INDIANA BOND BANK

800.535.6974 | bondbank@inbondbank.com

Recovery Advance Program for Infrastructure Damage (RAPID) Guide

The Indiana Bond Bank (IBB) administers the Recovery Advance Program for Infrastructure Damage (RAPID) to provide short-term financing, in the form of a Bond Anticipation Note (BAN or note), to Indiana communities affected by a natural disaster. The program exists to put money in a community's hands quickly, so it can begin cleanup, complete a damage assessment, and pay for the engineering and emergency work needed to plan a permanent repair or replacement of impacted public infrastructure and/or facilities (e.g., roads/sidewalks, water/sewer facilities, police/fire stations, city/town halls, park facilities, school/library buildings, etc.).

RAPID operates under the Bond Bank's existing Interim Loan Program authority.

Eligibility

Eligibility Requirements

- Entities must be classified as a "Qualified Entity" under I.C. 5-1.5-1-8. Indiana cities, towns, counties, townships, school corporations, libraries, municipal utilities, and other local governmental units typically meet the definition.
- The entity must have sustained damage to its public infrastructure and/or facilities from a natural disaster (e.g., flood, tornado, wind/hail storm, fire).
- The entity will be required to adopt an ordinance or resolution authorizing the RAPID BAN.

A federal, state, or local disaster declaration is useful but is not required to apply. If your county has no declaration yet, or you are not certain, indicate that on the application and the Bond Bank will follow up.

Eligible Uses

Proceeds may be used for costs arising from the disaster damage, including:

- Debris removal and cleanup
- Emergency repairs to buildings, roads, and other publicly owned infrastructure/structures
- Damage assessment, engineering, and design
- Temporary facilities or equipment
- Related legal, financial, and professional costs

Costs already incurred: The application asks for an estimate of what the entity has already spent responding to the damage. Costs already incurred may be reimbursed with note proceeds.

Financing Details

Maximum Loan Amount

The initial program limit is $1,000,000 per community. Where a city or town and its water, sewer, or other municipal utility are both affected, the limit applies to the community as a whole rather than to each entity separately, so that the program can reach as many communities as possible.

Maximum Financing Term

RAPID loans may not exceed twenty-four (24) months from the closing date. Extensions may be considered where a take-out source has been identified but the funds have not yet been received.

Interest Rate

RAPID loans carry a fixed interest rate of 2.00% per annum.

Interest Payments

Interest is due at maturity. Semiannual interest payments can be arranged if requested during the application process.

Prepayment

The note may be prepaid in whole or in part at any time without penalty, with interest due through the prepayment date. Because insurance and FEMA proceeds often arrive well before a note matures, entities are expected to apply recovery funds received for the financed costs toward repayment of the note as those funds come in.

Security

Where the note is secured by a general revenue pledge, the Bond Bank will look for a property tax backup. Where the borrower is a municipal utility, the Bond Bank will look for a pledge of net revenues. The Bond Bank recommends you review outstanding bond covenants and requirements for any existing debt secured by utility revenues prior to pledging utility revenues as a repayment source.

Participation Fee

$10,000 per loan. The fee is withheld from proceeds at closing.

Tax Status

RAPID notes are issued on a taxable basis.

Funds Management

Program Trustee

Loan proceeds are deposited into an account managed by a third-party trustee, currently BOKF, N.A.

Draw Process

To draw on BAN proceeds, the Bond Bank provides a Form of Requisition. The form is signed by an authorized official of the entity; no third-party countersignature is required. Retain invoices and supporting documentation for every draw. FEMA and insurance carriers will ask for that documentation later.

Account Information

The program trustee will need your account information to send funds by wire or ACH. ACH is the preferred method and carries no fee. Wire transfers may incur a fee, which is the responsibility of the borrower. Send account instructions by secure or encrypted email, separately from the application.

Repayment and Take-Out

The RAPID BAN is repaid from one or more of the following:

- Insurance proceeds
- FEMA Public Assistance
- State or other grant funding
- Long-term financing, such as a bond, an SRF loan, USDA-RD, or a bank loan
- Local funds or reserves

The application asks the entity to estimate each source and its expected timing.

Each take-out source has its own requirements. If you expect to finance the project through a program such as an SRF loan or USDA-RD, contact that program early, before you award contracts, so that work paid for with RAPID proceeds can be carried into the permanent financing.

FEMA Public Assistance reimburses a share of eligible costs, not all costs. Confirm the local share with your FEMA or county emergency management contact rather than assuming full reimbursement.

If a take-out source has not materialized as maturity approaches, contact the Bond Bank well before the maturity date.

FEMA and Insurance

FEMA Public Assistance is a reimbursement program, and reimbursement depends on documentation. The burden of showing that a cost is eligible falls on the applicant.

- Keep records of your disaster costs from the first day, separately from your other spending.
- Photograph the damage before work begins wherever it is safe to do so.
- Be careful with procurement. Work paid for with federal funds is subject to federal procurement requirements. Consult your engineer, consultant, or attorney before awarding contracts.

Insurance

Insurance proceeds must be sought and applied first. FEMA expects an entity to pursue its insurance recovery before FEMA reimburses a cost, and will reduce or deny assistance for costs that insurance covered or would have covered.

If a damaged facility received FEMA assistance in a prior disaster and was required to carry insurance as a condition of that assistance, confirm that the coverage was maintained. FEMA may deny assistance for that facility if it was not.

The Bond Bank cannot advise on FEMA or insurance eligibility. Raise these questions with your county emergency management office, your FEMA contact and your insurance agent early.

Furthermore, the Bond Bank's approval of a RAPID loan to a community or the disbursement of any draws on a RAPID BAN do not constitute a representation or warranty that an expense paid or reimbursed with the proceeds of a RAPID loan will ultimately be eligible for reimbursement from FEMA, any insurance or any other State or federal grant program.

Professional Assistance

The Bond Bank can assist with drafting the ordinance or resolution authorizing the RAPID BAN, and can provide a draft if needed. Please contact the Bond Bank before your board or council adopts it.

The Bond Bank is not a municipal advisor and is unable to provide financial advice. Entities are welcome to work with a registered municipal advisor, and with the engineers, consultants, and other professionals assisting with their emergency recovery efforts.

Financial Reporting

Entities must provide their most recent audited financial statements with the application. A new audit is not required. Entities must also submit subsequent audited financials to the Bond Bank as they become available for as long as the note is outstanding. The Bond Bank reserves the right to request additional financial information.

Participation Process

Approval Process

The Bond Bank team reviews the application in conjunction with its own municipal advisor.

Credit Review

Where a Qualified Entity has not received a commitment for long-term financing through a permanent financing program, the application and supporting documentation regarding the entity's long-term plan of finance will be reviewed by the Bond Bank and its municipal advisor. The Bond Bank must receive a credit review from its municipal advisor that is favorable in the Bond Bank's sole discretion before the entity is approved.

What to Submit

The completed application, together with:

- Photographs of the damage, if available

- A copy of your RAPID BAN ordinance or resolution; a near-final draft is acceptable if it has not yet been adopted
- A copy of the disaster declaration covering your county, if available
- Your insurance declarations page or policy summary, if available
- Your most recent audited financial statements
- Municipal utilities, and entities with damage to utility assets: your most recent rate ordinance or rate schedule, if available

If a document is not final, send a draft and let the Bond Bank know when the final version will be available.

Application Timing

Closings are scheduled every two weeks. The application and the RAPID BAN ordinance are due at least two weeks before the closing date on which you intend to fund, and the application asks you to identify the closing date you want. The schedule of application deadlines and closing dates is on the Closing Calendar tab of the application; a few dates fall off the normal two-week rhythm to avoid holidays.

The Bond Bank will add closing dates if they are needed. If the published dates do not work for your timeline, contact the Bond Bank.

If an application arrives incomplete, or if material questions about the request remain unresolved as the closing date approaches, the Bond Bank may move the request to the next closing date. The Bond Bank will tell you what is outstanding as soon as it is identified.

Additional Questions

If you have additional questions about the program, please contact the Bond Bank at bondbank@inbondbank.com, or submit a question through the website at https://inbondbank.com/contact.