

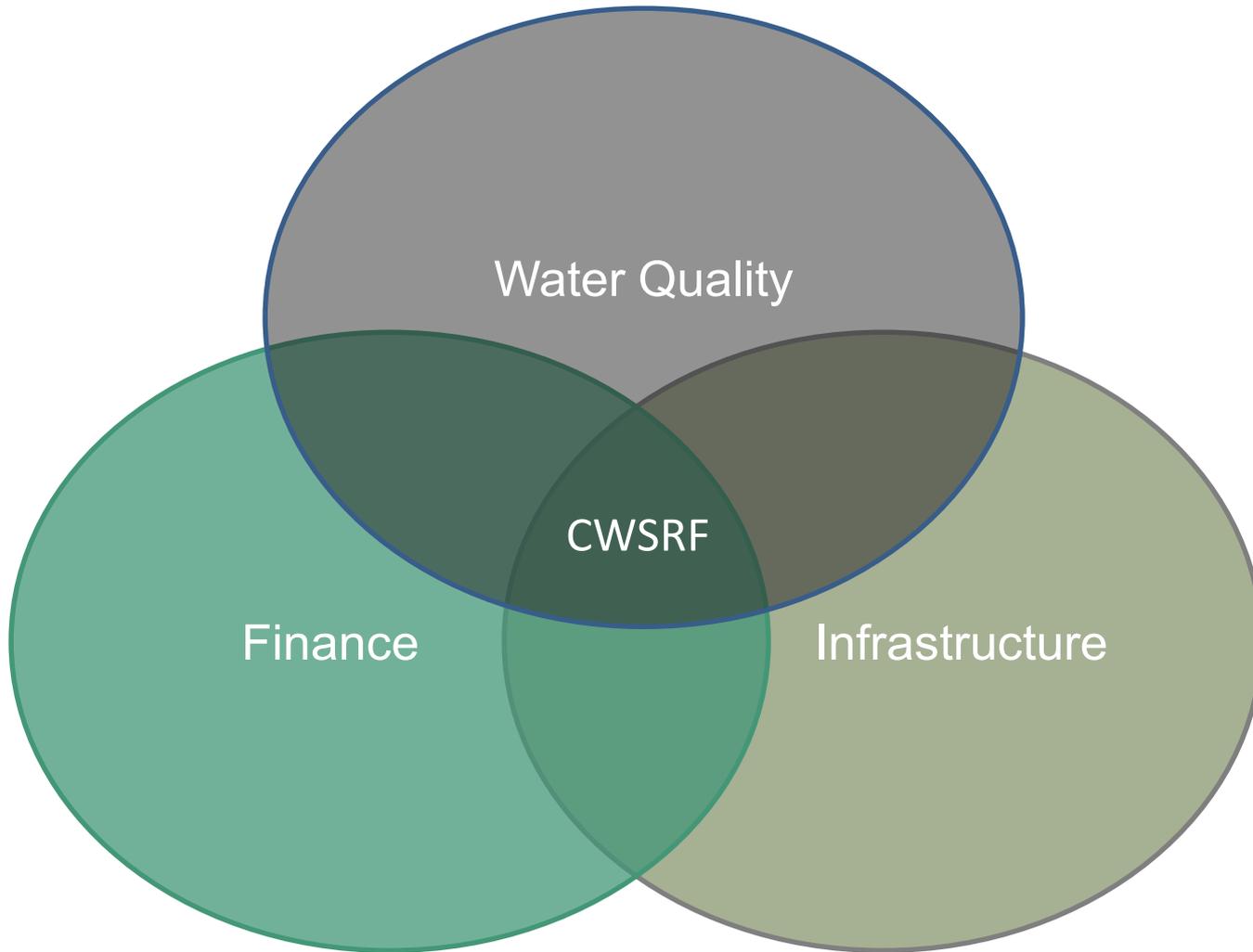
Clean Water State Revolving Fund

2020 CWSRF Rulemaking Advisory Committee Meeting #1



DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.

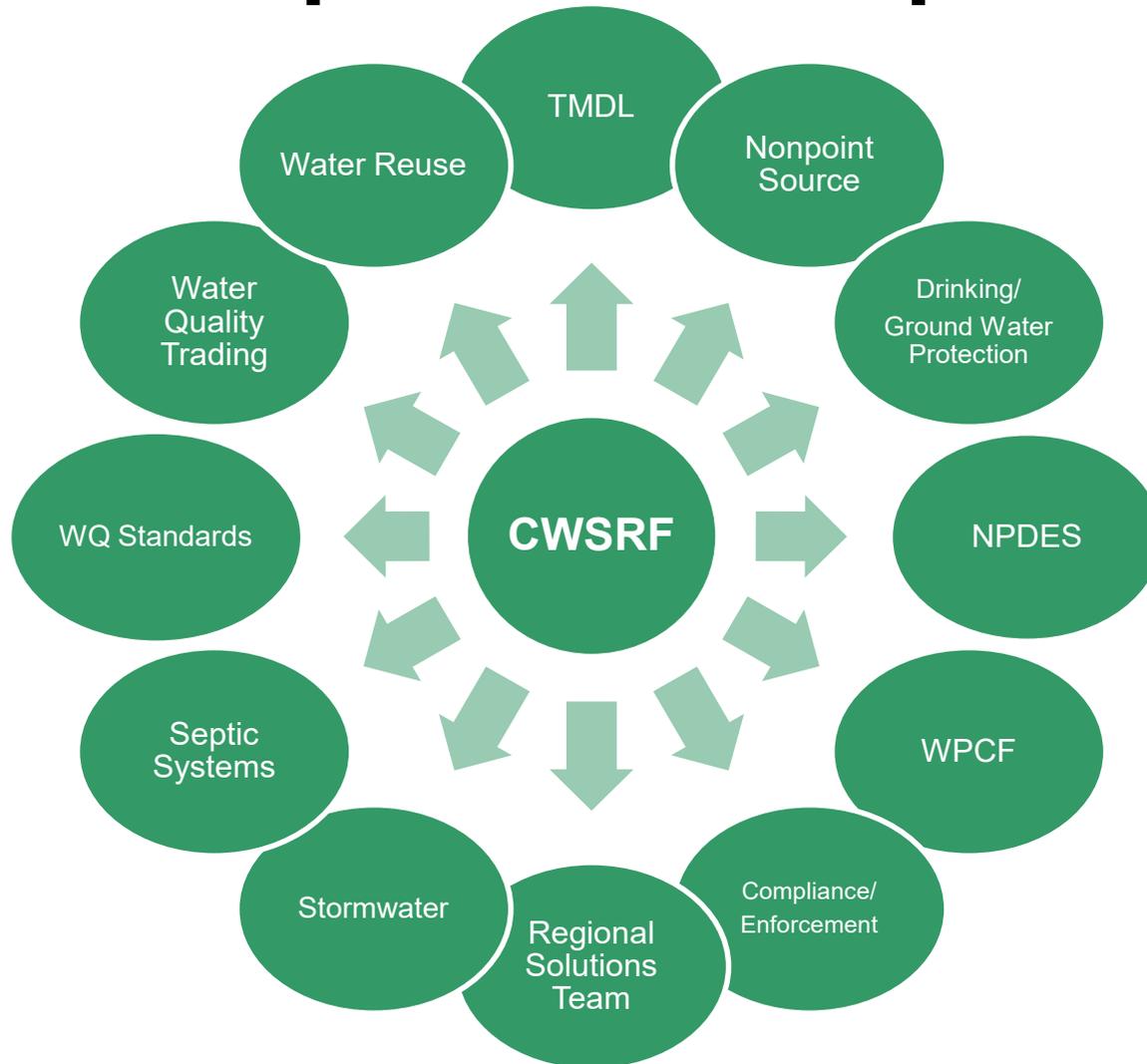
The Basics



CWSRF brief overview

- Funding authorized under the Clean Water Act in 1987
- Below-market rate loans
- \$1.34 billion to 170 borrowers in Oregon over 30 years
- \$750 million loan portfolio value at any given time
- Planning, design and construction

CWSRF: A part of water protection



Loans in the public interest

- Below market-rate loans
 - Current interest rates: 0.79 percent and 2.75 percent
- Interest accrues only on the disbursement amounts, not the full amount upfront
- Repayment begins six months to one year after project completion
- Great source of match
- Fund reliability

Four loan types: Many possible projects

Below-market rate loans for planning, design and construction

The Oregon Clean Water State Revolving Fund helps protect public health, restore natural areas and promote economic development. We can help you decide which treatment approach and loan type will meet your water quality needs.



Point Source

- Any single identifiable source of water pollution discharge
- Common types are factories, sewage treatment plants and other industries



Nonpoint Source

- Pollution carried by rain, snowmelt, seepage or drainage, including:
- Oil
 - Animal waste
 - Bacteria
 - Agricultural chemicals
 - Stormwater



Planning

- Data collection and measurement
- Evaluation, analysis and security
- Report preparation
- Environmental review and any other activity leading to a written document



Local Community

- Enables communities to develop their own water quality loan program
- Projects may include septic work, estuary management and irrigation projects



10 minute Break

2019 Senate Bill 884 overview

Senate Bill 884 changed Oregon's Clean Water State Revolving Fund definition of eligible borrowers from solely public entities to allow lending to non-profit Community Development Financial Institutions (CDFIs), certified by the US Department of Treasury, for the specific purpose of lending to individual homeowners for:

- Septic repair
- Septic replacement
- Connection to a public sewer system

Senate Bill 884 overview, *continued*

- Lending to a CDFI that lends to homeowners (pass-through lending) will allow individuals access to the fund that is currently only available for certain public agencies.
- The bill addresses nonpoint source pollution, a leading cause of water quality contamination, caused by privately owned failing septic systems.
- DEQ will develop the criteria and processes through careful analysis, stakeholder engagement, and rulemaking to ensure that the proper rules and procedures are in place to safeguard the integrity and perpetuity of the loan fund.

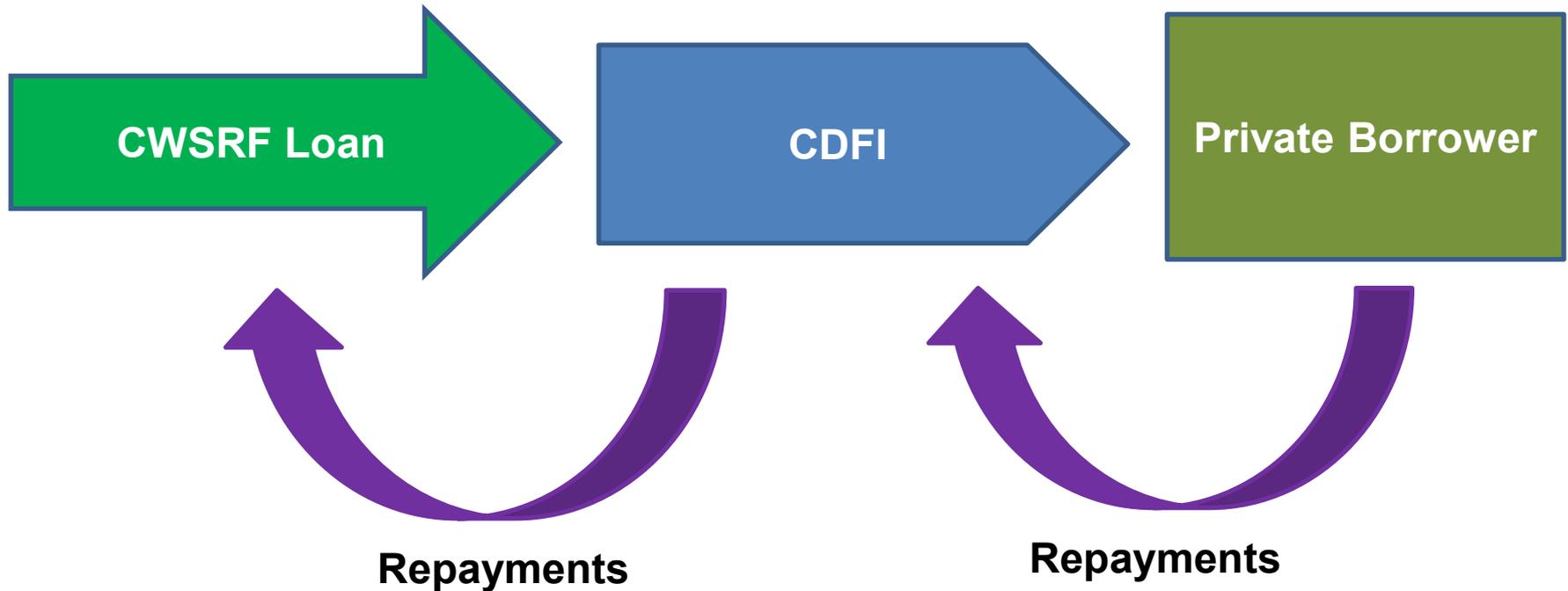
What is a Community Development Financial Institution?

- Specialized community-based financial institutions with a primary mission to promote economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low income communities
- CDFIs include community development banks and credit unions, and non-regulated institutions such as non-profit loan funds or venture capital funds
- Regulated and assisted by the U.S. Department of the Treasury
- There are more than 1,000 CDFIs operating nationwide
- There are 18 CDFIs registered in Oregon

Pass-through lending: How this could work

- CWSRF would loan funds to a CDFI
- CDFI then lends to a private landowner or homeowners association to repair or replace their septic system, or connect to an available sewer system
- The CDFI repays DEQ the original CWSRF loan with interest and fees

Pass-through lending: How this could work



Pass-through lending parameters

- DEQ could use something like the existing pass-through loan structure to lend to CDFIs
- Parameters under consideration:
 - Underwriting
 - Creditworthiness and Securities
 - Loan terms
 - Interest rate
 - Loan requirements