

Local Government Infrastructure Finance Program

Application Instructions

Eligible Applicants:

Each Maryland county and municipality is eligible to participate in the program provided it possesses the legal authority necessary for constructing, operating and maintaining the proposed project, for obtaining, giving security for and repaying the proposed loan, and receives income tax payments and various other shared revenues from the State.

Program Purpose:

Some local governments have difficulty obtaining long term capital financing with advantageous terms because of the relative small dollar amount of their needs, the expense and other impediments involved in becoming rated, and/or the complexity of the capital marketplace. The Local Government Infrastructure Financing Program provides an efficient and economical means of access to capital markets in order to finance specific infrastructure projects.

Maryland Department of Housing and Community Development
Community Development Administration
100 Community Place
Crownsville, Maryland 21032-2023

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

LOCAL GOVERNMENT INFRASTRUCTURE FINANCE PROGRAM APPLICATION INSTRUCTIONS

The governing statutory provisions for the Local Government Infrastructure Finance Program are found in the Maryland Annotated Code, Housing and Community Development Article, Title 2, Section 4, primarily at Sections 4-228 through 4-231. The regulations for the Program are located in COMAR 05.09.01.

These are instructions for completing the following forms for participation in the Local Government Infrastructure Finance Program:

1. **Application**
2. **Project Information OR Project Information-Refinancing**
3. **Economic Growth, Resource Protection & Planning Policy Questionnaire**
4. **UFR Financial Disclosure Excerpt Report (Use Excel Spreadsheet)**

1. **One (1) Application** shall be completed in full and delivered to the **Maryland Department of Housing & Community Development, Local Government Infrastructure Finance Program, Room 4.435, 100 Community Place, Crownsville, Maryland 21032-2023**. For assistance in completing the forms, contact Charles Day by telephone at 410-514-7466, or by e-mail at Charles.Day@Maryland.gov. Call for instructions regarding hand delivery.
2. The questions are continuing in nature. Information unavailable when the forms are submitted which becomes available prior to the date of the closing of the Local Government loan shall be submitted to the above address.
3. The Application and supporting forms were processed using Microsoft software, and are available electronically. Perspective applicants are encouraged to visit the Department of Housing and Community Development's website to learn more about the Program and access many of the supporting forms: <http://www.mdhousing.org/Website/Programs/LGIF/Default.aspx>
4. The basic Application consists of 15 pages. A two-page "*Project Information*" attachment, as well as a seven-page "*Tax Questionnaire Form*" must be completed for **each** construction project for which financing is sought. Further, an "*Economic Growth, Resource Protection & Planning Policy Questionnaire*" must be submitted with **each** "*Project Information*" attachment.

For those applicants looking to refinance existing debt, in lieu of the "*Project Information*" attachment, complete the "*Project Information-Refinancing*" attachment and a "*Refunding Tax Questionnaire Form*" for each existing debt for which an application is submitted for refinancing. With regard to compliance with federal Securities and Exchange Commission requirements for financial disclosure, the Department of Housing and Community Development references five years of Uniform Financial Reports (UFRs). Prior to the sale of the bonds, the applicant will have to certify to the accuracy of the excerpted figures reported in the Uniform Financial Disclosure Excerpt Report.

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5. Every question should have a direct response or some indication that the applicant addressed the point. If a question relates to information that the applicant does not have or refers to a procedure or activity in which the applicant does not engage, this should be indicated and an explanation inserted by interlineation or as an attachment.
6. Use numerals to number the attachments mentioned in and submitted with the Application. The upper right hand corner of the first page of each attachment shall read "ATTACHMENT _____." Prepare a separate sheet entitled "List of Attachments" listing the attachments in numerical order.
7. *Standard three-hole punch all application pages, attachments, and addenda.* Please do not bind the documents in any manner more permanent than using rubber bands or binder clips. Applicants are encouraged to submit materials electronically by email.

ADDITIONAL INFORMATION:

A form of Ordinance or Resolution must be approved by your local governing body following a public hearing that has been advertised in a newspaper of general circulation in the jurisdiction in accordance to the Maryland Annotated Code, Housing and Community Development Article, Sections 4-230 through 4-232, as amended.

Please make certain the Ordinance or Resolution is adopted in sufficient time that any referendum period will have passed in advance (**3 weeks minimum**) of the date a Preliminary Official Statement is circulated by the Department. Call or email Charles Day - Director, Infrastructure Program, the proposed schedule of approvals and also send a draft of the Ordinance/Resolution for review prior to its passage to: Infrastructure Program, DHCD, 100 Community Place, Room 4.435, Crownsville, MD 21032. Email address: Charles.Day@Maryland.gov {*The Local Government is responsible for preparing, enacting, and returning this document*}

Note: A form of ordinance and a form of newspaper advertisement are available for your convenience in connection with these efforts. Electronic forms are posted on the website. Hard copies are available upon request. Visit our website at: <http://www.mdhousing.org/Website/Programs/LGIF/Default.aspx>

LOCAL GOVERNMENT INFRASTRUCTURE FINANCE PROGRAM APPLICATION INSTRUCTIONS

SECTION 1: APPLICANT INFORMATION

Legal Name - Legal name of the borrower, i.e., the local government or the instrumentality of a local government; note that "Local Government" is a defined term which means the borrowing entity which is participating in the Program.

Authorized Representatives - In addition to providing contact information, please include a brief biography that summarizes each person's professional credentials and tenure with the municipality. The borrower must designate one person who will provide liaison assistance throughout the application process and during sale of the bonds and closing of the loan, will execute the draw requests, and will be responsible for receiving the debt service notices and annually submitting audited financial statements.

Phone - Having the authorized representative's direct work phone line can sometimes prove crucial to keeping a financing on schedule.

E-mail - The most timely information about the status of the financing will be distributed via e-mail to the authorized representative *and the local attorney*.

Charter - attach a copy of a municipal charter as published in Municipal Charters of Maryland. Charter amendments not enacted early enough to be included in the supplement should also be included. Local Governments without charters should attach their authorizing legislation.

SECTION 2: PROJECT INFORMATION

Each project for which financing is sought should be listed and described separately on a "Project Information" attachment or on a "Project Information - Refinancing" attachment.

Project Name - Assign a name and number for each proposed project.

Purpose of Borrowing - Provide a brief narrative describing the project

Location of Project - If available, include a physical mailing address. Applicant's should also submit a map which clearly delineates the proposed project site and/or area.

Source of Funds - Identify all sources of monies being applied to fund the project, and whether each source has been secured.

Project Cost Breakdown - Detail anticipated costs associated with the proposed project.

Preferred Maturity for Loan - A participant has some say in determining the term (years) of their loan(s), provided that term does not exceed the useful life of the project or thirty (30) years, whichever is less.

Anticipated Draw Schedule - Please identify the anticipated schedule by which loan proceeds will occur in order to cover eligible capital expenditures. Participants are strongly encouraged to draw down loan proceeds in their entirety within 24 months of the loan closing date.

Readiness to Proceed - List anticipated dates.

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SECTION 3: ECONOMIC GROWTH, RESOURCE PROTECTION & PLANNING POLICY

This section must be completed for each construction project. The format of this form is intended to elicit information which will allow CDA to make a determination that each project is consistent. Specificity in responding will contribute to an expeditious determination. The Local Government's planning director or, in lieu thereof, planning commission chair, should complete this form. Call the Program for any assistance necessary to complete the form. If another source of state funds or state administered federal funds is being utilized for the project and the project's consistency with the State Economic Growth, Resource Protection, and Planning Policy Act has already been determined or is pending, a citation of the determination or a statement of the status of the determination should be included as an Addendum to the Project Information Attachment.

SECTION 4: FINANCIAL INFORMATION

Audited Financial Statements – Please provide audited financial statements **for the last 6 years**. Electronic format is the preferred delivery method (PDF files that are word searchable).

Interim (unaudited) financial statements – Provide interim statements for the current fiscal year.

Budgets – Another important part of the application - recently adopted "Operating" and if available "Capital" budgets should be included with the application submission.

Issued or authorized new debt – If the applicant has incurred debt not reflected in current audited financial statements, or plans to incur additional indebtedness in the next 6 to 12 months, please make a note of it here.

SECTION 5: DEBT INFORMATION

Should a jurisdiction incur additional indebtedness **not** reflected in the most recent audited financial statements, please identify the amount and source of that debt. If available, please provide a copy of the jurisdictions adopted "DEBT POLICY"; identify any restrictions or limitations for assuming indebtedness. Are there currently policies in place for evaluating debt affordability?

SECTION 6: ECONOMIC INFORMATION

Updated population - Provide an updated figure only if it has been generated by a professional source

Unemployment Rate(s) – It is only necessary to provide county level rates if local rates are not tracked.

Building Permits Issued – Total number of building permits issued for during each fiscal year.

Taxpayers and Employers - List the community's largest employers and tax payers - "type" should be generic - if an employer will not reveal the number of employees, estimate the number. Do not include organizations outside of the local jurisdictions legal limits; for example, a municipal corporation cannot include employers in the surrounding County.

Per Capita and Median Household Income – Data usually tracked at the county level.

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Economic Trends, Policies, and Strategies – describe mechanisms (if applicable). Identify pending or anticipated litigation.

Multi-year Program - If there is none but one will be developed in the near future, the process by which it will be developed and considered should be described. Otherwise, a description of how the governing body identifies capital project needs should be included together with an explanation as to why such a basic requirement of prudent governmental financial management is being ignored.

UNIFORM FINANCIAL REPORTS EXCERPT

Uniform Financial Reports (“UFR”) - Pursuant to SEC Rule 15c-2-12 financial information for each participant must be made available to the public when bonds are sold. The Department of Housing and Community Development has elected to comply with this requirement by publishing excerpts from each participant’s Uniform Financial Reports in an appendix to the Official Statement for the Infrastructure Bonds. An applicant must prepare the UFR Excerpt Report to include five years of fiscal data. (Spreadsheet form is available at the following link: <http://www.mdhousing.org/Website/Programs/LGIF/Default.aspx>) There will come a time shortly before the Preliminary Official Statement is printed that the Program’s bond counsel will, within a compressed timeframe, require the applicant to certify to the accuracy of the applicant’s page of the financial disclosure appendix. This action, in turn, will necessitate the applicant’s verification of the data by comparing it to the UFRs from which it was excerpted.

CERTIFICATION

3. Continuing Nature of Application - The Local Government agrees continuously to supplement the information in the application until the loan is closed.

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PROJECT INFORMATION

Project name - Should be succinct and complete

Manner of adoption - If the Local Government has a capital budget, a reference to the line item is sufficient; otherwise, the governing body's action on the project should be described

Detailed description - Project should be described in succinct, layman's terms - it should not be assumed that the reviewer is familiar with either the public activity or the geographical location of anything related to the application

Project location - Be as precise as possible. Assume that those reviewing the application have never been to your jurisdiction.

Project funding - All sources of funds intended to be utilized to finance the project should be listed. The amount intended to be borrowed from the Infrastructure Program should be listed in the first line. The Local Government may subsequently revise the amount of its Infrastructure Loan provided the Program receives written notice prior to the printing of the Preliminary Official Statement.

Preferred maturity - The Local Government may elect any maturity, not greater than thirty years, provided the maturity does not exceed the anticipated useful life of that which is being financed. The Local Government may subsequently elect a different maturity provided the Program receives written notice prior to the printing of the Preliminary Official Statement.

Payment of costs - The number of the costs' payment option selected by the Local Government should be inserted. The Local Government may subsequently elect a different method of payment provided CDA receives written notice prior to the printing of the Preliminary Official Statement.

Addenda - A number of addenda further describing each project are anticipated. Each addendum shall be identified on its upper right hand corner as "ADDENDUM _____ to ATTACHMENT _____."

Anticipated Draw Schedule- Please submit an estimated draw schedule for the Projects.

PROJECT INFORMATION - REFINANCING

In lieu of completing the Project Information form and its addendum described above, this attachment should be completed for the refinancing of existing debt which initially financed infrastructure. Consideration should be given to the handling of accrued interest, specifically whether the Local Government wishes to include the accrued interest in the amount of the new loan or does it wish to pay this amount in cash at the time the loan is closed? The Local Government also should make elections as to the preferred maturity of the Program loan and the manner of payment of the costs of the Program financing. These elections may be revised provided a new election is submitted to the Program in writing prior to the printing of the Preliminary Official Statement. In addition to current information describing the debt, it would be prudent for the Local Government to obtain a statement from the lender outlining amounts and instructions for a pay-off. It is important that you provide a complete transcript/description of the existing loan(s).

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FINANCIAL DISCLOSURE

MUNICIPALITIES

Source of data for *municipalities* from UFR [Form F-65 (MD-2)]

Revenues (General Fund) - Part I, pgs 1-3

Total Local Taxes - Sec. A

Total Licenses & Permits - Sec. B

Total Intergovernmental Revenues - Sec. C

Total Services Charges - Sec. D

Total Fines & Forfeitures - Sec. E

Total Miscellaneous - Sec. F

Long Term Debt Proceeds - Sec. G [If not reported here, see Part III-A]

Total Revenues (pg 3) [Plus III-A, if not reported as I-G]

Expenditures (General Fund) - Part II, pgs 4-5

Total General Government - Sec. A

Total Public Safety - Sec. B

Total Public Works - Sec. C

Total Parks, Recreation & Culture - Sec. D

Total Community Development & Public Housing - Sec. E

Total Economic Development & Opportunity - Sec. F

Total Debt Service - Sec. G [If not reported here, see Part III-B]

Total Miscellaneous - Sec. H

Total Expenditures (pg 5) [Plus III-B, if not reported as II-G]

Assets & Liabilities (General Fund)

Cash & Investments - Total of Part XII, pg 21

Total Assets - from Assets, Part XVII, pg 26

Total Liabilities - from Liabilities and Fund Equity, Part XVII, pg 26, add first eight items

Total Fund Balance - Part XVI, pg 25

UCDAeserved-Undesignated Fund Balance - from Part XVI, pg 25 (just above Total)

Property Taxes & Taxes Receivable, Part XIII, from Total current year, columns (a)-(e), pg 21

COUNTIES

Source of data for *counties* from UFR [Form F-65 (MD-2A)]

Revenues (General Fund) - Part I, pgs 1-3

Total Local Taxes - Sec. A

Total Licenses & Permits - Sec. B

Total Intergovernmental Revenues - Sec. C

Total Services Charges - Sec. D

Total Fines & Forfeitures - Sec. E

Total Miscellaneous - Sec. F

Long Term Debt Proceeds - Sec. G [If not reported here, see Part III-A]

Total Revenues (pg 3) [Plus III-A, if not reported as I-G]

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Expenditures (General Fund) - Part II, pgs 4-6

Total General Government - Sec. A

Total Public Safety - Sec. B

Total Public Works - Sec. C

Total Health - Sec. D

Total Social Services - Sec. E

Total Primary & Secondary Education - Sec. F

Total Community Colleges - Sec. G

Total Parks, Recreation & Culture - Sec. H

Total Libraries - Sec. I

Total Conservation of Natural Resources - Sec. J

Total Community Development and Public Housing - Sec. K

Total Economic Development & Opportunity - Sec. L

Total Debt Service - Sec. M [If not reported here, see Part III-B]

Total Intergovernmental - Sec. N

Total Miscellaneous - Sec. O

Total Expenditures (pg 6) [Plus III-B, if not reported as II-M]

Assets & Liabilities (General Fund)

Cash & Investments - Total of Part XII, pg 35

Total Assets - from Assets, Part XVII, pg 40

Total Liabilities - from Liabilities and Fund Equity, Part XVII, pg 40, add first eight items

Total Fund Balance - Part XVI, pg 39

UCDAeserved-Undesignated Fund Balance - from Part XVI, pg 39

Property Taxes & Taxes Receivable, Part XIII, from Total current year, columns (a)-(e), pg 35