

HANDBOOK



Pennsylvania Infrastructure Bank



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Foreword

The Pennsylvania Infrastructure Bank (PIB) is a Pennsylvania Department of Transportation (PennDOT) transportation loan program that has facilitated more than \$500 million in vital transportation projects across the Commonwealth. Since its launch in 1998, the PIB has become an important resource for advancing aviation, highway/bridge, rail freight, and transit projects. Not only has the PIB provided critical investment across Pennsylvania, the PIB is recognized nationally and has served as a model for PIB programs established in several other states.

This handbook explains how the SIB works and how to use the PIB to construct your transportation improvements. This handbook provides PIB loan applicants with an understanding of the program and describes how to apply for a loan, the application process, the PennDOT loan approval process, applicant responsibilities, and where to find more information on the PIB.



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Overview

What is the purpose of the PIB program?

The PIB is a revolving loan fund administered by PennDOT that offers financing opportunities for transportation projects throughout Pennsylvania. The PIB provides direct, low-interest loans that are repaid over time. The repayments in turn fund loans for other projects, creating financing opportunities for a stream of improvements.

The PIB was initially capitalized with federal and state funds in 1998 in accordance with enabling legislation and a cooperative agreement between the United States Department of Transportation (USDOT) and PennDOT. The PIB is made up of four distinct accounts: aviation, highway/bridge, rail freight, and transit. Loans to eligible projects are made from one of these four accounts.

PIB loans are intended to:

- Accelerate project schedules;
- Assist local governments with their projects;
- Spur economic development;
- Leverage other federal or state funding sources; and
- Provide quick response for emergency projects resulting from floods and other disasters.



What types of projects may be eligible?

A broad range of projects are eligible for PIB funding. If your project would normally be eligible for PennDOT funding or local Liquid Fuels funding, then it is very likely that the PIB can finance the project.

Examples of projects include:

Aviation

- Runway, taxiway, apron, terminal, and hangar construction
- Land acquisition, equipment procurement, and obstruction removal
- Access roads
- Airport lighting

Highway/Bridge

- Road construction, resurfacing, and preservation
- Bridge rehabilitation and replacements
- Traffic signals and signal upgrades
- Drainage structures
- Stormwater management
- Municipal roadway and bridge maintenance equipment
- Complete streets
- Intermodal facilities

Rail Freight

- Rail track improvements
- New sidings
- Rail/street crossings
- Rail bridges and infrastructure

Transit

- Capital purchases
- Buildings
- Intermodal facilities

This is not an exhaustive list of eligible PIB projects. If there is any doubt of eligibility, it is strongly encouraged that you contact PennDOT's PIB Manager prior to submitting an application.

PIB loans will not be made to refinance existing debt, nor is refinancing an existing PIB loan for a lower interest rate allowed.

PIB loan eligibility is based on the project, not the borrower.

Who is eligible to borrow?

Any entity may borrow from the PIB as long as the proposed project is eligible for financing. Borrowers may include cities, boroughs, townships, counties, school districts, authorities, commissions, economic development agencies, public use airports, railroads, private for-profit and not-for-profit corporations, and any other entity constructing an eligible project.

What is the interest rate?

The PIB interest rate is a fixed rate equal to one-half of the prime lending rate as reported by the Federal Reserve. The interest rate is set for each loan when the PIB Manager receives a complete application. The current PIB interest rate is available at <http://www.penndot.gov/ProjectAndPrograms/Planning/Pages/PA-Infrastructure-Bank.aspx>

Loan applications for projects that are the result of a natural or human made or human made disaster or cause, whether localized or regional, are eligible for 0% financing. Typically, this provision is only available to public agencies. Projects resulting from long-term neglect, the end of a facility's useful life, or lack of proper maintenance do not constitute an emergency and are not eligible for the interest rate waiver. Examples of eligible emergency-related loans are flooding—whether or not a formal emergency declaration is made—a sudden need due to a vehicle damaging or destroying a bridge or traffic signal, slides, sinkholes, etc. These are projects where the need could not be anticipated, is sudden and catastrophic, and is not included in any budgets. It is mandatory that any applicant wishing to apply for a 0% loan consult with the PIB Manager or PennDOT's local Municipal Services Representative.

What are the loan terms?

The maximum term for a loan is 10 years, with the exception of equipment purchases, which have a maximum term of 5 years. Repayments may be monthly, quarterly, semi-annually, or annually.

Is there a local match?

Equipment loans require a 50% match. For all other loans there are no match requirements. The PIB will finance up to 100% of the costs, including borrowing costs such as attorney fees or any other costs associated with completing the loan.

Is there an application fee?

No, PennDOT does not charge any fees to apply for a PIB loan.

How to Apply

A Special Note for Municipal Borrowers

Municipal borrowers who intend to use Liquid Fuels funds to repay their loan must follow the requirements of PennDOT Publication 9 – Policies and Procedures for the Administration of County Liquid Fuels Tax Act of 1931 and Act 44 of 2007 and the Liquid Fuels Tax Act 655 Dated 1956 and as Amended found at http://www.dot.state.pa.us/public/PubsForms/Publications/Pub_9.pdf.

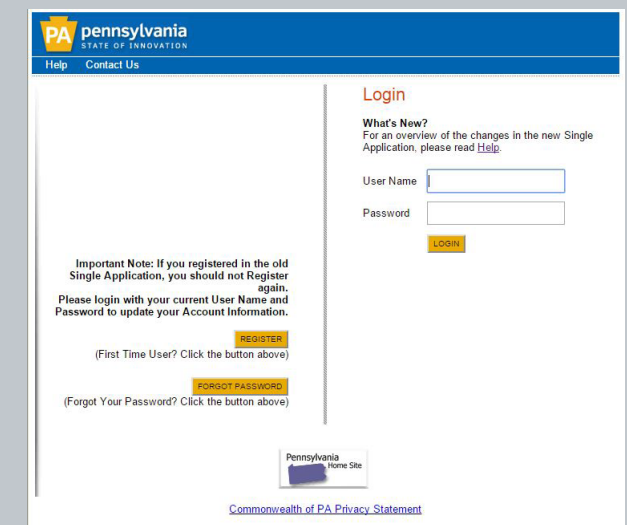
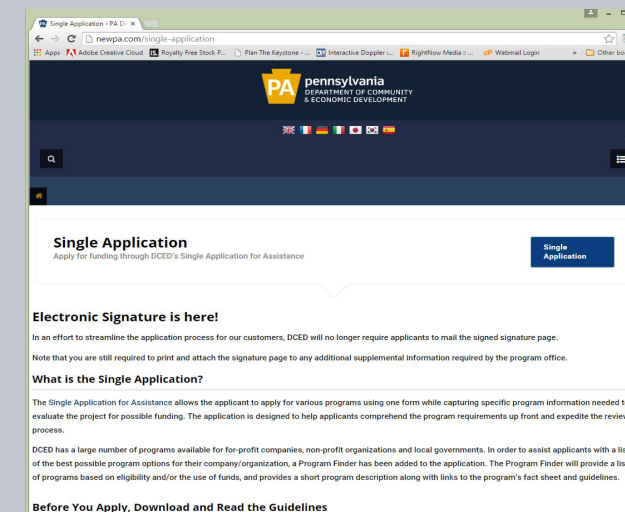
Prior to submitting a PIB loan application, municipal borrowers must contact their Municipal Services representative to ensure proper procedures are followed. Failure to follow these procedures may render your project ineligible for financing and Liquid Fuels use.

Where is the application form?

Applying for a PIB loan is accomplished through the Pennsylvania Department of Community and Economic Development's (DCED) Electronic Single Application, which is available at <http://dced.pa.gov/how-to-apply/>. The website provides easy-to-follow instructions on applying for a loan through the Single Application. The instructions begin at <https://www.esa.dced.state.pa.us/Login.aspx>.

The instructions and guide take you step-by-step through the application process.

<https://dced.pa.gov/how-to-apply/>



What ID numbers do we need before applying?

- **FEIN / SSN** – This is the Federal Employer Identification Number assigned by the Internal Revenue Service that is used to identify a business or other employer (visit www.IRS.gov for more information). If you are a sole proprietor or applying as an individual rather than a company, you can use your Social Security Number. DCED Partner Organizations (including municipal governments) must enter their correct FEIN in order to view their programs correctly. Partner organizations with multiple FEINs should contact DCED Customer Service to find out which FEIN is being used in the Single Application.
- **SAP Vendor #** – If an organization will receive grant or loan money from the Commonwealth, they are considered a Non-Procurement Vendor. Non-Procurement Vendors must be registered with the PA Central Vendor Management Unit (CVMU), Bureau of Financial Management, in order to receive funding from DCED. To register or find out more information please visit the PA Department of General Services, Vendor Registration (CVMU) website.

What documents are required as part of the application?

A complete application must include:

- DCED Electronic Single Application (ESA)
- Government Applicants: Two years of the most recent audits
- Non-Government Applicants: Cash flow statements, projections, or any other financial documentation indicating the ability to repay the loan
- PennDOT-approved MS 329 if Liquid Fuels funds will be used to repay the loan
- IRS W-9 Form that verifies the applicants Federal ID Number and correct name and address
- Identification of an acceptable security/collateral instrument
- Any other documentation requested by PennDOT

PennDOT begins application review after the complete application is received.

**Applications may be submitted at any time;
there is no annual deadline or application cycle.**



What are the security or collateral requirements?

All PIB loans must be secured to the satisfaction of PennDOT. Security varies by the type of borrower. As examples, PennDOT has accepted the following security:

- Municipal/county borrowers usually pledge future Liquid Fuels allocations for eligible projects.
- Authority borrowers have used escrows, through which dedicated revenue streams flow.
- Private borrowers commonly use irrevocable standby letters of credit or loan guarantees from local governments secured, in turn, by pledges of Liquid Fuels allocations or other tax revenues.

PennDOT may consider other forms of security proposed by applicants, such as any revenue streams available to support the project. Be advised that any security other than the above listed sources may result in longer loan approval. Real property, buildings, equipment, assets, personal guarantees, etc., are not accepted as collateral.

Applicant's Checklist

The following summarizes prerequisites and information you will need when applying for a PIB loan through the DCED Electronic Single Application. Having this information available prior to beginning the online application will make the process more efficient.

Is your project eligible for PIB financing?

Municipal Applicants using Liquid Fuels Funds to repay the loan: Do you have an approved MS 329 or are you in the process of obtaining one?

Do you have an Internet browser (e.g. Internet Explorer, Chrome, Firefox, etc), Microsoft Word and Adobe Acrobat 5.1 or higher installed on the computer that will be used to apply for the PIB loan?

Do you have any pre-construction photos, a location map, or other visual information to describe the type and/or location of your project?

Do you have an executed IRS W-9 Form that indicates your organization's Federal Employer Identification Number (FEIN) and address?

Is your project cost estimate up-to-date and does it reflect a reasonable estimate of anticipated expenses? Is the cost estimate broken down by project phase (engineering, right-of-way, construction, etc.)?

Is your project schedule accurate & realistic?

If using the fillable pdf form, remember to **Save** your updated file.

Municipal Applicants: Do you have sufficient borrowing base capacity as required by the Local Government Unit Debt Act (LGUDA)?

Do you know the desired term of your loan and the frequency of repayments?

Have you identified a collateral source?

Have you identified a dedicated loan repayment source?

If other funds are also to be used to construct the project, are they approved and committed to the project? Or, can the other funding reasonably be expected to be available when needed?

Do you have the required supporting financial data such as audits, tax returns, financial statements, etc.?

Have you or will you obtain all required permits and any other pre-project approvals if applicable?

If using the fillable pdf form, remember to **Save** your updated file.

Loan Approval and Disbursement

What can we expect during the loan approval process?

All PIB loans are approved or rejected by the Secretary of Transportation and/or the Deputy Secretary for Planning. During the loan approval process, the applicant may be contacted to provide more information or questions about the financial information provided with the application.

When PennDOT approves a loan application, the applicant will receive:

- A loan commitment letter stating the approved project, term, interest rate, security requirement, and any other loan conditions. PennDOT's approval of the loan is valid for one year. It is the responsibility of the applicant to receive disbursement of the loan within one year unless extended by mutual agreement.
- A loan agreement stating the conditions and requirements of the loan. The loan agreement is the contract between the Commonwealth and the borrower.
- For government borrowers, a sample resolution agreement to be adopted by the borrower which states who is legally able to sign the loan agreement.
- An amortization schedule based on the estimated date of loan disbursement. The final amortization schedule will be provided to the borrower based on the actual date of disbursement.



When do we receive the funding?

The loan will be disbursed when the following conditions are met:

- Fully executed loan agreement is received by PennDOT.
- Security/collateral such as a letter of credit is received by PennDOT.
- The project is programmed on the Transportation Improvement Program (TIP), as applicable. The PIB Manager will inform an applicant early in the application process if TIP programming is required.
- The borrower is ready to accept the loan as a lump sum or draw.
- The requirements of the Local Government Unit Debt Act (LGUDA) are met, if applicable.
- The requirements of PennDOT Publication 9, Policies and Procedures for the Administration of County Liquid Fuels Tax Act of 1931 and Act 44 of 2007 and the Liquid Fuels Tax Act 655 Dated 1956 and as Amended, are met, if applicable.
- All other requirements established by PennDOT in the loan agreement are fulfilled.

How do PIB loans relate to the Local Government Unit Debt Act?

All loans to municipalities, counties, and school districts require compliance with the Local Government Unit Debt Act (LGUDA). DCED is responsible for oversight of the LGUDA. Under no circumstance may a loan be disbursed to a municipal, county, or school district borrower without evidence of compliance with the LGUDA. LGUDA not only applies to direct loans, but also to municipalities, counties, and school districts acting as a third party securing a PIB loan.

Information on the LGUDA is available at <http://www.newpa.com/local-government-unit-debt-act-lguda/>

Borrower Responsibilities

Loan Fund Management

Upon receipt of a lump sum or through draws, the borrower must keep the loan proceeds in a separate account from all other funds. The details are contained in the loan agreement. Segregation of the loan funds ensures proper recordkeeping and project eligibility.

Project Permits, Bidding, Contracts, etc.

The borrower is responsible for obtaining all permits and other approvals prior to commencing construction. Project bidding, contracts, and construction management is the responsibility of the borrower and shall conform to all laws and regulations. Requirements vary based on the type of borrower (municipal, private, etc.) and the requirements imposed by any other type of funding, such as federal funds, associated with the project. Please consult with PennDOT and your legal counsel and project engineer/manager if there are questions on these requirements.

Recordkeeping

The borrower must keep all records such as the loan agreement, contracts, invoices, correspondence, and any other matters related to the loan. This information must be available for audit at any time. Records shall be maintained for the life of the loan and an additional three years after the loan is repaid. Long-term retention (after the initial three years) of closed project files should be consistent with any applicable state laws or local retention laws or policies.

Loan Repayment

The borrower is responsible for making all loan payments in full and on time. PennDOT does not provide loan reminders, invoices, or any other payment due notifications.



Sample Projects

Loganville Bypass (Springfield Township, York County)

- This project replaced and relocated a narrow and winding section of PA 214 and improved access to Springfield Township's planned growth area.
- Preliminary engineering, right-of-way acquisition, and utility relocation were paid for by the developer, Springfield Township, and Loganville Borough (\$1.6 million).
- Construction was funded through the Transportation Improvement Program (TIP) budget (\$3 million) and a PIB loan (\$1.1 million).

Innovation Boulevard (College Township, Centre County)

- This project extended Innovation Boulevard to serve 118 acres of planned office, manufacturing, and research facilities as part of an economic development partnership with Penn State.
- Construction by a private developer was funded through a PIB loan (\$700,000) and DCED funds (\$300,000).

New Township Bridge (Mann Township, Bedford County)

- This project replaced a low water crossing on a township road with a new bridge that is usable during high water conditions.
- Work was completed with Mann Township forces.
- A \$34,500 PIB loan funded all but \$5,000 of the total project cost.



Runway Extension (Erie International Airport)

- The PIB-financed portion of the project cleared the way to extend a runway 1,920 feet, opening the airport to a full range of commercial jets.
- Work involved relocating PA 299 and wetland mitigation using a \$4 million PIB loan (\$1 million aviation PIB + \$3 million highway/bridge PIB).

For more information, please contact the PIB Manager:

PA Infrastructure Bank Manager
Pennsylvania Department of Transportation
Center for Program Development & Management
400 North Street, 6th Floor
Harrisburg, PA 17120

Tel: 717-787-5798

Fax: 717-787-5247

Or visit the PIB Website at:

<http://www.penndot.gov/ProjectAndPrograms/Planning/Pages/PA-Infrastructure-Bank.aspx>