

TEXAS TRANSPORTATION COMMISSION

SHELBY County

MINUTE ORDER

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LUFKIN District

On July 27, 2006, in Minute Order 110618, the commission granted preliminary approval of an application from the City of Center to borrow \$475,000 from the State Infrastructure Bank (SIB) to pay for water line relocation and upgrade on SH 7 in Shelby County.

Section 350 of the National Highway System Designation Act of 1995 (Public Law No. 104-59) authorizes states to establish a SIB to make loans and provide other financial assistance to public and private entities, encourage public and private investment in transportation facilities, expand the availability of funding for transportation projects, and reduce state costs.

Pursuant to this legislation, Transportation Code, Chapter 222, Subchapter D, created a SIB within the Texas Department of Transportation (department). The commission has adopted administrative rules implementing that subchapter and establishing eligibility criteria for an entity applying for financial assistance from the SIB. These rules are codified as 43, TAC, Chapter 6.

The provision of capital to the SIB will reduce the burdens and demands on the limited funds available to the commission and increase the effectiveness and efficiency of the department by allowing the SIB to provide financial assistance to eligible transportation projects.

43 TAC, §6.23 authorizes eligible entities to submit applications for financial assistance from the SIB and prescribes requirements for an application.

On April 25, 2005, the City Council of Center passed a resolution authorizing submission of this application to the SIB. This resolution indicates the official written approval of the projects by the governing body of the city and demonstrates local public support. The city has represented that its utility revenue funds will secure the loan. This indicates the applicant is likely to have sufficient revenue to assure repayment of the loan. The present and projected financial condition of the SIB is sufficient to cover this request.

The project is consistent with the Texas Transportation Plan and is included in the Statewide Transportation Improvement Program. The project would improve safety and efficiency of the state's transportation system. The proposed project and loan are in conformity with the purposes of the SIB and will expand the availability of funding for transportation projects and reduce direct state costs. All necessary social, economic, and environmental studies have been completed and no further coordination is required. The project will provide for all reasonable and feasible measures to avoid, minimize, or mitigate for adverse environmental impacts.

In accordance with 43 TAC §6.31, the department has reviewed and analyzed the application, finds the application to be in compliance with the requirements of 43 TAC, Chapter 6, and recommends that the commission grant final approval of the application pursuant to 43 TAC §6.32.

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NOW, THEREFORE, IT IS DETERMINED that the application to borrow \$475,000 from the State Infrastructure Bank submitted by the city of Center is granted final approval by the commission. The loan will be repaid over a period of ten years at 4 percent per annum. The executive director is directed and authorized to enter into this financial assistance agreement.

Submitted and reviewed by:

Recommended by:

Chief Financial Officer

Executive Director

Minute
Number

Date
Passed