

TITLE 830 - INFRASTRUCTURE BANK

CHAPTER 10 – PROGRAMS

SUBCHAPTER 15 - SEPTIC AND SEWER

PART 2 - FACILITY PLAN LOAN PROGRAM POLICIES AND PROCEDURES

2.1 Purpose:

The ~~se within~~ Loan Policies and Procedures of ~~the~~ the Rhode Island Infrastructure Bank Clean Water Finance Agency (the "Bank" Agency) have been established to govern the lending activities ~~between~~ of the Bank Agency and local governmental units in the State of Rhode Island in connection with ~~the~~ a Facilities Plan Loan Program (FPLP) under and pursuant to R.I. Gen. Laws Chapter 46-12.2, as amended of the General Laws of Rhode Island.

2.2 Definitions:

- A. Except as otherwise defined herein, the words and phrases used within these Loan Policies and ~~P~~rocedures have the same meaning as the words and phrases have in R.I. Gen. Laws Chapter 46-12.2, of the General Laws of Rhode Island as amended.
- B. "Facility plan" means any of the following: municipal stormwater management plans; water pollution abatement project facilities plans; wastewater treatment facility energy efficiency and generation plans; wastewater treatment facility resiliency plans; local governmental unit total maximum daily load implementation plans; municipal stormwater utility development plans and amendments or updates to such plans.

2.3 Financial Assistance:

~~The objective of these~~ Loan Policies and Procedures govern the provision of ~~is to provide~~ financial assistance to local governmental units for municipal stormwater management plans; water pollution abatement project facilities plans; wastewater treatment facility energy efficiency and generation plans; wastewater treatment facility resiliency plans; local governmental unit total maximum daily load implementation plans; municipal stormwater utility development plans; and amendments or updates to such plans., ~~in the form of short-term loans, not in-~~

~~excess of one hundred fifty thousand dollars (\$150,000) per project, with deeply subsidized interest rates and minimum administration expense.~~

2.4 Loan Application:

A. Request for financing under the Facilities Plan Loan Program ~~of a facilities plan loan~~ should be submitted in writing by the chief executive officer or other authorized officer of the local governmental unit to the Executive Director of the Bank Agency. ~~No particular form of application shall be required but the written request should generally include~~ The written request shall include:

1. A projection of the total actual costs for preparing the Facility Plan or amendments or updates to such plans as approved by the Department of Environmental Management.
2. A description of the dedicated source of loan repayment, i.e. general revenues from property taxes of cities and towns, ~~or wastewater system revenues, or other sources available to the local governmental unit and deemed acceptable by the Bank from user fees of Sewer Commissions and Wastewater Management Districts. (The source of repayment will assist the Agency in determining the loan structure.)~~
3. A description of the overall operations of the local governmental unit, including but not limited to the most recent annual report or audited financials, with an emphasis on
 - a. legal structure;
 - b. management;
 - c. sources of revenues;
 - d. operating expenses;
 - e. operating surpluses or deficits;
 - f. actual results versus budget;
 - g. sources of financial liquidity.

~~The most recent annual report or audited financials may be submitted in satisfaction of all or any part of this item.~~

4. Legal authority or authorities to borrow ~~from~~ the Facilities Plan Loan Program.

5. ~~Such other information as will support a finding by the Bank Agency that meeting the loan will not have an adverse impact on the finances of the Bank Agency or its other borrowers~~ Other information reasonably requested by the Bank.

2.5 Loan Approval Process:

- A. Subject to availability of ~~Bank Agency~~ funds and to prioritization of facility planning projects by the Department of Environmental Management (DEM), loan applications will be considered for approval by the Bank for any eligible local governmental unit FPLP Loan. The local governmental unit will provide a general obligation pledge, a promissory note in fully marketable form, or other obligation deemed acceptable by the Bank to ensure repayment of the FPLP loan. A credit review of the local governmental unit and report by the Executive Director will be taken into consideration by the Bank.

~~loans will be approved by the Executive Director of the Agency for any eligible applicant which has outstanding debt securities, payable from the same source of funds as the loan requested, which debt is rated as investment grade by a nationally-recognized municipal credit rating agency. All other loan applications will be approved by action of the Board of Directors after a credit review and report by the Executive Director who will take into consideration:~~

- ~~1. sources of revenue and financial liquidity~~
- ~~2. historical and projected financial operating results~~
- ~~3. present and future debt service requirements~~
- ~~4. impact of dedicated user fees and/or general revenues~~
- ~~5. cost of the project and completion certificate~~
- ~~6. long term capital replacement planning~~
- ~~7. socioeconomic conditions and trends~~
- ~~8. management qualifications and experience~~
- ~~9. effects of legal structure and any regulatory control~~

- B. All loans are subject to the issuance and terms of a Certificate of Approval by the Department of Environmental Management (DEM) or its successor.

2.6 Terms and Conditions:

- A. Interest - Loan will bear interest at the rate of one (1.00%) percent per annum. Interest is to be calculated on ~~the basis of~~ a three hundred sixty (360)-day year and twelve (12) thirty (30)-day months on the outstanding loan balance. Interest payments are paid semi-annually on March 1 and September 1 and at final maturity.
- B. Loan Fees - The ~~Bank~~Agency will charge a Service Fee of one half of one (0.50%) percent per annum of the outstanding principal of any loan payable semi-annually at each interest payment date. All out of pocket closing costs, i.e., borrowers cost of issuance, borrower counsel fees, ~~Agency counsel fees~~ and other closing costs will be paid by the borrower out of loan proceeds.
- C. Amortization - Amortization will begin within fifteen (15) months after the loan closing and payments will be made annually thereafter to completely discharge the Loan within ~~thirty ninesixty~~ (60) months of the loan closing.
- D. Prepayments - The loan may be prepaid by the borrower at any time but may be subject to a prepayment penalty based on the cost of reinvesting the prepayment or any other negative financial impact to the Bank, the cost of prepaying outstanding bonds of the Agency or any other negative financial impact to the Agency.
- E. Security - Loans will have a ~~general~~ pledge of:
1. general revenues and/or dedicated wastewater system revenues.
 2. may be secured by any other assets and upon such other terms and conditions as the Bank deems appropriate to protect the interest of the other participants in the loan programs of the Bank, other creditors of the Bank, bondholders, or the finances of the Bank.
 - a. The obligations of the Borrowers may be subject to and dependent upon appropriations being made by the Borrower for such purposes.
- ~~(a) general revenues and/or the dedicated wastewater system revenues; and (b) may be secured by any other assets which the Agency deems appropriate to protect the interest of the other participants in the loan programs of the Agency; bondholders; other creditors of the Agency; or the finances of the Agency.~~F.
- Progress Payments - Progress payments for each project will be made through an account established by the Borrower. Loan proceeds will be transferred monthly from the Borrower account for each borrower based upon

approved Requisition Forms submitted to the Bank. Upon receipt of the Requisition Form, the Bank will verify:

1. that a Certificate of Approval has been issued by DEM;
2. the vendor is identified in the contract; and
3. there is sufficient availability in the Borrower account to make the payment. Payments will be made directly to the vendor and/or the Borrower for reimbursements by the Bank, and a "paid" stamped copy of the Requisition Form will be sent to the Borrower and R+DEM

~~Loan Advances—Loan proceeds will be advanced to the borrower in full at closing. All loan proceeds must be disbursed before the first amortization date.~~

~~G. Record of Disbursement—The borrower will forward to the Agency on a monthly basis, a record of disbursements made to the firm(s) developing the facility plan.~~
G. Certificate of Approval - Prior to disbursement of funds by the Bank, the Bank must be in receipt of the Certificate of Approval by the R+DEM of the Borrower's proposed project(s) pursuant to R.I. Gen. Laws Title 46-12.2 of the Rhode Island General Laws and rules and regulations promulgated thereunder.

2.7 Reporting Requirements:

- A. Borrowers will be required to provide information to the ~~Bank~~Agency during the life of the loan. including but not limited to—Required information includes:
1. A copy of its Annual Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards, annually within nine (9) months~~180 days~~ of end of fiscal year.
 2. Copies of reports submitted to R+DEM, the Environmental Protection Agency (EPA) and any other regulatory agency relating to the facility plans financed by the Bank or the operation thereof, simultaneously with each submission~~loan.~~
 3. Other information or reports as and when~~that~~ the ~~Bank~~Agency ~~deems appropriate may reasonably require.~~

2.8 Loan Documents:

The terms and conditions of each loan will be evidenced by an agreement~~note~~ outlining the specific terms and conditions of the loan and such agreement will be~~note will be held in "fully marketable form"~~ accompanied by an opinion of counsel, as required by the ~~Bank~~Agency enabling act.

2.9 Compliance with State and Federal Law:

Recipients of loans must comply with all applicable state and Federal, Bank and municipal laws, ordinances, rules and/or regulations.

2.10 Modifications:

Where deemed appropriate by the BankAgency, waiver or variation of any provisions herein may be made or additional requirements may be added.

2.11 Severability:

If any provision of ~~these rules and regulations~~this Part or the application thereof to any local governmental unit, person, or corporation is held invalid by a court of competent jurisdiction, the remainder of ~~the rules and regulations~~this Part shall not be affected thereby. The invalidity of any section or sections or parts of any section or sections shall not affect the validity of the remainder of ~~these rules and regulations~~this Part.