



Oregon Annual Transportation Infrastructure Bank

ANNUAL REPORT

Submitted to:
Federal Highway Administration
and
Federal Transit Administration

Submitted by:
Oregon Department of Transportation
December 31, 2013



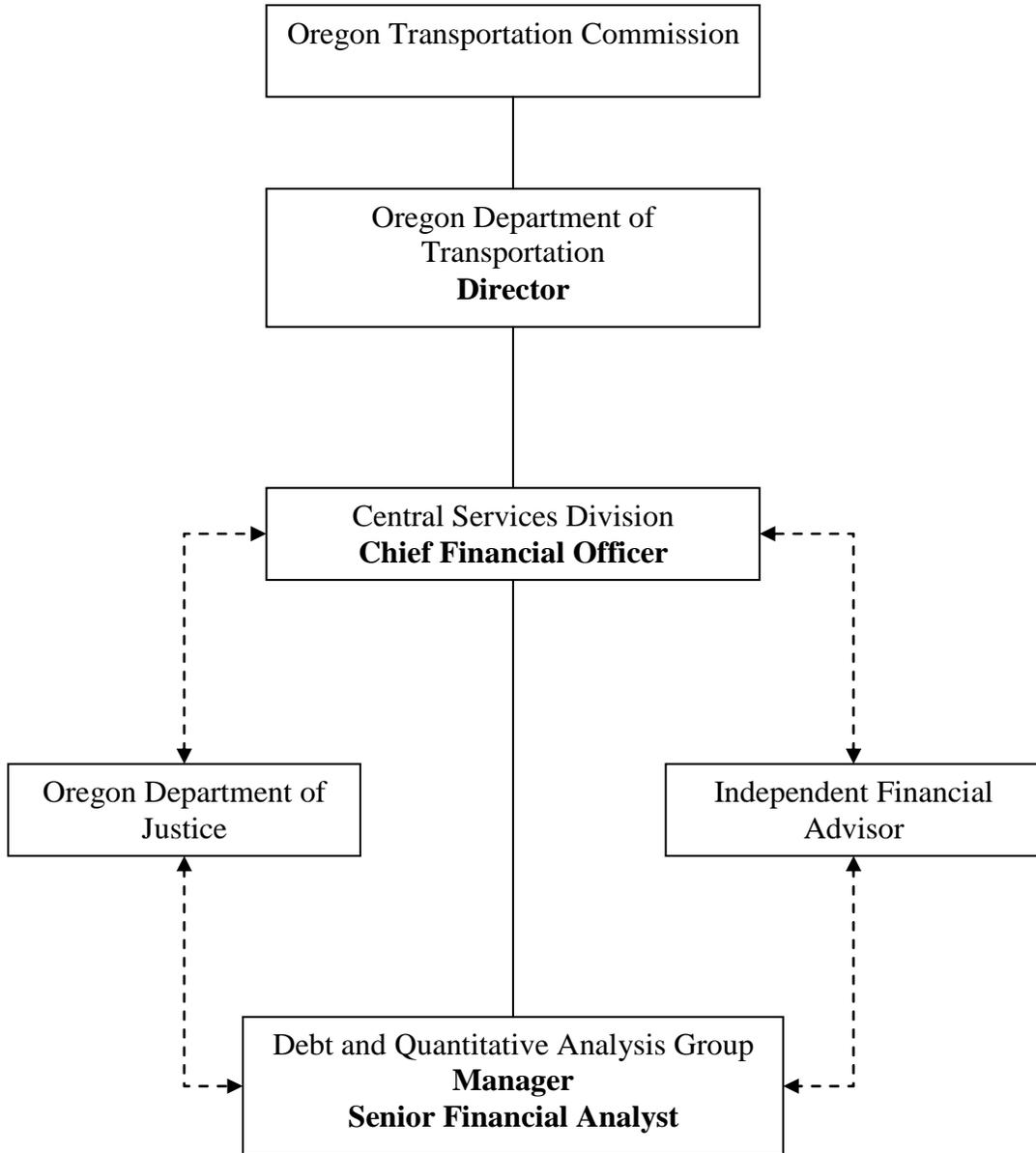
Introduction

We are pleased to present the Oregon Transportation Infrastructure Bank (OTIB) 2013 Annual Report. This annual report encompasses all OTIB activity, including, but not limited to the State Infrastructure Bank (SIB). The Cooperative Agreement executed between the Oregon Department of Transportation (ODOT), The Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) requires ODOT to submit an annual report for the Infrastructure Bank.

The following subjects are covered in this Annual Report:

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OTIB Organizational Chart



History

In 1995, Congress passed the National Highway System Designation Act (NHS Act) which established the State Infrastructure Bank (SIB) pilot program. Designed to complement traditional transportation funding programs, SIBs give states significantly increased flexibility in project selection and financial management. Much like a private bank, a SIB uses seed capitalization funds to get started and offers customers a range of loans and credit enhancement products.

On April 4, 1996 the Secretary of the United States Department of Transportation designated Oregon as one of the ten states eligible to operate a SIB under Section 350 of the NHS Act. The ten states included: Arizona, California, Florida, Missouri, Ohio, Oklahoma, Oregon, South Carolina, Texas, and Virginia. The Oregon Transportation Commission established the Oregon Transportation Infrastructure Bank (OTIB) to manage the pilot SIB, and allocated \$10 million to the SIB highway account at its May 22, 1996 meeting. The \$10 million consisted of approximately \$9 million in federal funds matched with \$1 million in state highway funds. The Commission also approved the formation of a SIB transit account to be funded at a later date.

The Cooperative Agreement between the Federal Highway Administration (FHWA), Federal Transit Administration (FTA), of the United States Department of Transportation (US DOT) and the Oregon Department of Transportation (ODOT) was signed on August 20, 1996. In September 1996, Congress passed additional SIB legislation that enabled the US DOT to designate additional qualified states to participate in the SIB pilot program. Twenty-nine (including two multi-state applications) new states were selected to participate in the SIB pilot program on June 19, 1997.

In the FY 1997 Appropriations Act, Congress approved the allocation of \$150 million in federal general revenue funds for SIB capitalization. The Secretary of Transportation awarded OTIB \$5.51 million of this amount using a formula that provided a minimum allocation. These funds increased the capital available in the SIB highway account and provided an initial capitalization for the SIB transit account.

The 69th Oregon Legislative Assembly (1997) passed House Bill 2097 (Chapter 679, Oregon Laws 1997). The bill established the Oregon Transportation Infrastructure Fund (to be managed by OTIB) and authorized issuance of up to \$200 million of revenue bonds. To date, no OTIB revenue bonds have been issued by the State. The legislation further defined transportation projects to include projects for highway, transit, rail, and aeronautics capital infrastructure, bicycle and pedestrian paths, bridges and ways, and other facilities that facilitate the transportation of materials, animals, or people. On July 28, 1997 Governor Kitzhaber signed House Bill 2097 into law. The law took effect October 4, 1997.

From the period of March 24, 2009 to October 13, 2010, a moratorium existed on the OTIB and no new loan applications were considered during this time.

Operational and management support for OTIB is provided by ODOT Financial Services Branch.

Positions directly involved in the day to day operation of the OTIB include: the Chief Financial Officer, the Debt and Quantitative Analysis Manager, and the Senior Financial Analyst assigned to the bank. Other ODOT involvement in the lending process includes participation from ODOT Regional offices and the Oregon Transportation Commission. The Department retains Public Resource Advisory Group as financial advisor to OTIB, and the law firm Orrick, Herrington, & Sutcliff LLP as bond counsel. The Oregon Department of Justice provides general legal services to OTIB.

Goals and Objectives

ODOT's mission is to provide an efficient, safe transportation system that enhances Oregon's economic competitiveness and livability. The mission of OTIB is to provide loans and other financial assistance to improve transportation infrastructure in the state.

To accomplish these missions, ODOT operates OTIB as a self-sustaining, growth-oriented fund. OTIB ensures projects satisfy all appropriate federal, state and local planning and programming requirements.

OTIB allows ODOT to:

- Leverage federal and non-federal transportation funds;
- Accelerate the development of planned projects;
- Improve communities' ability to meet their own transportation needs;
- Encourage development of revenue generating projects; and
- Facilitate non-traditional projects such as public-private partnerships (PPP).

Leverage Federal and Non-Federal Transportation Funds

Leveraging state and federal funds through OTIB is a component of ODOT's long-term investment strategy to meet the gap between needed and available funding. ODOT uses financial assistance provided by OTIB to encourage additional private and local investment to leverage federal and non-federal funds. This leveraging involves:

- *Recycling Funds* - using loan repayments to provide financial assistance to future projects;
- *Attracting Non-Traditional Sources of Capital* - participation by private project sponsors through development impact fees, user fees, public-private partnerships, etc., in-kind donations such as infrastructure improvements associated with development activity, right-of-way (ROW) donations etc.;
- *Generating Investment Income* - interest earnings on funds held in OTIB further increases the available resources; and
- *Issuing Debt* - using OTIB's portfolio of loan repayments, and/or each borrower's apportionment of the State's Highway User Tax as security for new debt.

Accelerate Projects

OTIB funding may accelerate projects in the planning process. For example, an OTIB loan may be used to accelerate a project currently programmed for a future year in the Statewide Transportation Improvement Plan.

Promote Partnership with Local Governments

OTIB may leverage local funds, providing a more stable, predictable source of funding, and enhance local government financing capacity. For example, a local city/county government may

form a local improvement district (LID) to develop roads and commercial, industrial and residential sites. Revenues generated through the taxing powers of the LID could be dedicated to transportation infrastructure investments and repayment of OTIB assistance.

Traditional vs. Innovative Financing

- *Traditional financing* - grant-based funding.
- *Innovative financing* - credit-based funding.

While grant-based funding will almost certainly remain the mainstay of the Federal-aid highway and transit programs, OTIB expands applicants' choices in how they are able to finance transportation projects, and create an incentive for applicants to identify new revenue streams that are linked to the benefits that the projects confer. Innovative financing may offer low interest rates and flexible terms.

Summary of OTIB Operations for Federal Fiscal Year 2013

The following provides a summary of the OTIB Active Loan portfolio and funds and accounts.

Funds

The OTIB ended federal fiscal year (FFY) 2013 with a cash balance of \$30,247,650. The cash balance consists of funds contained in seven accounts:

- 641-01 Administrative / State Highway Fund Account:
Balance: \$5,415,629
Description: This account is capitalized from loan origination fees and other revenues such as late payment charges. The purpose of this account is to pay administrative expenses, such as Department of Justice fees. These funds carry Oregon constitutional and statutory restrictions.

- 645-01 SIB Highway Account:
Balance: \$2,171,703
Description: The purpose of this account is to originate loans for Title 23 and Title 49 purposes. It was capitalized by an original federal SIB appropriation and matched with State Highway Fund monies. These funds can be used for loans for Title 23 and Title 49 purposes and carry federalization requirements.

- 645-02 SIB Transit Account:
Balance: \$351,161
Description: The purpose of this account is to originate loans for Transit projects that are federal aid eligible. It was primarily capitalized through monies received via the “Stripper Well” settlement, and matched with other federal disbursements. These funds carry federalization requirements.

- 645-03 SIB Transit Repayment Account:
Balance: \$2,165,795
Description: This account is capitalized from repayments for loans made from the 645-02 Transit Account, which are from non-federal sources. These funds can be used for loans for Title 23 and Title 49 purposes and carry federalization requirements.

- 645-04 State Highway Fund Account:
Balance: \$8,005,881
Description: The purpose of this account is to originate loans for highway projects. This account was capitalized primarily through a transfer of earned interest on bond proceeds from the State’s Series 2000A Highway User Tax Revenue bonds. These funds carry Oregon constitutional and statutory restrictions.

- 645-05 SIB Highway Repayment Account:

Balance: \$12,137,481

Description: This account is capitalized from non-federal sourced repayments for loans made from the 645-01 SIB account. The purpose of this account is to originate loans for Title 23 and Title 49 purposes. Because of the unique circumstances related to the status of the State as a pilot SIB, repayments from the original recapitalization that are from non-federal sources are not subject to full federalization requirements when loaned back out.

Loans

As of September 30, 2013, in its Active Portfolio, OTIB has 19 loans with an outstanding balance of \$20,289,464. An additional \$18,189,640 is obligated to borrowers, but has yet to be drawn upon.

From its inception to September 30, 2013, OTIB has originated an additional 17 loans totaling \$20,105,447 which have been fully repaid. The average loan size is \$2,106,176.

OTIB originated seven loans in Federal Fiscal Year 2013:

#0046 – City of Dundee (\$315,200)

Project: Newberg-Dundee Bypass, Phase 1

Terms: 2.58%, 20 year maturity

Projected Fund: 645-05 SIB Repayment Account

Notes: City of Dundee's share of the \$20 million match to State funds to build phase 1 of the Newberg-Dundee Bypass. The city plans to use Statewide Transportation Program (STP) funds, exchanged to ODOT for State funds to repay the loan.

#0047 – City of Dundee (\$284,000)

Project: Overlays and Street Improvements

Terms: 2.58%, 20 year maturity

Projected Fund: 645-04 State Highway Fund Account

Notes: Loan funds will be used to construct and improve several overlays and streets related to the Newberg-Dundee Bypass project. The city plans to use funds received from the State through the Jobs and Transportation Act of 2009 to repay the loan.

#0048 – City of McMinnville (\$3,209,600)

Project: Newberg-Dundee Bypass, Phase 1

Terms: 2.26%, 20 year maturity

Projected Fund: 645-04 State Highway Fund Account

Notes: City of McMinnville's share of the \$20 million match to State funds to build phase 1 of the Newberg-Dundee Bypass. The city plans to use STP funds, exchanged to ODOT for State funds to repay the loan.

#0049 – Yamhill County (\$10,366,640)

Project: Newberg-Dundee Bypass, Phase 1

Terms: 2.26%, 20 year maturity

Projected Fund: 645-05 SIB Repayment Account

Notes: Yamhill County's share of the \$20 million match to State funds to build phase 1 of the Newberg-Dundee Bypass. The county plans to use STP funds, exchanged to ODOT for State funds to repay the loan.

#0050 – City of Newberg (\$2,211,200)

Project: Newberg-Dundee Bypass, Phase 1

Terms: 2.58%, 20 year maturity

Projected Fund: 645-04 State Highway Fund Account

Notes: City of Newberg’s share of the \$20 million match to State funds to build phase 1 of the Newberg-Dundee Bypass. The city plans to use STP funds, exchanged to ODOT for State funds to repay the loan.

#0051 – City of Rogue River (\$250,000)

Project: Overlays and Street Improvements

Terms: 1.00%, 20 year maturity

Projected Fund: 645-04 State Highway Fund Account

Notes: The city has identified many streets within city limits that are in dire need of repair and resurfacing. The voters of Rogue River, in November 2012, passed a General Obligation levy to raise funds to pay for the work to be done to the streets. The loan will be repaid through annual levies on the property tax payers of the city. The city qualifies under OTIB rules as a “disadvantaged community”, and was allowed the first \$250,000 to be borrowed at an annual rate of 1%.

#0052 – City of Rogue River (\$1,350,000)

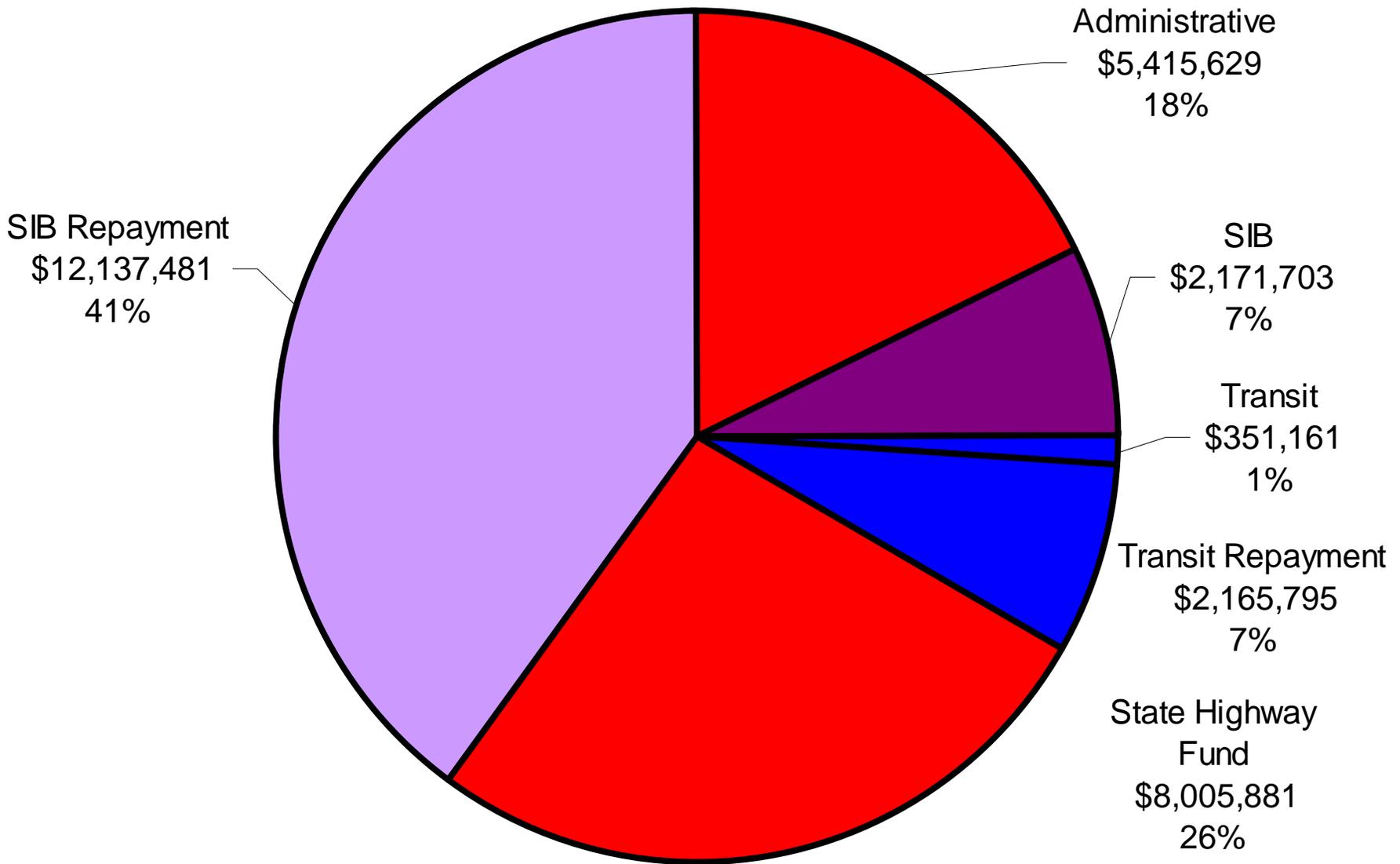
Project: Overlays and Street Improvements

Terms: 3.09%, 20 year maturity

Projected Fund: 645-04 State Highway Fund Account

Notes: The city has identified many streets within city limits that are in dire need of repair and resurfacing. The voters of Rogue River, in November 2012, passed a General Obligation levy to raise funds to pay for the work to be done to the streets. The loan will be repaid through annual levies on the property tax payers of the city. The rate for this loan was equivalent to the 12 year “AA” Municipal Market Data (MMD) index rate as of the time of loan closing.

Fund Balances
(as of September 30, 2013)



Outstanding Loans

(As of September 30, 2013)

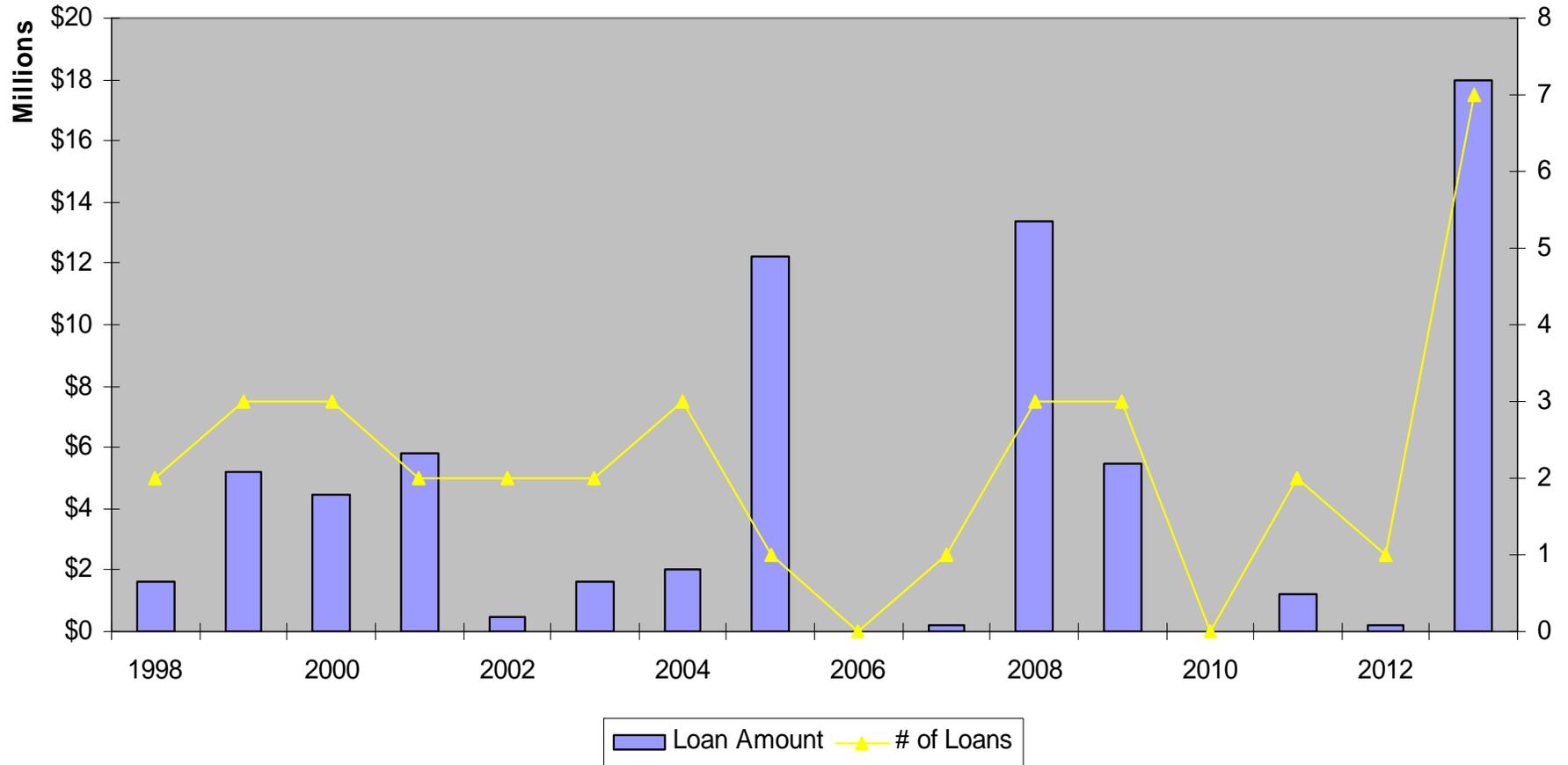
Loan Count	Loan No.	Borrower Name	Project Description	Loan Date	Loan Amount	Interest Rate	Maturity Date	Undisbursed Amount	Principal Balance OS	Next Scheduled Payment Date	Scheduled Amount
1	0018	Tillamook County	Sand Lake-Galloway Road Improvements	06/28/00	1,250,000.00	0.50%	07/01/20	-	152,361.15	07/01/14	38,600.00
2	0023	Tillamook County Transportation District	Transit Facility	02/04/03	750,000.00	4.00%	06/01/23	-	435,049.10	11/01/13	4,545.00
3	0025	City of Scappoose	Crown Z Road	08/28/03	625,000.00	4.00%	01/02/19	-	271,650.35	01/02/14	56,213.00
4	0026	City of Jacksonville	Hwy 238; Other Improvements	10/03/03	1,145,000.00	4.00%	08/01/15	-	229,239.26	08/01/14	124,941.19
5	0029	Clackamas County	Sunnyside Rd Widening I-205 to 172nd Av	05/25/05	12,250,000.00	3.75%	11/15/20	-	6,905,460.35	11/15/13	995,145.00
6	0031	Multnomah County	223rd Sandy Blvd. Bridge St Undercrossing	10/07/08	3,133,515.59	3.98%	09/01/25	-	2,919,004.92	09/01/14	413,151.00
7	0036	Cascade Sierra Solutions	SmartWay Upgrade	02/26/08	2,985,179.00	5.00%	12/01/13	-	508,804.11	10/01/13	37,540.00
8	0038	Clackamas County	5 Projects	08/05/08	10,000,000.00	3.65%	11/15/24	-	7,191,627.65	11/15/13	395,600.00
9	0041	Athey Creek CF	I-205 Stafford Rd, Ek Rd	08/24/09	950,000.00	5.00%	01/01/21	-	875,286.11	11/01/13	12,027.00
10	0043	City of Mitchell	US26 Bridge Creek	08/25/11	9,147.18	0.00%	09/20/22	-	8,232.46	09/20/14	914.72
11	0044	Benton County	Reservoir Avenue Re-alignment	08/25/11	1,189,407.93	2.10%	01/20/22	-	792,748.81	01/20/14	123,000.00
12	0045	City of Chiloquin	Line Replacement	06/01/12	203,000.00	1.00%	01/25/28	203,000.00	-	N/A	-
13	0046	City of Dundee	Newberg-Dundee Bypass Phase 1	07/01/13	315,200.00	2.58%	01/25/36	315,200.00	-	N/A	-
14	0047	City of Dundee	Overlays & Street Improvements	07/01/13	284,000.00	2.58%	01/25/36	284,000.00	-	N/A	-
15	0048	City of McMinnville	Newberg-Dundee Bypass Phase 1	07/01/13	3,209,600.00	2.26%	01/25/36	3,209,600.00	-	N/A	-
16	0049	Yamhill County	Newberg-Dundee Bypass Phase 1	07/01/13	10,366,640.00	2.26%	01/25/36	10,366,640.00	-	N/A	-
17	0050	City of Newberg	Newberg-Dundee Bypass Phase 1	07/01/13	2,211,200.00	2.58%	01/25/36	2,211,200.00	-	N/A	-
18	0051	City of Rogue River	Overlays & Street Improvements	09/20/13	250,000.00	1.00%	06/01/36	250,000.00	-	N/A	-
19	0052	City of Rogue River	Overlays & Street Improvements	09/23/13	1,350,000.00	3.09%	06/01/36	1,350,000.00	-	N/A	-
Totals					52,476,889.70	3.75%		18,189,640.00	20,289,464.27		2,201,676.91

Repaid Loans

(As of September 30, 2013)

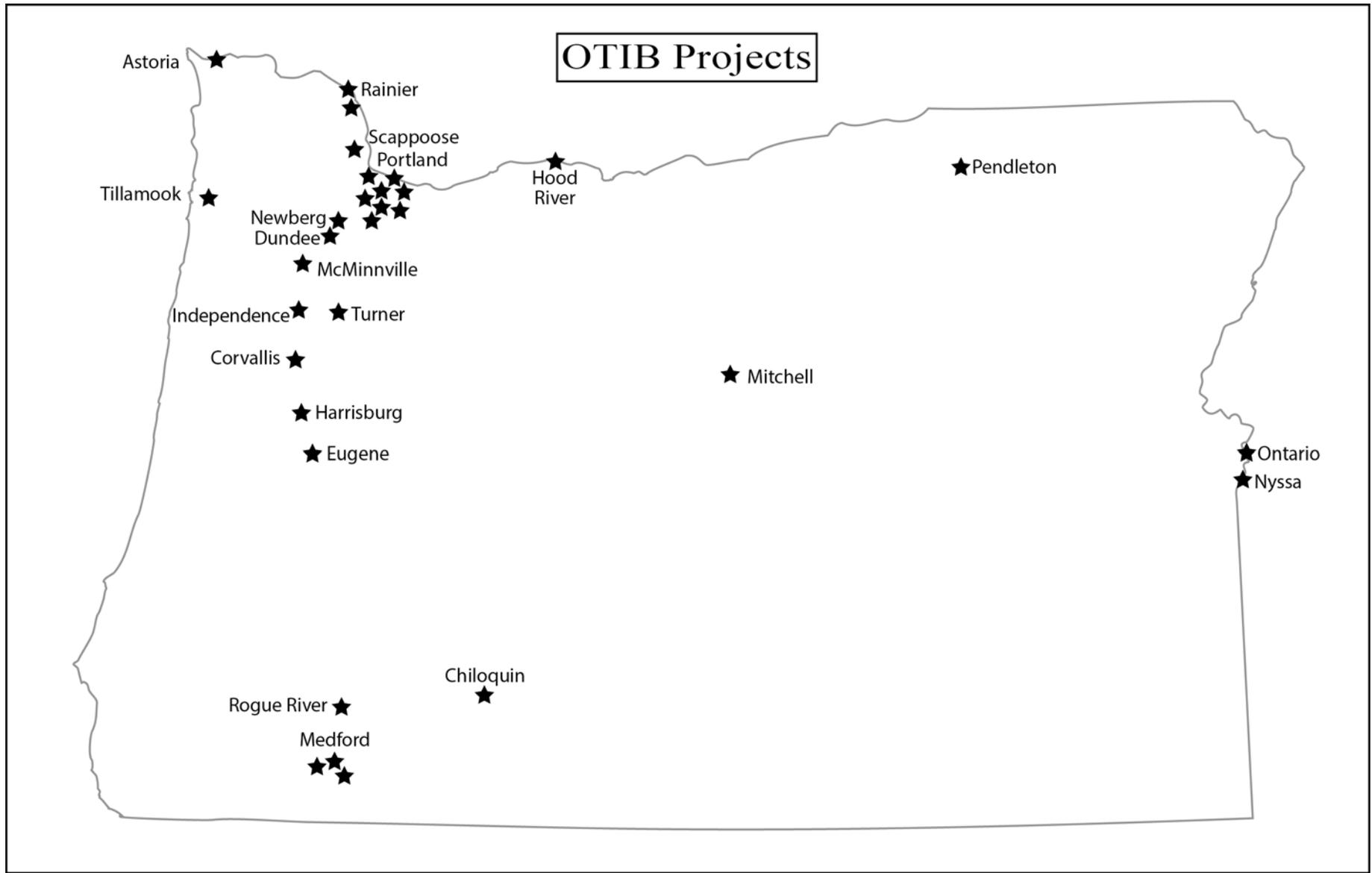
Loan Count	Loan No.	Borrower Name	Project Description	Loan Date	Loan Amount	Interest Rate	Scheduled Maturity Date	Paid Date
1	0003	Lane Transit District	Signal Priority Systems	05/15/98	781,000	4.180%	01/01/04	07/21/00
2	0009	City of Independence	Ash Creek Bridge Replacement	04/01/98	735,000	4.000%	07/01/00	01/31/99
3	0011	Sunset Empire Transportation	Intermodal Center Design	08/26/99	225,000	3.610%	12/31/03	06/04/04
4	0012	Washington County	Murray Blvd Bridge Widening	06/30/99	4,400,000	3.610%	06/30/03	06/18/03
5	0015B	Port of Hood River	Interstate Bridge Lift Controls	08/03/99	600,000	3.560%	09/03/03	04/23/03
6	0016B	City of Portland	Landslides Repair	02/29/00	690,000	4.180%	05/01/04	06/28/01
7	0017	City of Portland	Lovejoy Ramp Replacement	03/20/00	2,500,000	4.320%	06/30/04	06/04/04
8	0019	ODOT (Ontario)	SW 18th Avenue	04/17/01	5,500,000	3.500%	03/30/03	09/30/02
9	0021	ODOT (Harrisburg)	Highway 99E Signal	01/30/02	375,000	4.000%	10/15/06	09/30/02
10	0037	ODOT Rail	MMTF Study	04/14/08	400,000	0.000%	04/14/10	06/26/09
11	0033	City of Turner	3rd and Denver	03/08/07	222,334	4.110%	01/01/29	11/23/09
12	0028	Rogue Valley Transp.	Purchase Equipment	07/30/04	725,000	4.000%	12/01/14	03/05/10
13	0020	City of Rainier	West "B" Street	05/11/01	302,000	4.000%	05/11/11	05/11/11
14	0022	City of Rainier	West "B" Street	04/12/02	113,000	4.000%	05/11/11	05/11/11
15	0024	City of Phoenix	I-5: Fern Valley	05/29/03	1,000,000	4.000%	05/01/13	12/07/11
16	0027	City of Nyssa	Snake R. Bridge Water Relocation	04/26/04	125,500	0.000%	06/01/14	01/17/12
17	0040	City of Pendleton	Airport Connector Rd	04/22/09	1,411,613	4.800%	07/01/16	04/08/13
Total					20,105,447			

OTIB Loans
Federal Fiscal Year
(As of September 30, 2013)



OTIB Project Map

(As of September 30, 2013)



Report Authors

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