



Michigan Department of Transportation Office of Economic Development State Infrastructure Bank

The State Infrastructure Bank (SIB) was established as a pilot program under section 350 of the National Highway System Designation Act of 1995 (NHS Act), state enabling legislation, and a cooperative agreement dated February 24, 1998, by the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Michigan Department of Transportation (MDOT). The NHS Act authorized the creation of the Michigan SIB program to provide loans to public and private entities for eligible transportation improvements.

The SIB complements traditional funding techniques and serves as a useful tool to meet urgent project financing demands, stretching federal, state and local dollars. These loans allow eligible applicants to close financing gaps, expand project scopes, improve safety, and through project acceleration, avoid cost increases and reduce construction period disruptions.

All Act 51 road agencies are eligible to borrow. There is no minimum loan amount. Because of capital restrictions, SIB financing will generally not exceed \$2 million. The level of SIB participation in proposed projects is determined on a case-by-case basis.

The interest rate for SIB loans is currently set at 3%. The interest rate may vary, depending on the level of risk and repayment terms requested by the borrower. The interest rate may also vary for projects in need of emergency financing.

The project evaluation process consists of two stages:

In stage one, applicants complete a brief application. MDOT staff ensures the application is eligible for financing under Title 23, Title 49, Act 51 or Act 295. MDOT staff assesses the proposed project's feasibility, level of public support, the applicant's technical capabilities, the borrower's credit worthiness, and the SIB's financial capability to participate in the proposed project. Site visits are conducted to observe the site and verify consistency within the application. The applicant is notified of the results of its evaluation as quickly as possible (usually within 30 days of submission of a complete application).

In stage two, if the proposed project is approved, MDOT will negotiate a SIB agreement with the applicant. MDOT/Local agreements require State Transportation Commission and/or State Administrative Board approval. The time required to complete this stage of the process will depend on the complexity of the project and its financing needs (usually from 8 to 12 weeks).

For additional information, contact the MDOT Office of Economic Development at (517) 335-1069.