

Brownfields Cleanup Revolving Loan Fund Offers Benefits to Local Governments

The cost of environmental remediation can add up quickly. This can be particularly true when the property is owned by local governments. Questions surrounding the scope of environmental remediation, potential uses of the property after cleanup, and the financial viability of the entire project, also loom large in the minds of city and county officials.

To help local governments with environmental remediation needs, the Brownfields Revolving Loan Fund (BRLF) of the Department of Health and Environmental Control (DHEC) provides ways in which the environmental cleanup costs can be reduced and spread over a multi-year period. In addition to units of local government family residential lots for development of affordable housing.

Cary Smith, Rock Hill City Manager, said, "The Brownfields Revolving Loan Fund was a very important financial tool which made it possible for us to turn a community hazard into a community asset." Additionally, for governmental and non-profit borrowers, thirty percent (30%) of a loan (up to a maximum of \$150,000) may be forgiven over the repayment period. For

example, if a loan of \$500,000 is made to cover cleanup costs of a project, the total loan principal may be reduced by up to \$150,000 due to the 'forgiveness' provision of this program.

Serving as statewide program administrator, the Catawba Regional Council of Governments facilitates the BRLF in partnership with DHEC. Using its past experience in brownfields remediation, the Catawba Regional COG markets and services loans created through the program.

"We've discovered that when grants are unavailable, BRLF is the next best thing," said Rock Hill Mayor Doug Echols. "This pool of funds should be explored by local governments who find themselves owners of brownfields property. The financial benefits of the BRLF, coupled with the community benefit of removing environmental contamination, combine for a winning proposition."

Loan terms can be tailored to the borrower's need and repayment ability. Loans may range from \$50,000 to over \$1 million and are structured based upon potential sources of repayment, collateral availability

and the overall risk of the project. Interest rates are usually well-below conventional market rates, and may be as low as 1%.

Eligible activities for financing, after a Voluntary Cleanup Contract has been executed with DHEC, include the installation of drainage controls; stabilization of berms, dikes or drainage lagoons; capping contaminated soils; excavation or removal of highly contaminated soils from drainage or other areas; removal of drums, barrels, and tanks that contain hazardous substances; cleanup of mildly contaminated petroleum sites; and conducting site monitoring activities necessary during the cleanup process.

For further information about the program, contact Randy Imler or Elaine Fairman at Catawba Regional Council of Governments at (803) 327-9041 or via email at rimler@catawbacoog.org or efairman@bellsouth.net.



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10 Steps of a BRLF loan:

1. If a Voluntary Cleanup Contract (VCC) has not been executed for a specific site, please contact Craig Dukes at DHEC (866) 576-3432.
2. If a VCC has been executed or is currently being negotiated with DHEC, contact Randy Imler at Catawba Regional COG (803) 327-9041, or via email at rimler@catawbacoog.org to discuss the possible benefits of a BRLF loan.
3. With DHEC's involvement, the borrower determines the scope and budget of work required under the VCC. Catawba Regional COG and DHEC will provide guidance regarding eligible activities.
4. Complete a BRLF application (provided by Catawba Regional COG).
5. A loan proposal (term sheet) is presented by Catawba Regional COG and negotiated between BRLF and borrower.
6. The prospective loan is underwritten and approved by the BRLF Loan Committee.
7. Legal documents are drawn by the BRLF attorney and reviewed by local staff/counsel.
8. Loan documents are executed and the loan is closed.
9. Loan proceeds are funded based upon presentation and certification of eligible costs by DHEC.
10. Loan repayment is based upon negotiated terms under the loan agreement and notes.