

830-RICR-10-00-5

TITLE 830 – INFRASTRUCTURE BANK

CHAPTER 10 – PROGRAMS

SUBCHAPTER 00 – N/A

PART 5 – POLICIES AND PROCEDURES FOR THE BROWNFIELDS REVOLVING LOAN FUND

5.1 Purpose and Authority

The within Policies and Procedures of Rhode Island Infrastructure Bank (the “Bank”) have been established to govern the financing activities of the Brownfields Revolving Loan Fund in accordance with Chapter 23-19.16 of the Rhode Island General Laws (the “Brownfields RLF Act”).

5.2 Definitions

The words and phrases used within these Policies and Procedures have the same meaning as the words and phrases in Chapter 23-19.16 of the Rhode Island General Laws.

5.3 Financial Assistance

The objective of these Policies and Procedures is to provide the terms of financing available to eligible borrowers for the remediation of brownfield sites. Financial assistance will be determined on a project by project basis depending on the risk and term of the loan.

5.4 Application for Financing

Requests for financing should be submitted in writing by the Chief Executive Officer of the eligible borrower to the Executive Director of the Bank. The written request must include:

- A. A description of the project(s) to be financed with the projected construction and completion schedule.
- B. A description of the source of repayment (i.e. general revenues of cities and towns; appropriations pledges; site revenues; redevelopment financing; or other repayment source that is secured by the Borrower).
- C. A description of the overall operations of the eligible borrower with an emphasis on:

1. Legal structure;
 2. Management;
 3. Sources of revenues;
 4. Operating expenses;
 5. Operating surpluses or deficits;
 6. Actual results versus budget; and
 7. Sources of financial liquidity.
- D. Legal authority or authorities to construct, finance and operate the project.
- E. Audited Financial Statements in accordance with General Accepted Accounting Standards for the previous five years.
- F. Financial and demographic information, if a governmental unit.
- G. Copies of contracts with the vendors that will complete site remediation, if available.

5.5 Approval Process

- A. In accordance with the Brownfields RLF Act, approvals for financial assistance are subject to the project(s) being listed on the project priority list established by the Rhode Island Department of Environmental Management. Projects not listed on the project priority list shall not be eligible for financial assistance from the Brownfields Revolving Loan Fund. The Bank shall use the project priority list to determine the order in which financial assistance shall be awarded. The Bank will conduct a financial analysis for each application which will take into consideration factors including, but not limited to:
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 schedule;
 6. Long term capital replacement planning;
 7. Socioeconomic conditions and trends;

8. Management qualifications and experience;
 9. Redevelopment status of property in question; and
 10. Effects of legal structure and any regulator control.
- B. Based on the above factors, and any other factors deemed relevant by the Bank, the Board of Directors shall consider an application for approval. If an application is approved for funding from the Brownfields Revolving Loan Fund, a commitment letter will be issued to the applicant for their acceptance.

5.6 Terms and Conditions

- A. Interest/Pricing: Financial assistance may include market interest rates, below market interest rates, interest rate subsidies or other credit enhancements which reduce the cost of financing eligible projects. Interest rates will be determined by the Board of Directors on a project by project basis depending on the risk and term of the loan. Interest is to be calculated on the basis of a 360 day year and twelve 30 day months on the outstanding loan balance, paid semi-annually on March 1st and September 1st and may be capitalized during construction
- B. Fees: The Bank may charge an Origination Fee at the time of loan closing. All out of pocket closing costs (i.e. Borrower's cost of issuance, Bank cost of issuance, Bank underwriting costs and any other closing costs) will be paid by the Borrower. The Bank will also charge an annual Service Fee payable semi-annually at each interest payment date. A late payment fee will be charged for every 15 days that a payment is late.
- C. Amortization: Amortization will begin within one year after completion of construction and one year after closing for a refinancing. Principal payments will be made annually on September 1st. An alternative repayment schedule may be proposed by the Bank after consultation with the Borrower.
- D. Term/Final Maturity: The length of the term of financial assistance awarded shall be determined by the Bank in consultation with the Borrower.
- E. 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, the cost of prepaying outstanding bonds of the Bank or any other negative financial impact to the Bank.
- F. Security: Loans will have a pledge of:
1. For governmental borrowers:
 - a. An appropriations pledge;
 - b. A general revenues pledge; or

- c. May be secured by any other assets or pledges of the Borrower and upon such other terms and conditions as the Bank deems appropriate to protect the interests of the other participants in the Brownfields Revolving Loan Fund of the Bank; bondholders; other creditors of the Bank; or the finances of the Bank.

2. For all other borrowers:

- a. May be secured by any assets or pledges of the Borrower and upon such other terms and conditions as the Bank deems appropriate to protect the interests of the other participants in the Brownfields Revolving Loan Fund of the Bank; bondholders; other creditors of the Bank; or the finances of the Bank.

G. Construction Progress Payments: Progress payments for each construction project will be made through the Construction Proceeds Fund (CPF). Loan proceeds will be transferred monthly from the CPF for each borrower based upon approved Requisition Forms submitted to the Bank. Upon receipt of the Requisition Form, the Bank will verify:

- 1. The costs requisitioned for payment are in connection with a project listed on the project priority list established by the Department of Environmental Management;
- 2. The vendor is identified in the contract; and
- 3. There is sufficient availability in the CPF 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. The Department of Environmental Management will perform periodic project inspections to:

- 1. Monitor construction progress;
- 2. Verify eligibility of construction costs under the program; and
- 3. Ensure construction is in conformity with Plans and Specifications.

The Department of Environmental Management will provide a copy of the inspection report to the Bank. Any adverse conditions will be reported to the Bank who may suspend further payments until the adverse conditions have been rectified. The Department of Environmental Management will perform a final project inspection before the final payment is made by the Bank.

5.7 Reporting Requirements

Borrowers will be required to provide information to the Bank during the life of the loan including, but not limited to, the following:

- A. A copy of the Borrower's Annual Audited Finance Statements in accordance with Generally Accepted Accounting Standards, annually within 180 days of the end of the fiscal year;
- B. A copy of the Borrower's annual budget, within fifteen days of its adoption;
- C. An annual schedule of current and projected short term and long term debt service;
- D. An annual schedule of Capital Replacement Reserves;
- E. Copies of reports submitted to the Rhode Island Department of Environmental Management, and any other regulatory agency relating to the projects financed;
- F. During the construction period, an accounting of the monthly disbursements relating to the project; and
- G. Other information or reports that the Bank deems appropriate.

5.8 Loan/Financing Agreements

There will be a Loan/Financing Agreement for each approved loan outlining the terms and conditions of the loan.

5.9 Compliance with Federal, State, and Local Law

Recipients of loans must comply with all applicable federal, state, and local laws and regulations.

5.10 Modifications

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