Loan Program to the Local Transportation Loan Account in the State Highway Account. The Department of Transportation shall notify the Borrower at least 25 days in advance of the date a payment is due with the amount of principal and/or interest that is due and payable.

(5) Prepayment:
Partial or full prepayment of the outstanding loan and/or interest may be made in advance of the repayment schedule stated in Section IV without penalty.

(6) Cause to Rescind:
Should the Borrower fail to comply with all applicable federal, state, and/or local laws, rules and/or regulations, including the requirements of the Transportation Finance Bank Revolving Loan Program Guidelines and this Loan Application and Agreement , the Department of Transportation shall rescind the loan, and a penalty charge will be assessed on the outstanding principal and interest balance on the loan equivalent to the Prime Rate + 5% (the rate is determined and fixed at the time of declaration) retroactive to the date the loan was approved.

(7) Loan Default:
The regional agency for that county's submission to the STIP, shall submit a STIP amendment to receive a STIP allocation to ensure the repayment of the loan funds. The regional agency may be required to reprioritize projects on the current STIP to ensure repayment in an expeditious manner. The transfer shall be made within the time frame as specified in the STIP allocation. However, interest will continue to accrue on any loan that is in default, up to the date the county share reduction is actually made, and the principal, accrued interest, and penalties are paid. An amount equivalent to the remaining loan balance plus all accrued interest and penalties shall be deducted from the STIP county share of the affected county or counties pursuant to Sections 14524 and 14525 and transferred from the State Highway Account to the TFB. In addition, the defaulting regional agency shall be ineligible to participate in the TFB Revolving Loan Program for a period of five years from the date of final repayment.

ACCEPTANCE OF LOAN TERMS:

_____ accepts the principal amount of the loan for $_____
(Borrower)
with the terms stated herein.

_____ Dated _____
Authorized Signature

This Collateral Loan status is concurred with by the County of _____ as the regional agency.

Approving Resolution Number: _____

_____ Dated _____
(Authorized Signature)

FOR DEPARTMENT USE ONLY

CALIFORNIA DEPARTMENT OF TRANSPORTATION RECOMMENDATION

This application is recommended for approval subject to the following conditions:

[ ] Augment [ ] Reduce the Requested Loan Amount by $_____ (if applicable)

Approve Loan in the Amount of $ _____ , with a term of _____

with an interest rate of _____%.

Reason for Change in Requested Loan Amount/Other Conditions of Loan:_____

_____

_____

Signature of Finance Manager (Loan Programs) *Date*

Typed or Printed Name: _____

CALIFORNIA TRANSPORTATION COMMISSION ACTION

The California Transportation Commission:

[ ] approves this loan request in the amount of $ _____, for a term of _____

with an interest rate of _____%, under Resolution Number:_____ Dated:_____.

or

[ ] rejects this loan request for the following reason(s): _____

_____.

APPLICATION SUBMITTAL/PROGRAM CONTACT

Four original copies of the TFB Loan Application and Agreement, and all applicable attachments, should be mailed to:

California Department of Transportation
Division of Innovative Finance
Transportation Finance Bank Revolving Loan Program
1120 N Street, MS-6
Sacramento, CA 95814
Attention: Finance Manager (Loan Programs)

Questions related to the TFB Program can be directed to the Finance Manager (Loan Programs) at the following numbers:

Phone: (916) 324-7624
FAX: (916) 324-7708

ATTACHMENTS CHECKLIST

[ ] Approving Resolution of the Applicant agency's governing body that authorizes entering into a loan agreement with the State for the purposes and terms stated in the application, and names an Authorized Representative to perform all acts necessary to the Loan Application and Agreement.

[ ] If different than the Applicant, the Approving Resolution of the governing body for the agency that is the regional agency for the county's STIP submittal that authorizes the joint filing of the application and acknowledges the obligation of future county share allocations in the case of default on the loan. The resolution may also name an Authorized Representative to perform all acts necessary to the Loan Application and Agreement.

[ ] Project site map.

[ ] Right of way certification, if applicable.

[ ] Major milestone detail. (Include the current project schedule reflected in the adopted Regional Transportation Plan, and the accelerated schedule if the loan is approved.)

[ ] A financial plan that demonstrates full funding of all phases of the project (per Section IV of the TFB Revolving Loan Program Guidelines). At a minimum, the plan and supporting documentation must contain the following:

- [ ] Estimate of Total Project Costs;
- [ ] Summary of Sources and Uses of Funds;
- [ ] Source and Timing of Repayment (Schedule);
- [ ] Drawdown Schedule, if applicable;
- [ ] Assumptions/Plan Preparation;
- [ ] Current Budget;
- [ ] Consolidated Audited Financial Statements for the Three Most Recent Years;
- [ ] Most Recent Consolidated Year-To-Date Interim Financial Statements;
- [ ] Independent Audit Reports; and
- [ ] Potential Legal Claims and/or Liabilities Pending that may impact the Applicant's repayment ability.