

Local Government Infrastructure Financing 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
Division of Neighborhood Revitalization
100 Community Place
Crownsville, Maryland 21032-2023**

Martin O'Malley
Governor

Raymond A. Skinner
Secretary

Anthony G. Brown
Lt. Governor

Clarence J. Snuggs
Deputy Secretary

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM APPLICATION INSTRUCTIONS

Effective October 1, 2005, the governing statute for the Local Government Infrastructure Financing Program was changed. The new statutory provisions 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 remain the same and are still located in COMAR 05.09.01.

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

Application - (10 pgs)

Project Information (2 pgs) *OR* **Project Information-Refinancing** (1 pg)

Compliance with State Economic, Resource Protection & Planning Policy (2 pgs)

UFR Financial Disclosure (**Use EXCEL SPREADSHEET**- municipalities - 2 pages).

1. **Two (2) sets of the Application** shall be completed in full and delivered to the **Maryland Department of Housing & Community Development, Local Government Infrastructure Finance Program, Room 1.253, 100 Community Place, Crownsville, Maryland 21032-2023**. For assistance in completing the forms, contact Charles Day by telephone at 410-514-7245 or 800-987-4660, ext. 7245, or by e-mail at dayc@mdhousing.org. 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 information submitted on these forms may be typewritten or neatly printed. These forms were processed using MS Word software. Both the application and these instructions are posted at <http://www.neighborhoodrevitalization.org/Programs/LGIF/LGIF.aspx#Application> or [Click here for a direct link.](#)
4. The basic Application consists of 10 pages. In addition, a two-page "Project Information" attachment must be completed for *each* construction project for which financing is sought. Further, a "Compliance with State Economic, Resource Protection & Planning Policy" form must be submitted with *each* "Project Information" attachment. In lieu of the "Project Information" attachment, complete the "Project Information-Refinancing" attachment 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. Consequently, the applicant will find it prudent to submit *both* the UFRs (Application, pg. 5, H.2.) *and* the UFR Excerpt Report.
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.

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6. Use Arabic 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. **Please provide two unbound copies of each multi-page document, such as budgets, audit statements, capital improvement programs, or consultant's studies.**

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. [NR will compile the materials in a loose-leaf notebook in order that uniform submissions may be provided to the reviewing agencies.]

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 (**4 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 1.253, Crownsville, MD 21032. Email address: dayc@mdhousing.org
{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: www.neighborhoodRevitalization.org/Programs/LGIF

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM APPLICATION INSTRUCTIONS

A. GENERAL

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 Representative - 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 audits and UFRs

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*.

Brief description - Our applications may be reviewed by out of state underwriters who may be completely unfamiliar with Maryland – a couple summary paragraphs here can avoid last minute inquiries later. List awards & recognition citations.

B. GOVERNMENTAL STRUCTURE

Organizational Chart - attach a chart from a budget or some other definitive source - the chart should show the relationship to the chief elected and appointed officials of the principal functions of the Local Government.

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.

C. 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. Instructions for completing these forms follow these instructions regarding the general application.

D. POPULATION and LAND AREA

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

E. LOCAL GOVERNMENT OFFICIALS

F. ECONOMIC INFORMATION

1. Unemployment Rate(s)

2. 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.

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G. FINANCIAL INFORMATION

1. Property Taxation - For the current fiscal year, be sure to insert the date for which the amount collected is reported.
2. Documents:

Audit Reports - **These are the most important documents of the submission.**

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 submit five years of its UFR reports and prepare the UFR Excerpt Report (Spreadsheet form is available at the following link: www.NeighborhoodRevitalization.org/Programs/LGIF/LGIF.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. Even if the applicant submits the Excerpt Report, the complete set of UFRs must also be submitted.

Current Financial Statement - If periodic statements are not routinely prepared for internal purposes or review by the governing body, (1) a statement by the chief financial officer regarding how actual revenues and expenditures compare to budgeted revenues and expenditures is required, and (2) an explanation should be attached at page 6, G. 2.

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.

H. PENSION

Be sure to attach a statement describing the retirement for any employees not covered by the State system.

I. DEBT INFORMATION

1. Debt Policy - If the Local Government has no formal policy, explain in detail how the governing body reached or will reach a decision that the projected debt service for the loan contemplated by this application is affordable.
2. Debt Statement - A schedule showing the principal and interest for each outstanding debt of the Local Government must be provided as a separate attachment if a citation cannot be made as to where precisely the information is included as part of an audit report which is included as an attachment in section H.2.
3. Debt Plans - If no additional debt reasonably is contemplated through 2008, this should be indicated.

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4. **Reimbursement** - Using bond funds to reimburse capital project expenditures is an area which is carefully regulated by the Internal Revenue Service. Call the Program if there are doubts about full compliance.

5. **Overlapping Debt** - All municipalities are subject to overlapping debt incurred by counties and instrumentalities of counties. Some county audit statements may have appendices that describe the debt burden for each municipality. Otherwise, county financial personnel can assist with this information. The calculations are very simple. ***A MUNICIPALITY SHOULD NOT SUBMIT AN APPLICATION UNTIL THIS SECTION IS COMPLETED.***

J. OTHER INFORMATION

- 1.-5. Submit each item or explain its absence in detail, particularly #3. Detail the informal fund balance policy if no formal one exists.

CERTIFICATION

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

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM APPLICATION INSTRUCTIONS

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, in five year increments provided the maturity does not exceed the anticipated 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 NR 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).

**LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM
APPLICATION INSTRUCTIONS**

**COMPLIANCE WITH THE STATE ECONOMIC GROWTH,
RESOURCE PROTECTION, AND PLANNING POLICY**

This addendum must be completed for each construction project. The format of this addenda is intended to elicit information which will allow the Department 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.

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
- Unreserved-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

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING PROGRAM APPLICATION INSTRUCTIONS

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]

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

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

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