

## MONTANA BOARD OF INVESTMENTS INFRASTRUCTURE LOAN PACKAGE

**This file was created in Microsoft Word and contains the following items:**

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### **The following provisions apply to the Infrastructure Loan Program:**

- Program funded by a \$80.0 million allocation from the Permanent Coal Tax Trust.
- Applications submitted by eligible local governments.
- Loan funds infrastructure projects that provide facilities/services to basic sector businesses.
- Business pays user fee to local government that is pledged to the Board for loan repayment.
- Businesses may reduce their Montana state income tax liability by the amount of the fee, 15-31-301, MCA.
- The business must create at least 15 full time basic sector jobs to be eligible for the program.
- Maximum loan size \$16,666 times the number of full time jobs created.
- Minimum loan size \$250,000.
- Maximum loan term 25 years.
- Interest rates posted weekly.
- Up to 2.5% interest rate reduction for job creation.

For assistance call or e-mail Herb Kulow or Nancy Rivera:

(406) 444-1218      [hkulow@mt.gov](mailto:hkulow@mt.gov)  
(406) 444-1217      [nrivera@mt.gov](mailto:nrivera@mt.gov)

#### **Loan Application Use:**

This loan application is used exclusively for the Public Infrastructure Loan Program. Applications are submitted by Eligible Local Governments to fund infrastructure projects within their jurisdictions.

#### **Utilizing The Electronic Forms:**

Forms are Microsoft Word documents with field codes where data and checkmarks are entered.

If the field codes are visible on screen strike Alt F9 - **codes should not be visible.**

If field codes print, select "Tools", "Options", "Print" and uncheck "Field Codes"

The F11 key will locate the entry fields in the application form.

Shift F11 will locate the preceding data or check field in the electronic forms.

**1. APPLICATION PROCEDURES**

Local governments must submit the attached application to the Board. The application must include:

- a. Evidence that the user of the infrastructure meets the following “Basic Sector” definition:
  - i. business activity conducted in the state that produces goods and services for which 50% or more of the gross revenues are derived from out-of-state sources; or
  - ii. business activity conducted in-state that produces goods and services, 50% or more of which will be purchased by in-state residents in lieu of like or similar goods and services which would otherwise be purchased from out-of-state sources.
- b. A complete description of the purposes for which the loan proceeds are to be used.
- c. A description of the proposed loan including principal amount, proposed maturity, proposed repayment schedule, and proposed security.
- d. Information addressing the following:
  - i. Estimated number of permanent full-time jobs and their estimated wages, to be created by the project within a four-year period;
  - ii. The impact of the jobs on the state and the community where the project is located;
  - iii. Long-term effect of corporate and personal income taxes estimated to be paid by the business and its employees;
  - iv. The current and projected ability of the community to provide necessary infrastructure for economic and community development purposes;
  - v. The environmental impact of the project and whether any environmental review or permits are required;
  - vi. Other matters that the Board considers necessary;
  - vii. Information about the business creating the jobs shown on the application form.
- e. The loan application shall be properly signed and certified by the local government applicant and by the business creating the jobs on its section of the application.
- f. If the loan is approved, the Board and the local government will enter into a commitment agreement.
- g. The local government must pass a resolution authorizing the acceptance of the commitment agreement and execute and return the commitment agreement within 60 days of the commitment date or the commitment will expire.

**2. INELIGIBLE LOANS**

- a. Loans to any local government in default on any obligation.
- b. Loans to local governments for infrastructure to businesses in default on any obligation.
- c. Loans providing infrastructure to business creating fewer than 15 jobs in a 4-year period.

**3. INTEREST RATES**

- a. Interest rates, effective for a one-week period, are listed on Posted Rate Summary Sheet.
- b. Job credit interest rate reductions are available as per Section 8 of the Infrastructure Loan Policy.
- c. Initial interest rate determined by the interest rate posted on the Commercial Loan Rate Sheet on the date the Infrastructure Loan application is received.

**4. LOAN SIZING**

- a. Minimum loan size \$250,000.
- b. Maximum loan size \$16,666 per full time job created.
- c. All outstanding infrastructure loans limited to \$80.0 million.

**5. COLLATERAL REQUIREMENTS**

- a. A note or other evidence of indebtedness;
- b. A loan agreement;
- c. First mortgage/lien position when appropriate;
- d. The local government’s pledge of infrastructure fees for repayment of the loan;
- e. The loan resolution adopted by the local government;
- f. All necessary state, federal and local government permits must be obtained before loan closing;
- g. Collateral must have sufficient economic life to support the term of the loan;
- h. Personal or corporate guaranty as determined by the Board

- i. Attorney opinion on authority of local government to borrow and the validity of all collateral documents;
- j. Attorney opinion to the local government on the legal and binding nature of obligations on the local government and the business for which the infrastructure is provide.
- k. Other collateral as required by Board.

**6. APPRAISALS**

- a. Licensed Montana appraisers are preferred unless there is a specialized property collateral requiring an out of state appraiser; and
- b. Appraisal requirements for land and buildings are shown below:

Real Property Primary Collateral:

- Up To \$250,000           As required by Lender to provide basis for value
- \$250,001 to \$500,000   USPAP\*- rule 2-2(b) Summary appraisal by lender-approved appraiser
- Over \$500,000           USPAP\*- rule 2-2(a) Complete self-contained appraisal by lender-approved appraiser

\*Uniform Standards of Professional Appraisal Practice

**7. OTHER LOAN POLICY CONSIDERATIONS**

- a. Loans for infrastructure on leased land will be considered if the lease does not expire prior to loan maturity.
- b. Maximum loan terms are 25 years.
- c. Consultant fees may be financed as part of the larger project but may not be financed on a stand-alone basis.
- d. Commercial Loan Policy underwriting criteria will be considered.

**8. JOB CREATION INTEREST RATE REDUCTION**

- a. Business creating jobs as a result of an infrastructure loan are entitled to an interest rate reduction of .05% for each job created up to a maximum of 2.50%. The reduction will be reflected in the user fee rate charged the business.
- b. One job is equal to the Private Annual Wage shown on the weekly Posted Interest Rate Summary Sheet.
- c. For jobs paying more than the Private Annual Wage, job credits will be increased proportionately for each 25% increment above the Private Annual Wage to a maximum of two jobs.
- d. For jobs paying less than the Private Annual wage, job credits will be reduced proportionately for each 25% increment below the Private Annual Wage.
- e. Job credits are not available unless one whole job is created.
- f. Job credit interest rate reductions are not available for jobs paying less than the State of Montana minimum wage provided for in 39-3-409, MCA.
- g. The business must provide evidence of the creation of jobs prior to the reduction and annually thereafter;
- h. Interest rate reductions provided in this part will be effective on the next scheduled payment date.

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<b>Send Application and Exhibits To:</b> Infrastructure Loan Application Montana Board of Investments P.O. Box 200126 Phone (406) 444-0001 Helena, Mt. 59620-0126 Fax (406) 449-6579	Board Loan #
	Date Received:
	By:
<b>Applications To Be Submitted By Local Governments</b>	

**SECTION A: LOCAL GOVERNMENT APPLICANT INFORMATION**

Applicant Name →						
Mailing Address →						
Authorized Representative →				Title →		
Telephone →		Fax →		E-mail →		
Federal Employer ID# →						
Local Government Type →						

**1. Reference/contacts**

Attorney's Name →				Firm Name, if applicable →		
Address →						
Telephone →		Fax →		E-mail →		
Engineer →				Firm Name, if applicable →		
Address →						
Telephone →		Fax →		E-mail →		
Accountant's Name →				Firm Name, if applicable →		
Address →						
Telephone →		Fax →		E-mail →		

**2. Please cite the reference to Montana code that authorizes the applicant to finance the project (90-5-1) or other. If other, describe below and attach as Exhibit A.**

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**SECTION B: PROJECT INFORMATION - AS ALLOWABLE UNDER 7-15-4288 (4)**

**Infrastructure Project Description and Cost - Summarize below, attach specific details as Exhibit B)**

Project Description	Cost

**1. Funding/Schedule/Loan Attributes**

Project Funding	Amount	Project Schedule	Date	Loan Attributes
Board of Investments →		All Funding Obtained →		Loan Requested Amount →
Local Government →		Construction/Acquisition →		(Minimum \$250,000)
Other Sources (specify) →		Loan Funding →		(Maximum # Jobs X \$16,666)
Total Project Cost →				Term (Maximum 25 Yrs) →

**2. Economic Impact-Address The Following And Attach As Exhibit C**

Estimated Permanent Full-Time Jobs Created Within 4 years →	
Impact Of Jobs On Community And State →	
Corporate/Personal Tax Impact →	
Current/Projected Ability Of Community to provide infrastructure →	
Other →	

**3. Environmental Impact of Project** - Please describe the environmental impact of the proposed project, indicating whether any environmental review or permits are required to undertake the project. If permits, review, or approval are required, please indicate the type of approval required and the date on which approval is expected to be obtained. **Label this Exhibit D.**

**4.** List the approvals by public agencies obtained or other conditions that have been met or satisfied, or which are required prior to the financing, acquisition, construction, or use of the project (e.g., licenses, Health Department approvals, etc.). **Label this Exhibit E.** If none, check here →

**5. If the project involves construction, provide the following as Exhibit F:** If not, check here →

- A. Detailed construction cost estimates and specifications to include architect's plans and specifications, contractor's bids or estimates, invoices, etc.
- B. Names and addresses of architects or contractors that have been selected.
- C. Date and manner in which any contracts will be awarded.
- D. Proposed schedule for construction, completion, and occupancy.
- E. The manner in which the construction will be managed.

**6. If the loan is for the purchase of real or personal property, provide the following in Exhibit G:**

If none, check here →

- A. An appraisal report which meets requirements established by the Board in a format consistent with standards established by the Appraisal Standards Board (ASB) of The Appraisal Foundation which publishes, interprets and amends the Uniform Standards of Professional Appraisal Practices (USPAP), the appraiser must be licensed in Montana, unless the project is specialized and requires an out of state licensed appraiser, who is a member of a commonly recognized professional appraisal organization.
- B. A copy of the purchase agreements(s), including name(s) of seller(s).
- C. Copies of earnest money receipt and agreement, option to purchase, contract to purchase, and invoice(s) or estimate(s) of cost for purchase of land, improvements, or tangible personal property related to the project.

**7. Source of Loan Repayment-Provide as Exhibit H the repayment schedule and a copy of the proposed repayment agreement.**

**8. Loan Security-Check applicable box and provide appropriate detail in Exhibit I.**

- A. Assignment of Payments →
- B. Mortgage or Facility →
- C. Corporate Guaranty →
- D. Letter of Credit or other third party insurance →
- E. Personal Guaranty →
- F. Other →

**SECTION C: BUSINESS INFORMATION**

**1. Business Structure**

Full Business Name →		Address →	
City →	State →	Zip →	
Business Representative Name →		Title →	
Representative Phone →	Fax →	E-Mail →	
<b>Borrower is a(n):</b>		<b>Proposed Financing is for:</b>	
Individual → <input type="checkbox"/>	Partnership → <input type="checkbox"/>	Limited partnership → <input type="checkbox"/>	Existing business → <input type="checkbox"/>
Individual dba sole proprietorship → <input type="checkbox"/>	Corporation → <input type="checkbox"/>		New Business → <input type="checkbox"/>
State of Incorporation →			Purchase Existing Business → <input type="checkbox"/>
Date of Incorporation →			
Date business established →			Employer's I.D. Number →

**2. Indicate below the names and places of residence of those five persons with the greatest ownership of interest in the company. If less than five, please indicate all owners.**

Name →	Title →		
City →	State →	% Ownership →	
Name →	Title →		
City →	State →	% Ownership →	
Name →	Title →		
City →	State →	% Ownership →	
Name →	Title →		
City →	State →	% Ownership →	
Name →	Title →		
City →	State →	% Ownership →	

**3. Describe below the history of business, projects, and current business plans (please be general):**

**4. Please submit the following information and exhibits as indicated. All exhibits must be signed and dated by the person completing this section of the application (if applicable).**

A. Furnish a current (within 90 days) dated and signed personal balance sheet for each general partner and guarantor. **Label this Material Exhibit J.** (Tax returns may also be required to supplement this information.)

B. Does the business, principal owners, key employees or directors operate any closely related affiliates, subsidiaries or branches? If yes, please provide their names, relationship with the company, along with a current balance sheet and operating statement for each. **Label this material Exhibit K.** If none, check here →

C. Has the business or any of the officers or owners ever been involved in bankruptcy or insolvency proceedings? If so, please provide the details as **Exhibit L.** If none, check here →

D. Is there any pending or threatened litigation, administrative proceeding, or investigation involving the business, its officers, directors, or management acting in their official capacity, or a guarantor, that, if adversely decided, would affect the borrower's or guarantors' ability to

perform their obligations under this loan or financing or the operation of the business? Has the business or any of its officers, directors, management, or guarantors ever been convicted of a felony? If yes to either of these questions, provide the details in **Exhibit M**. If none, check here→

C. Include the statements listed below: (a), (b), and (c) dated within ninety (90) days of filing the application, and statement (d). If statements (a), (b), (c) are not independent accountant-prepared review or audit statements, please also include complete business tax returns for the past three years. **Label this material Exhibit N.**

- |                                 |  |
|---------------------------------|--|
| (a) Balance Sheet               | (d) Earnings Projections for three years and |
| (b) Profit and Loss Statement   | projected cash flow analysis for one year    |
| (c) Reconciliation of Net Worth |  |

D. Provide a brief history of the company, resumes of all officers and management personnel. **Label this material Exhibit O.** If the business is a partnership, also enclose a copy of the partnership agreement.

E. Provide a copy of all real estate, and/or major equipment leases, and/or franchise agreements in effect. If the business is a franchise, include a copy of the FTC disclosure statement supplied by the franchiser. **Label this material Exhibit P.**  
If none, check here→

F. Include a feasibility study of the project, if available. If one is not available, provide a narrative analysis of market conditions, including a list of major competitors and major customers or suppliers. **Label this material Exhibit Q.**

G The Board reserves the right to request any other information that may facilitate the evaluation of this application.

**SECTION D. BUSINESS CERTIFICATIONS**

- 1.The business agrees to comply with Section 4, Article II of the Constitution of Montana, which prohibits discrimination based on race, color, sex, culture, social origin or condition, or political or religious ideas.
- 2.If the loan is approved, the Board may use photographs of facilities in its Annual Report, slide presentations, or other publications.
- 3.As a condition of considering the application, the Board and its agents are granted the right to inspect the facilities.
- 4.All information in this application and the attached Exhibits are true and complete to the best of my/our knowledge and is submitted to the BOI so the BOI can decide whether to lend to the applicant.
- 5. If the business receives a job credit interest rate reduction on the infrastructure loan, it agrees to annually provide appropriate payroll documentation to the Board attesting to the number of jobs retained.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Business Entity \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**SECTION E. CERTIFICATION OF LOCAL GOVERNMENT APPLICANT**

The applicant agrees that any contracts to construct the project will require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401 MCA, in the performance of the work on the project in their qualifications are substantially equal to those of non-residents. Substantially equal qualifications means the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other person(s).

I hereby certify as preparer of this application on behalf of the applicant, that all of the information contained herein is true, accurate and complete as of the date here of and that the local government entity has the legal authority to enter into all agreements necessitated by this loan and carry out all activities required herein.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Local Government Entity \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_