



Infrastructure Bank Program

F R E Q U E N T L Y A S K E D Q U E S T I O N S (F A Q)

1. Q: What is the Fayette County Infrastructure Bank (FCIB) Program?

A: FCIB is a loan financing program, created by the County for municipal entities (i.e. eligible borrowers) for the design and construction of infrastructure improvements. The County will issue new debt and in-turn provides subsidized reduced interest loans for its -municipal entities, making infrastructure projects more affordable. The County intends to maintain annual set-aside funding with the ultimate goal of creating an ongoing loan fund/financing stream.

2. Q: Why would I apply for a loan from the FCIB versus Federal, State, or private loan programs?

A: Recipients of FCIB loans may receive financing at reduced interest rates for a fixed term lower than may be available through alternative conventional financing institutions. FCIB loan recipients may also take advantage of the Project Design and Delivery option for Applicants who may not have the necessary capacity to design proposed projects effectively. The Program Engineer will oversee and lead the project delivery process from planning and design through project completion. This process combines the project delivery capabilities of the Program Engineer with Applicant resources to ensure projects are completed in an efficient and cost-effective manner.

3. Q: Who is eligible to apply for a loan from the FCIB?

A: The following entities may apply for FCIB loans (must be based in Fayette County and eligible for tax-exempt borrowing):

- Municipalities
- Municipal Authorities

(Note that school districts, redevelopment and economic development entities may potentially be beneficiaries of FCIB funding for public infrastructure related projects through cooperation with an eligible applicant, dependent upon proposed use of the proceeds, security and repayment, but are not permitted to apply directly to the FCIB Program at this time.)

4. Q: What type of projects are eligible for FCIB loan financing?

A: Projects eligible for the FCIB Program must support the economic development initiatives and priorities as set forth by the County Commissioners for the construction, reconstruction, non-routine maintenance and repair of transportation, water,

wastewater, stormwater and broadband infrastructure improvement projects.

5. Q: Are all project costs eligible for payment with FCIB loan proceeds?

A: No. Eligible project costs include the following:

- Planning/engineering/design/inspection
- Environmental site assessments and studies
- Land/easement acquisition/right-of-way necessary to construct the eligible project
- Construction/expansion/improvement/repair/rehabilitation of public infrastructure
- Traffic signs/signals/control/lighting/crosswalks
- Clearing and preparation of land for eligible projects construction, which may include demolition of structures within the project area.
- Permit fees/inspection costs
- Utility relocation
- Legal fees
- Administrative costs associated with the financing (to be determined, in part, and confirmed by the County at the time of application approval)

Municipalities should consult with the County regarding specific eligibility questions. All Applicants must attend a pre-application conference to be considered for the FCIB Program.

6. Q: Is there a maximum or minimum FCIB loan amount or percentage of project costs that an approved Applicant can receive?

A: Loan amounts will be determined based on the scope of the proposed project, the amount of leveraged funds available to the Applicant through other public and private sources, the agreement of the Applicant and/or host municipality to support the creditworthiness necessary to repay the loan, and overall demand for the FCIB Program. The County will also consider the project's impact on regional public infrastructure goals (relating to transportation/ water/ wastewater/ stormwater/ broadband), public health and safety, and economic development when determining subsidized loan financing awards. Applicable Cost of Issuance Contributions associated with securing FCIB loans will be financed as eligible project costs and included in the final principal amortization schedule.

7. Q: What are the FCIB loan terms regarding interest, repayment and security?

A: The maximum term for a FCIB loan is 1-to-20 years, unless otherwise determined by the Board of Commissioners. Repayments will be structured as semi-annual payments

of interest and annual payments of principal, resulting in approximately level annual debt service over the 1-to-20-year period. Eligible Applicants may receive up to a 1.50% interest rate subsidy (the “Subsidy”) on the financing secured by the County. The final loan and payment terms will be determined following the issuance of County financing. All FCIB Program loans must be secured by the Applicant. The expectation is for FCIB loans to be secured by the full faith and credit of a taxing authority, but the County reserves the right to accept other forms of security upon credit review in accordance with Section 6 of the Program Guidelines.

8. Q: What financial metrics might be used by the FCIB Program to assess creditworthiness/ Applicant qualifications?

A: In order to be considered for financing through the FCIB Program, all Applicants must demonstrate creditworthiness. The evaluation of creditworthiness will include, but is not limited to, the following factors, which may be adjusted by the County as deemed necessary:

- Ability to demonstrate an investment grade rating (Standard & Poor's BBB-rating or its equivalent. If a rating is not available, then the County may conduct a review using an equivalent methodology to be determined by the County).
- Ability to demonstrate compliance with timely completing and submitting audited financial statements for the most recent three-year period.
- For Municipal Authorities, ability to demonstrate sufficient remaining life, under its Articles of Incorporation, to complete the financing.
- All Applicants must not be in default of any financial obligations.

9. Q: Will the financial statements provided by private entities as part of the FCIB loan application credit review process be kept confidential?

A: The FCIB Advisory Board intends to keep all documents submitted and designated as “confidential” or “proprietary” by eligible Applicants to the extent the documents are exempt from disclosure under the Right-to-Know Law.

10. Q: What is the Project Design and Delivery option and how does it differ from the “Finance Only” Project Design and Delivery option?

A: To ensure timely completion of projects funded by the FCIB Program, approved projects may take advantage of the Project Design and Delivery option. If an applicant selects this option, they will independently contract with the FCIB Program Engineer to provide resources necessary to design and implement an approved project, and to oversee and lead the project delivery process from planning and design through project completion. This process combines project delivery capabilities of the Program Engineer with Applicant resources to ensure projects are completed in an efficient and cost-effective manner, and in compliance with any applicable time restrictions associated with the County-secured financing. The delivery process will fulfill the

Applicant project requirements and ensure adherence to both the County's and Applicant's schedule, as well as legal and fiduciary requirements. The Program Engineer will administer all phases of the project including planning, design, permitting, bid document preparation, bidding, contracting (including administering contracts between necessary vendors and the Applicant/loan recipient to complete the project), and commissioning. The County will not be a party to the Applicant's contract with the Program Engineer. The "Finance Only" Project Design and Delivery option allows the Applicant to utilize their own professional to design, permit, and prepare plans and specifications for the proposed project. For Finance Only Projects, the County expects projects to be shovel-ready.

11. Q: Are there any pre-application requirements?

A: Applicants interested in funding through the FCIB Program must request a pre-application conference with the County. Pre-application conferences must be complete per the published County approved schedule. The required conference is designed to provide potential Applicants with an overview of the Program, application process and eligibility, and assistance with budget development to assure the completeness of the project application for formal submission and review.

During the pre-application conference, the County's FCIB Program consultants and/or staff will discuss the proposed project with the Applicant, answer FCIB Program questions, and gather additional project details.

An important outcome of the pre-application conference will be the development of the Project Budget for the FCIB Program Application. The County's engineering consultant will review the project budget and provide confirmation or recommended changes for both the Applicant's and the County's consideration and concurrence when processing the application. The mutually concurred Project Budget will serve as the basis for determining the project's financing need.

To schedule the mandatory pre-application conference, contact Mark E. Rafail at (724) 430-1200 x1501 or mrafail@fayettepa.org.

12. Q: How are the FCIB loan applications evaluated?

A: The FCIB Advisory Board will review applications and make recommendations to the County Board of Commissioners based on the Applicant's creditworthiness, as well as the project's constructability and overall consistency with the FCIB Program statement of purpose; identified outcomes, such as the impact on water/ wastewater/ stormwater/ broadband service, traffic congestion, public health and safety, and economic development; and ability to meet the overall FCIB Program objectives. The following is an expanded list of potential project evaluation criteria:

- Successfully adhere to the application process and guidelines, including mandatory attendance at the pre-application conference and board presentation.

- Ability of the Applicant to demonstrate creditworthiness and secure any additional project funding necessary to complete the project.
- Level of non-County funds secured and available to the project (i.e. private investment leveraged).
- Project cost effectiveness when compared to other alternatives and project ability to efficiently serve County residents and visitors.
- Project readiness.
- Ability of the project to demonstrate local support.
- Ability to secure funding from other sources.
- Project consistency with all local economic development plans and ability to support job creation/retention in the County.
- Ability of the project to address public health and safety.
- Ability of the project to incentivize and support major economic development projects and/or new or existing tourism initiatives.

13. Q: When are FCIB applications due and where should they be submitted?

A: Please submit completed application with the required exhibits prior to the due date and time listed on the FCIB Application.

Electronic Submissions to: (preferred method)

mrafail@fayettepa.org

Note that e-mail submissions cannot exceed 10MB and attachments need to be in word, excel or pdf format. Zip files will not be accepted. You may submit multiple e-mails. If more than one e-mail is necessary to complete the submission, please use the Subject Line of the e-mail to label the number of submissions (e.g. "Municipality - FCIB Application 1 of 3").

Hardcopy submissions to:

Fayette County Infrastructure Bank Advisory Board
c/o Mark E. Rafail, Economic Development Coordinator
Fayette County
61 East Main Street
Uniontown, PA 15401

14. Q: How many copies of the FCIB loan application are required to be submitted?

A: Applicants must submit an electronic copy **OR** one (1) hard copy of the completed application with all required attachments and exhibits as provided in the program guidelines by the deadline stated on the FCIB Application.

15. Q: When are FCIB project loans approved?

A: Applicants should check the Fayette County website for the current schedule of dates and deadlines applicable to the FCIB loan program cycle. The FCIB loan approval date is subject to change at any time as may be determined by the FCIB Advisory Board and Fayette County Board of Commissioners.

16. Q: What is the FCIB loan program approval process?

A: The FCIB Advisory Board intends to follow the process described below. Applicants are encouraged to check the Fayette County website for the current schedule of important dates and deadlines applicable to the current FCIB loan Program cycle and approval process:

- The FCIB Advisory Board will complete a review period to confirm eligibility requirements established by the FCIB Program Guidelines. Any questions regarding eligibility can be directed to Mark E. Rafail at (724) 430-1200 x1501 or mrafail@fayettepa.org.
- Applicants considered for award may be required to make a public presentation to the FCIB Advisory Board. The general public will have an opportunity to comment at the Fayette County Commissioner's meeting when the projects are presented to the Commissioners for funding consideration. Written comments will also be accepted. Invited Applicants will be notified of the date and time of the public presentation.
- Following public presentations, the County reserves the right to schedule follow-up meetings or request additional information. Such meetings would be held to ensure all Applicant and project related questions are addressed. Additional meetings will not have an impact on evaluation criteria when rendering final award decisions. The FCIB Advisory Board will establish a deadline for submitting written comments or materials.
- After public presentations have been completed and all written responses have been received, the final review process will ensue. The FCIB Advisory Board will review projects for creditworthiness and constructability, and use the evaluation criteria, as outlined in Section 6 of the Program Guidelines, to evaluate and rank projects, and make recommendations to the Fayette County Board of Commissioners.
- Loan awards will be announced during a public meeting of the Fayette County Board of Commissioners. Applicants receiving loan awards will also be notified by letter. The County reserves the right to approve or reject any project based on eligibility and project merits as outlined within the program guidelines.

17. Q: How are FCIB loan application approvals/denials communicated to Applicants?

A: Following the public meeting, Applicants will receive written communication from the County advising of the loan approval/denial, as applicable.

18. Q: What is the procedure for accessing the FCIB loan funds?

A: Upon approval of an application, a commitment letter will be issued to the Applicant that outlines the terms and conditions of the FCIB loan. The commitment letter must be signed and returned within 30 days or the offer may be withdrawn. Following the acceptance of an offer by the Applicant and the satisfactory completion of applicable special conditions, a loan closing will be scheduled. Loan recipients will be required to work with the County's appointed Note Counsel to complete Local Government Unit Debt Act proceedings or, if applicable, have an applicable guarantor complete such proceedings. The County and the Applicant will finalize the terms of the loan agreement, including collateral, repayment schedule, and the process for use of non-FCIB funds towards project construction, if any. The Applicant will be required to certify that the expenses during construction were incurred in accordance with the final design plans approved by the Applicant and the County.

All vendor contracts will be executed between the Applicant and vendor. During the project activity period, the County will receive and review project costs to confirm eligibility and determine the appropriate release of loan funds in accordance with an agreed upon schedule for the release of loan proceeds. The Applicant will be responsible for loan payments to the County in accordance with the terms and conditions of the FCIB loan documents executed at closing.

19. Q: Are administrative costs included in the FCIB loan?

A: Yes. In addition to administrative costs associated with securing the financing, the following eligible project costs can also be included in the FCIB loan:

- Planning/engineering/design/inspection
- Environmental site assessments and studies
- Land/easement acquisition/right-of-way necessary to construct the eligible project
- Construction/expansion/improvement/repair/rehabilitation of public infrastructure
- Installation of security measures
- Noise or sound barriers
- Clearing and preparation of land
- Demolition of structures within the project area
- Inspection costs
- Utility relocation
- Permit fees
- Legal fees

20. Q: How are project cost overruns handled during the project?

A: Project cost overruns are the responsibility of the borrower. Careful consideration by all parties is given to manage and avoid cost overruns.

21. Q: What is the interest rate on the loan?

A: The County has committed to subsidize the rate that it receives from the bank by up to 1.50% for that year of FCIB monies. For 2022 FCIB Program, the County received an initial interest rate of 4.24% from Somerset Trust Company. After the interest rate subsidy of 1.50%, each borrower has an interest rate of 2.74% for approximately the first 10 years of the loan and then a variable rate thereafter (not to exceed 6.495%) for the remaining term of the loan (if the term of the borrower's loan exceeds 10 years). Given market fluctuations, there is no guarantee that the interest rate for the 2023 FCIB Program will match the interest rate from the 2022 FCIB Program. The County includes all closing costs in the loan so the borrowers will not have to put out any money up front.

Any additional questions about the FCIB program not previously covered in the Program Guidelines, FAQs or Definitions and Terms should be directed to:

Fayette County Infrastructure Bank Advisory Board
c/o Mark E. Rafail, Economic Development Coordinator
Fayette County
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Uniontown, PA 15401
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