



**COLORADO**  
Hazardous Materials  
& Waste Management Division  
Department of Public Health & Environment

# How to Add RLF to Your Capital Stack

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# Overview

- How Do RLFs Work?
- The Colorado Brownfields Revolving Loan Fund (CBRLF) Process
- Case Study – Using a CBRLF Loan in the Capital Stack



# How do RLFs Work?



## Brownfields RLF Background

- Funding Mechanism created by the 2002 Small Business Liability Relief and Brownfields Revitalization Act.
- Allows Grant Recipients to capitalize and RLF to provide loans and subgrants for cleanup

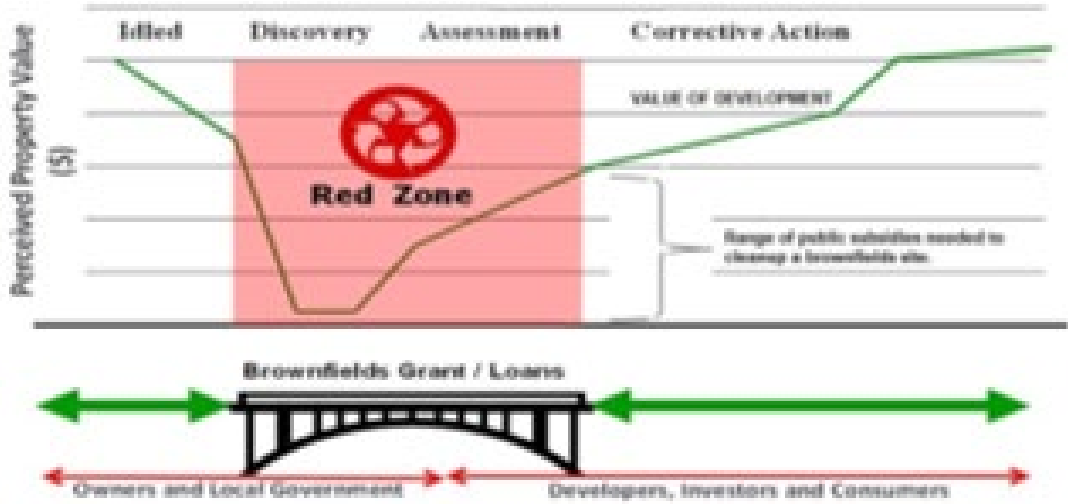


## What is an RLF Good For?

- One of the few brownfields incentives available to private entities
- Can be mission driven - not profit driven
- Offer great flexibility
- Provide an ongoing source of capital for cleanup



# RLF Funds Can Provide Bridge Funding

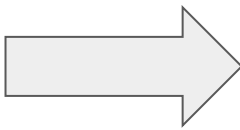


Source: Washington Department of Commerce, WA



# What is an RLF Good For?

Brownfields incentives and RLF funding help impaired sites become shovel-ready sites.



## What is an RLF Good For?

- RLFs Allow Grantees and Borrowers Great Flexibility
  - RLF Loans\Sub-grants can be targeted to meet specific needs.
  - Loan strategy can vary based on economic conditions
  - Loans can be structured to meet the needs of borrowers or achieve fund goals.





# Colorado Brownfield Revolving Loan Fund (CBRLF)

- The CBRLF Has Operated Since 2001
  - Capitalized ~\$24 M of environmental remediation
  - Issued 23 Loans and 13 sub-grants
  - Revolved ~\$13.2M
  - Loan Earnings ~\$2.1M



## CBRLF Organization and Structure

CDPHE = Environmental Expertise and Defined Process

CHFA = Financial Expertised - Underwriting and Loan Servicing.

Coalition Members = Planning\Infill Development Experience and Existing Markets



## Loan Strategy and Structure

- Loans Structured Based on Project Needs
  - Structure includes underwriting, term, interest and collateral.
  - Loan structure can help attract borrowers.



## Example Strategy for CBRLF Loan Structure

	Private Borrower	Local Govt/NonProfit
Interest Rate	<ul style="list-style-type: none"> <li>- 2% minimum</li> <li>- Max of Prime</li> <li>- Shorter term = Preferred Rate</li> </ul>	<ul style="list-style-type: none"> <li>- 0% Initial Rate</li> <li>- 50% of Prime Max</li> <li>- Shorter Term = Preferred Rate</li> </ul>
Loan Term	<ul style="list-style-type: none"> <li>- Maximum of 5 years</li> <li>- Flexible Payment Schedule</li> <li>- Balloon Payments allowed</li> </ul>	<ul style="list-style-type: none"> <li>- Maximum of 10 years</li> <li>- Monthly, Quarterly or Annual Payments</li> <li>- Balloon payment allowed.</li> </ul>
General Considerations	<ul style="list-style-type: none"> <li>- Preserve capital for future loans</li> <li>- Public amenities such as parks and open space projects can receive more favorable rates and terms.</li> </ul>	



# Use Other Incentives\Financing Tools to Supplement RLF Loans and Maximize Value of RLF Funds

- TIF Financing
- State Grant Funds
- Tax Credits
- Private Financing





# The CBRLF Process



# Application

- Begins with application on CDPHE website
  - <https://cdphe.colorado.gov/hm/brownfields>
- Reviewed by CDPHE
- If deemed eligible, application sent to CHFA to begin underwriting process



# Underwriting

- CHFA responsible for determining financial wherewithal of project.
- Structure the loan.
  - Loan amount, term, amortization, interest rate, collateral, recourse.
  - Program is designed to help get project across the finish line.
- CHFA loan officer will request various documents for underwriting and complete a loan memo.
  - Similar process to any other commercial loan.





## Presentation & Approval

- Upon completion of the loan memo, CHFA Loan Officer will schedule a call to present deal to committee.
- Sponsor will present project overview.
- Followed by CHFA loan officer.
  - Proposed loan structure and financial analysis of project.
- Answer committee questions.
- Sponsor will leave call and committee will vote on deal.
  - If approved, committee will discuss and finalize loan structure.



## Closing

- CHFA legal and closing teams lead the closing process.
  - Host Kickoff Call
  - Collect various closing checklist items
- Typically, 60-90 days to close from approval.





# Case Study – 29X



## West 29<sup>th</sup> Avenue Dry Cleaners



- Dry cleaner from 1930s – early 1980s
- Multiple unsuccessful remediation attempts
- Contamination prevented sale of property



# Keys to Success

- Risk Management
- Innovative Environmental Solution
- Site Planning
- Partnership with CDPHE
  - VCUP
  - CBRLF



## Role of the CBRLF

- Abatement and Remediation Funding
- Flexible Loan Terms
- Below Market Interest Rate







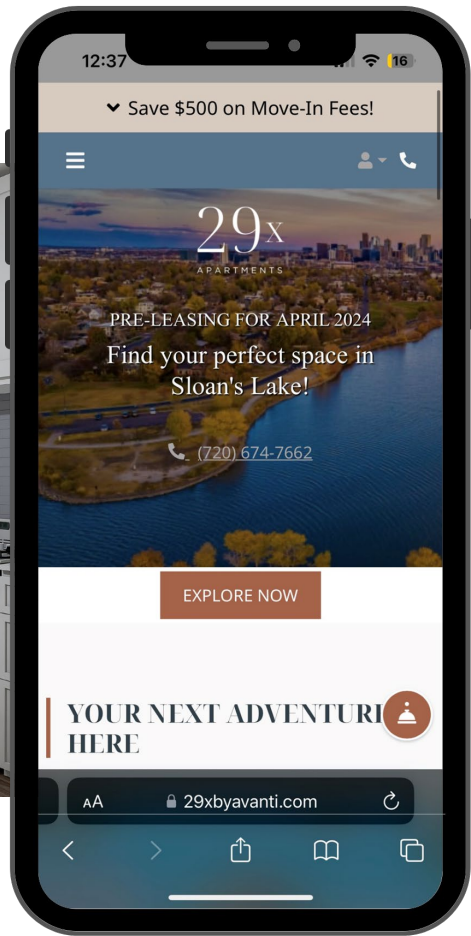






NW Corner-Facing SE





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## Contacts

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# Thank you!

Any Questions?

