

# Chapter 470

## 1983 REPLACEMENT PART

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## GENERAL

**470.050 Definitions.** As used in this chapter, unless the context requires otherwise:

(1) "Applicant" means an applicant for a small scale local energy project loan.

(2) "Committee" means the Small Scale Local Energy Project Advisory Committee created under ORS 470.070.

(3) "Cooperative" means a cooperative corporation organized under ORS chapter 62.

(4) "Department" means the Department of Energy created under ORS 469.030.

(5) "Director" means the Director of the Department of Energy.

(6) "Loan" includes the purchase or other acquisition of evidence of indebtedness and money used for the purchase or other acquisition of evidence of indebtedness.

(7) "Loan contract" includes the evidence of indebtedness and all instruments used in the purchase of the evidence of indebtedness.

(8) "Loan fund" means the Small Scale Local Energy Project Loan Fund created by Article XI-J of the Oregon Constitution.

(9) "Municipal corporation" has the meaning given in ORS 297.405 and also includes any Indian tribe or authorized Indian tribal organization or any combination of two or more of these tribes or organizations acting jointly in connection with a small scale local energy project.

(10) "Oregon business" means a sole proprietorship, partnership, cooperative or corporation in Oregon organized for profit.

(11) "Small business" means:

(a) An Oregon business that is:

(A) A retail or service business employing 50 or fewer persons at the time the loan is made; or

(B) An industrial or manufacturing business employing 200 or fewer persons at the time the loan is made; or

(b) An Oregon subsidiary of a sole proprietorship, partnership, cooperative or corporation for which the total number of employees for both the subsidiary and the parent sole proprietorship, partnership, cooperative or corporation at the time the loan is made is:

(A) Fifty or fewer persons if the subsidiary is a retail or service business; and

(B) Two hundred or fewer if the subsidiary is an industrial or manufacturing business.

(12) "Sinking fund" means the Small Scale Local Energy Project Administration and Bond Sinking Fund created in ORS 470.300.

(13) "Small scale local energy project" means any system, mechanism or series of mechanisms located in Oregon that uses renewable resources including, but not limited to, solar, wind, geothermal, bio-mass, waste heat or water resources to produce energy including heat, electricity and substitute fuels to meet a local community or regional energy need in this state. A small scale local energy project may conserve energy or produce energy by generation or by processing or collection of a renewable resource. [1979 c 672 §1, 1981 c 50 §1, 1983 c 188 §1]

**470.060 Application for loan funds; content; fee.** (1) Any individual who is a resident of Oregon, an Oregon business, nonprofit cooperative or corporation, or municipal corporation may file with the department an application to obtain loan funds for a small scale local energy project as provided in this chapter.

(2) Applications to obtain funds for a small scale local energy project shall be made in writing on a form prescribed by the department. Applications submitted to the department shall:

(a) Describe the nature and purpose of the proposed small scale local energy project.

(b) State whether any purposes other than energy production, but consistent therewith, will be served by the proposed small scale local energy project, and the nature of such other purposes, if any.

(c) Include an evaluation of the potential of the small scale local energy project to meet local community energy needs.

(d) Include an evaluation of the potential environmental impacts of the small scale local energy project.

(e) State whether any moneys other than those in the loan fund are proposed to be used for the development of the proposed small scale local energy project, and whether any other moneys are available or have been sought for the project

(f) Describe the source of funds for repayment of the loan applied for.

(3) A fee of one-tenth of one percent of the amount of the loan applied for or \$2,500, whichever is less, shall be submitted with each application. In addition, the applicant may be required to pay for costs incurred in connection with the application that exceed the application fee and which the director determines are incurred solely in connection with processing the application.

The applicant shall be advised of any additional costs the applicant must pay before the costs are incurred. [1979 c 672 §2, 1981 c 50 §2, 1983 c 188 §2]

**470.070 Advisory committee.** (1) The director shall appoint a Small Scale Local Energy Project Advisory Committee to review applications made under ORS 470.060 and rules adopted under ORS 470.080, and make recommendations thereon to the director.

(2) Seven members shall be appointed to the Small Scale Local Energy Project Advisory Committee. Each member shall be appointed to serve a two-year term, commencing July 1 of the year of appointment, and until a successor is appointed and qualified. The members shall represent the interest of the citizens of this state and shall be knowledgeable in the areas of small scale energy technology, natural resource development, environmental protection, finance, agriculture, local government operations and utility operations. At least three members shall reside outside the Willamette Valley.

(3) The committee shall elect its own presiding officer, adopt rules for its procedure and meet on call of the presiding officer or a majority of the members. A majority of the members shall constitute a quorum to do business. The director shall provide administrative facilities and services for the committee.

(4) Members of the Small Scale Local Energy Project Advisory Committee shall be entitled to expenses as provided by ORS 292.495. [1979 c 672 §3]

**470.080 Standards for small scale local energy projects; review of applications; referral to committee; committee criteria.** (1) After consultation with the committee, the director shall establish by rule standards and criteria for small scale local energy projects to be funded under the provisions of ORS 470.060 to 470.090. The standards and criteria shall operate to encourage diversity in projects funded, give preference to the maximum extent practical to projects proposed by individuals and small businesses, assure acceptability of environmental impacts and shall require consideration of the potential contribution of a project if developed at other suitable locations to meeting the energy needs of this state.

(2) All applications submitted under ORS 470.060 shall be reviewed by the department. The department may request that the applicant submit additional information or revise the application. The department shall:

(a) Determine whether the application meets the standards and criteria adopted under subsection (1) of this section, and

(b) Recommend approval or denial of the loan application, and if approval is recommended in what amount the loan should be made.

(3) After concluding its review, unless the application meets the criteria established by the committee under subsection (4) of this section, the department shall refer the application and its findings and recommendation to the committee for its review. The department shall notify the applicant of the date, time and place of any oral presentation to the committee on the application. The committee shall review the application and the department's findings and recommendations and advise the director whether the proposed small scale local energy project meets the criteria established by the director under subsection (1) of this section, whether the project should be financed with moneys from the loan fund and in what amount the loan should be made if approved.

(4) The committee may provide for direct referral of an application by the department to the director if the application meets criteria established by the committee. [1979 c 672 §4, 1981 c 50 §3]

**470.090 Approval or rejection by director; certification of amount of loan; findings; notice.** (1) After consideration of the recommendation of the committee or the department as provided by ORS 470.080, the director may approve or reject the financing of a small scale local energy project described in an application filed as provided in ORS 470.060, using moneys in the Small Scale Local Energy Project Loan Fund. Approval of a loan by the director shall include a certification of the amount of the loan.

(2) The director's approval of a loan for a small scale local energy project shall be based on a finding that:

(a) The proposed small scale local energy project meets established standards and criteria under ORS 470.080;

(b) The proposed project is consistent with the preservation and enhancement of environmental quality;

(c) The proposed project is feasible and a reasonable risk from practical and economic standpoints,

(d) The plan for development of the project is satisfactory;

(e) The applicant is qualified, credit-worthy and responsible and is willing and able to enter into a contract with the director for development and repayment as provided in ORS 470.150,

(f) There is a need for the proposed small scale local energy project and the applicant's financial resources are adequate to provide the working capital to maintain the project after completion;

(g) Moneys in the loan fund are or will be available for the development of the proposed small scale local energy project;

(h) A dwelling constructed before January 1, 1979, that will be served by a proposed space heating project is weatherized according to the standards established under ORS 469.155;

(i) Except for a proposed space heating project for a dwelling under paragraph (h) of this subsection, the loan does not finance any project or any component of a project for which the projected economic value of the energy savings of the project or the component during the first year the project or component is implemented is equal to or greater than the cost of the project or component; and

(j) The loan will not preclude individuals and small businesses from access to loan funds.

(3) The director shall notify the applicant and the presiding officer of the committee of the director's action and of the reasons for that action. The director shall inform the applicant of the review procedure established in ORS 470.100. [1979 c 672 §5, 1981 c 50 §4, 1981 c 565 §4, 1983 c 188 §3]

**470.100 Committee review of rejection or approval in different amount; committee appeal to Governor; finality of Governor's action.** (1) If the director rejects a loan application or approves a loan amount different than that requested by the applicant, the applicant may request that the committee review the director's action.

(2) The committee may review the director's action on its own motion or at the request of the applicant. A majority of the members of the committee may authorize the presiding officer of the committee to appeal the director's action to the Governor.

(3) An appeal of the director's action may be initiated by the presiding officer of the committee no later than 45 days after the date the applicant receives notice of the director's action under ORS 470.090.

(4) The decision of the Governor is final. If the Governor fails to act within 30 days after

receiving the appeal, the appeal shall be considered to be denied.

(5) Notwithstanding ORS 183.310 to 183.550, a decision of the director or the Governor on an application for loan funds under ORS 470.090 or this section is not subject to judicial review. [1979 c 672 §6]

**470.110 Gifts and grants credited to loan fund.** The director may accept gifts of money or other property from any source, given for the purposes of ORS 470.050 to 470.120, 470.140 (1) and 470.150 to 470.200. Money so received shall be paid into the loan fund. Money or other property so received shall be used for the purposes for which received. [1979 c 672 §12]

**470.120 Limit on loan to amount not funded by other sources.** If the applicant receives from any source other than the loan fund any funds to assist in the development of the project, the amount of the loan to the applicant from the loan fund shall be limited to that amount necessary for the development of those portions of the project not funded by other sources. [1979 c 672 §15]

**470.130 Appropriation of loan fund.** All moneys in the loan fund created by Article XI-J of the Oregon Constitution hereby are appropriated continuously to the director and shall be used for the purposes provided in this chapter [1979 c 672 §16]

**470.140 Rulemaking authority; biennial report.** (1) In accordance with the applicable provisions of ORS 183.310 to 183.550, the director may adopt rules considered necessary to carry out the purposes of this chapter.

(2) The director shall submit to the Legislative Assembly and the Governor a biennial report of the transactions of the loan fund and the sinking fund in such detail as will accurately indicate the condition of the funds. [1979 c 762 §§13, 27]

**470.145 Department to develop marketing plan.** The department shall develop, implement and periodically update a marketing plan to inform potential applicants of the availability of small scale local energy project loans. The first priority of the marketing plan shall be to inform individuals and small businesses that small scale local energy project loans are available. [1983 c 188 §9]

## LOANS AND REPAYMENT

**470.150 Loan contract; security; content.** If the director approves the financing of a small scale local energy project, the director, on behalf of the state, and the applicant may enter into a loan contract, secured by a first lien or by other good and sufficient collateral in the manner provided in ORS 470.170 and 470.180, which shall set forth, among other matters:

(1) That the director, on behalf of the state, must approve the arrangements made by the applicant for the development, operation and maintenance of the small scale local energy project, using moneys in the loan fund for the project development.

(2) A plan for repayment by the applicant to the sinking fund of moneys borrowed from the loan fund used for the development of the small scale local energy project and interest on those moneys used at a rate of interest the director determines is necessary to provide adequate funds to recover the administrative expenses incurred under this chapter. The repayment plan, among other matters:

(a) Shall provide for commencement of repayment by the applicant of moneys used for project development and interest thereon not later than two years after the date of the loan contract or at any other time as the director may provide

(b) May provide for reasonable extension of the time for making any repayment in emergency or hardship circumstances, if approved by the director.

(c) Shall provide for evidence of debt assurance of and security for repayment by the applicant considered necessary or proper by the director

(d) Shall set forth a schedule of payments and the period of loan which shall not exceed the usable life of the completed project, or 30 years from the date of the loan contract, whichever is less, and shall also set forth the manner of determining when loan payments are delinquent. The payment schedule shall include repayment of interest which accrues during any period of delay in repayment authorized by paragraph (a) of this subsection, and the payment schedule may require payments of varying amounts for collection of the accrued interest.

(e) Shall set forth a procedure for formal declaration of default of payment by the director, including formal notification of all relevant federal, state and local agencies; and further, a procedure for notification of all relevant federal,

state and local agencies that declaration of default has been rescinded when appropriate.

(3) Provisions satisfactory to the director for field inspection, the director to be the final judge of completion of the project.

(4) That the liability of the state under the contract is contingent upon the availability of moneys in the loan fund for use in the planning and development of the project.

(5) Any further provisions the director considers necessary to insure expenditure of the funds for the purposes set forth in the approved application.

(6) That the director may institute an appropriate action or suit to prevent use of the project financed by the loan fund by any person who is delinquent in the repayment of any moneys due the sinking fund. [1979 c 672 §7]

**470.160 Payment from loan fund.** If the director approves a loan for a small scale local energy project, the State Treasurer shall pay moneys for such project from the loan fund in accordance with the terms of the loan contract, as prescribed by the director. [1979 c 672 §8]

**470.170 Mortgage or security agreement.** (1) When a loan is made under this chapter, to an applicant other than a municipal corporation, the loan shall be secured by a mortgage or security agreement in the full amount of the loan which mortgage or security agreement shall be a lien upon the applicant's real or personal property including long-term leasehold interests or equitable interests in real property as the director shall require for adequate security.

(2) When a loan is made to a municipal corporation for the development of a small scale local energy project under this chapter, the director shall obtain adequate and sufficient security for the amount of the unpaid balance of the loan. The security may be in the form of a lien, mortgage or other form of security acceptable to the director and the municipal corporation.

(3) When a loan made under this chapter, is secured by a lien on the real property of the applicant, the director shall file notice of the loan with the recording officer of each county in which is situated real property of the applicant. The notice shall contain a description of the real property of the applicant, the amount of the loan and a statement that the State of Oregon has a lien against such real property as provided in subsection (1) or (2) of this section.

(4) Upon payment of all amounts loaned to an applicant pursuant to this chapter, the direc-

tor shall file with each recording officer referred to in subsection (3) of this section a satisfaction notice that indicates repayment of the loan.

(5) The director may cause to be instituted appropriate proceedings to foreclose liens for delinquent loan payments, and shall pay the proceeds of any such foreclosure, less the director's expenses incurred in foreclosing, into the sinking fund. In a foreclosure proceeding the director may bid on property offered for sale in the proceedings and may acquire title to the property on behalf of the state.

(6) The director may take any action, make any disbursement or institute any action or proceeding necessary to protect the state's interest. [1979 c 672 §9, 1981 c 50 §5, 1983 c 188 §4]

**470.180 Withholding of state funds due to municipal corporation that defaults on loan.** In addition to any other remedy available to the department, if a municipal corporation entitled by law to share in the apportionment of any state revenues or funds defaults on any payments due to the State of Oregon under a loan contract entered into under ORS 470.150, the department shall certify that fact to the Executive Department and the Executive Department shall withhold payment of any revenues or funds in the State Treasury to which the municipal corporation is entitled until the department certifies that the default has been remedied. [1979 c 672 §10]

**470.190 Remedies.** If an applicant fails to comply with a contract entered into with the director for development and repayment as provided in ORS 470.150, the director, in addition to remedies provided in ORS 470.170 and 470.180, may seek other appropriate legal remedies to secure the loan and may contract as provided in ORS 470.150 with any other person for continuance of development and for repayment of moneys from the loan fund used therefor and interest thereon. [1979 c 672 §11]

**470.200 Refinancing of project.** If any small scale local energy project is refinanced or an additional grant or loan intended to finance the project development is obtained from other sources after the execution of the loan from the state, all such funds shall be used to repay the state unless the director finds that repayment of the state from the additional grant or loan would be contrary to public interest. [1979 c 672 §14, 1983 c 188 §5]

**470.210 Municipal corporation may enter into loan contract; purchase of municipal corporation's general obligation or**

**revenue evidence of indebtedness.** (1) Notwithstanding any other provision of law, a municipal corporation may enter into a loan contract for financing a small scale local energy project

(2) In order to finance a small scale local energy project, the director, on behalf of the state, may purchase or otherwise acquire a municipal corporation's general obligation or revenue evidence of indebtedness including but not limited to a bond, note, certificate of participation, warrant or lease purchase agreement issued by the municipal corporation to finance the small scale local energy project

(3) A project may be financed under subsection (1) of this section only if the director finds:

(a) The municipal corporation complies with the requirements of this chapter regarding a small scale local energy project loan; and

(b) The instrument evidencing the indebtedness complies with the requirements of ORS 470.150.

(4) Notwithstanding subsection (2) of this section, a loan obtained from the department by a county to finance a small scale local energy project shall be secured solely by the small scale local energy project and revenues derived from the project and shall not constitute a general obligation of the county. A county may repay any portion of a loan incurred under this chapter from any funds available to it. [1983 c 188 §8]

## BONDS

**470.220 Issuance of bonds.** In order to provide funds for the purposes specified in Article XI-J of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS 286.031 to 286.061. [1979 c 672 §17, 1981 c 660 §23]

**470.230 Bond proceeds credited to loan fund.** Except as provided in ORS 470.270, all moneys obtained from the sale of bonds under ORS 470.220 to 470.290 shall be credited by the State Treasurer to the loan fund. Those moneys shall be used only for the purposes stated in Article XI-J of the Oregon Constitution and ORS 470.050 to 470.120, 470.140 (1) and 470.150 to 470.200. Those moneys may be used to make payments of interest of bonds issued pursuant to the provisions of ORS 470.220 to 470.290 if there are insufficient funds in the sinking fund to make the payments referred to in ORS 470.300 (1). Pending the use of the moneys for the proper purposes, the moneys

may be invested in the manner provided by law. [1979 c 672 §18]

**470.240 Bonds as general obligation bonds.** All bonds issued under ORS 470.220 to 470.290 shall contain a direct promise of the State of Oregon to pay the face value thereof, with interest thereon at a rate or rates, payable semiannually, as the director, with the approval of the State Treasurer considers appropriate. The principal of and the interest upon the bonds, when due, shall be paid at the fiscal agency of the State of Oregon, in the City and State of New York. The charges imposed by that agency for its services shall be paid, upon approval by the State Treasurer, from the sinking fund. [1979 c 672 §19]

**470.250 Bonds issuance procedure.** Each issue of bonds under ORS 470.220 to 470.290 shall be payable in principal instalments and upon a maturity date or dates to be determined by the director, with the approval of the State Treasurer, provided that the first principal instalment shall fall due not later than four years after the date of the bonds and that the earliest maturity date of any of the bonds of an issue shall be not less than one year and the final maturity date not more than 30 years from the date of the bonds. The director, with the approval of the State Treasurer, may issue the bonds, as provided in ORS 286.040, with reservation of the right to redeem the bonds for retirement or refunding purposes prior to the final date or dates of maturity thereof. The bonds may be issued in registered form. The bonds and any appurtenant coupons shall be negotiable in form and shall embody an absolute and unconditional promise of the State of Oregon to pay the principal of and the interest upon the bonds, when due, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America. The bonds shall be executed with the facsimile signatures of two of the three officers designated in ORS 286.050, and with the manual signature of the other of such officers, as agreed upon among them. The bonds may bear coupons evidencing the interest to become due thereon for each instalment thereof. The first coupon of each issue of bonds may be for a period of more or less than six months but of not more than one year, if, in the judgment of the State Treasurer, the issuance of the bonds with such coupons is advisable. The coupons shall be executed with the facsimile signature, with the title of the office thereunder, of each of the officers designated in ORS 286.050. Bonds issued under ORS 470.220 to 470.290, and the interest

coupons annexed thereto, bearing the signatures of officers in office on the date of execution of the bonds shall be valid and legally binding obligations, notwithstanding that before delivery of the bonds to the purchasers thereof any or all of the officers have ceased to be such. [1979 c 672 §20, 1981 c 50 §6]

**470.260 Advertisement and bid.** The director, with the approval of the State Treasurer, shall provide such method as the director considers appropriate for the advertisement by newspaper of each issue of bonds under ORS 470.220 to 470.290, before the issue is sold and shall require such deposit with each bid therefor as the director considers adequate to insure the fulfillment thereof. Prior to advertisement of any of the bonds for sale, the State Treasurer may publish in one or more financial newspapers in the City and State of New York a statement showing the current financial condition of the State of Oregon. The advertisement of the proposed sale of the bonds shall be published once not less than 10 days before the sale date and shall contain a provision to the effect that the director has the discretion to reject any or all bids received in pursuance of such advertisement. In the event of rejection, the director may readvertise for bids for the bonds in the form and manner set forth in this section, as many times as, in the judgment of the director, may be necessary to effect a satisfactory sale. The bonds, including refunding bonds, may be sold to any bidder or to the state at a price of not less than 98 percent of par value and the full amount of the accrued interest thereon. [1979 c 672 §23, 1981 c 50 §7]

**470.270 Refunding bonds.** After consultation with the State Treasurer, the director may issue refunding bonds for the purpose of refunding outstanding bonds issued under ORS 470.220 to 470.290. The refunding bonds may be sold in the same manner as other bonds are sold under ORS 470.220 to 470.290. All moneys obtained from the sale of refunding bonds shall be credited by the State Treasurer to the sinking fund. The issuance of the refunding bonds, the maturity date, and other details thereof, the rights of the holders thereof, and the duties of the Governor, Secretary of State and State Treasurer with respect thereto, shall be governed by the other provisions of ORS 470.220 to 470.290, in so far as those provisions are applicable. The refunding bonds may be issued to refund bonds previously issued for refunding purposes. Pending the use of moneys obtained from the sale of refunding bonds for proper purposes, such moneys may be

invested in the manner provided by law. [1979 c 672 §22]

**470.280 Bond repayment from sinking fund.** (1) The State Treasurer shall make payment of the principal of and the interest on any bond issued under ORS 470.220 to 470.290 from the sinking fund.

(2) The State Treasurer shall compute and determine in January of each year, after the sale of bonds under ORS 470.220 to 470.290, the amount of principal and interest which will fall due during the year on bonds then outstanding and unpaid and shall maintain or hold in the sinking fund sufficient moneys to pay such maturing obligations. [1979 c 672 §§21, 24]

**470.290 Bond indebtedness limited to constitutional limit.** No bonds shall be issued or sold under ORS 470.220 to 470.290 nor indebtedness incurred thereunder, which singly, or in the aggregate with previous debts or liabilities incurred for small scale local energy projects, shall exceed any limitation provided in the Oregon Constitution at the date of the issuance and sale of such bonds. If the maximum aggregate principal sum of bonds authorized to be issued under ORS 470.220 to 470.290 exceeds any limitation provided in the Oregon Constitution, bonds shall be issued under ORS 470.220 to 470.290 in the aggregate principal sum of not to exceed that authorized under the limitation provided in the Oregon Constitution. [1979 c 672 §25]

**470.300 Small Scale Local Energy Project Administration and Bond Sinking Fund; uses; sources.** (1) There hereby is created the Small Scale Local Energy Project Administration and Bond Sinking Fund, separate and distinct from the General Fund, to provide for payment of:

(a) Administrative expenses of the department and the director in processing applications, investigating proposed loans and servicing and collecting outstanding loans made under this chapter, if the expense is not paid directly by the applicant

(b) Administrative expenses of the State Treasurer in carrying out the duties, functions and powers imposed upon the State Treasurer by this chapter.

(c) Principal and interest of all bonds issued pursuant to the provisions of ORS 470.220 to 470.290.

(2) The fund created by subsection (1) of this section shall consist of:

(a) Application fees required by ORS 470.060, unless the department requires the applicant to pay the fee directly for a cost incurred in connection with the application.

(b) Repayment of moneys loaned to applicants from the loan fund, including interest on such moneys.

(c) Such moneys as may be appropriated to the fund by the Legislative Assembly.

(d) Moneys obtained from the sale of refunding bonds and any accrued interest on such bonds.

(e) Moneys received from ad valorem taxes levied pursuant to Article XI-J of the Oregon Constitution, and all moneys that the Legislative Assembly may provide in lieu of such taxes.

(f) Interest earned on cash balances invested by the State Treasurer.

(g) Moneys transferred from the Small Scale Local Energy Project Loan Fund

(3) The director, with the approval of the State Treasurer, may establish separate and distinct accounts within the sinking fund to accomplish the purpose of this section. [1979 c 672 §26, 1981 c 50 §8, 1983 c 188 §6]

**470.310 Procedure if sinking fund inadequate.** (1) If there are insufficient funds in the sinking fund to make the payments referred to in ORS 470.300 (1), the director may request the funds necessary for such payments from the Legislative Assembly or the Emergency Board.

(2) When the director determines that moneys in sufficient amount are available in the sinking fund, the State Treasurer shall reimburse the General Fund without interest, in an amount equal to the amount allocated by the Legislative Assembly or the Emergency Board pursuant to subsection (1) of this section. The moneys used to reimburse the General Fund under this subsection shall not be considered a budget item on which a limitation is otherwise fixed by law, but shall be in addition to any specific appropriations or amounts authorized to be expended from continually appropriated moneys. [1979 c 672 §28]

