



WIFIA

PROGRAM

**LEARN ABOUT EPA'S
NEWEST WATER
INFRASTRUCTURE
FINANCING
OPPORTUNITIES**

JANUARY 22, 2018



MISSION STATEMENT

The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance.



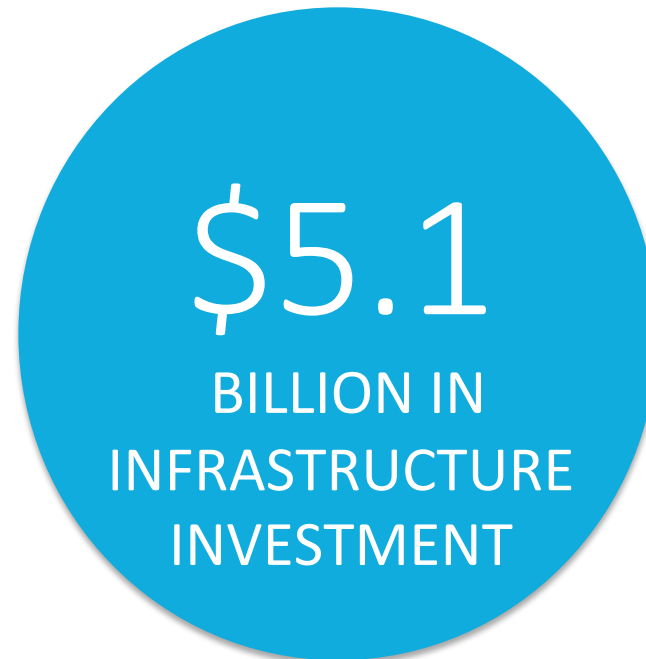
BACKGROUND

- Passed as part of Water Resources Reform and Development Act (WRRDA) of 2014
- WIFIA is modeled on the Transportation Infrastructure Finance and Innovation Act (TIFIA) of 1998
- Congress appropriated \$25 million for credit subsidy for FY 2017 which allowed EPA to select its first 12 projects to invite to apply for loans



FEDERAL CREDIT PROGRAM

- Leverage federal funding since Congress only needs to appropriate money to cover estimated losses and the remainder of the funding is borrowed from and repaid to Treasury
- A small amount of federal funds can support a larger amount of infrastructure investment



ELIGIBILITY

Eligible borrowers

- Local, state, tribal and federal government entities
- Partnerships and joint ventures
- Corporations and trusts
- Clean Water and Drinking Water State Revolving Fund (SRF) programs

Eligible projects

- Projects that are eligible for the Clean Water SRF, notwithstanding the public ownership clause
- Projects that are eligible for the Drinking Water SRF
- Enhanced energy efficiency projects at drinking water and wastewater facilities
- Brackish or seawater desalination, aquifer recharge, alternative water supply and water recycling projects
- Drought prevention, reduction or mitigation projects
- Acquisition of property if it is integral to the project or will mitigate the environmental impact of a project
- A combination of projects secured by a common security pledge or submitted under one application by an SRF program



IMPORTANT PROGRAM FEATURES



Minimum project size for large communities.



Maximum time that repayment may be deferred after substantial completion of the project.



Minimum project size for small communities (population of 25,000 or less).



Interest rate will be equal to or greater than the U.S. Treasury rate of a similar maturity.



Maximum portion of eligible project costs that WIFIA can fund.



Projects must be creditworthy.



Maximum final maturity date from substantial completion.



NEPA, Davis-Bacon, American Iron and Steel, and all federal cross-cutter provisions apply.



BENEFITS OVERVIEW

WIFIA's benefits can serve various borrower needs

Cheaper than alternatives

- Low, fixed interest rate
- Low fees

Flexible financial terms

- Customized repayment schedule
- Customized disbursements
- No penalty for prepayment
- Flexible co-financing

Can attract other borrowers and allow for more senior debt

- Can take a lower lien priority, freeing up coverage for affordable senior debt
- Improves the position and confidence of other lenders



APPLICATION PROCESS

Project Selection

- Notice of Funding Availability
- Letter of Interest (LOI) submission
- LOI evaluation
- Invitation to apply

Project Approval

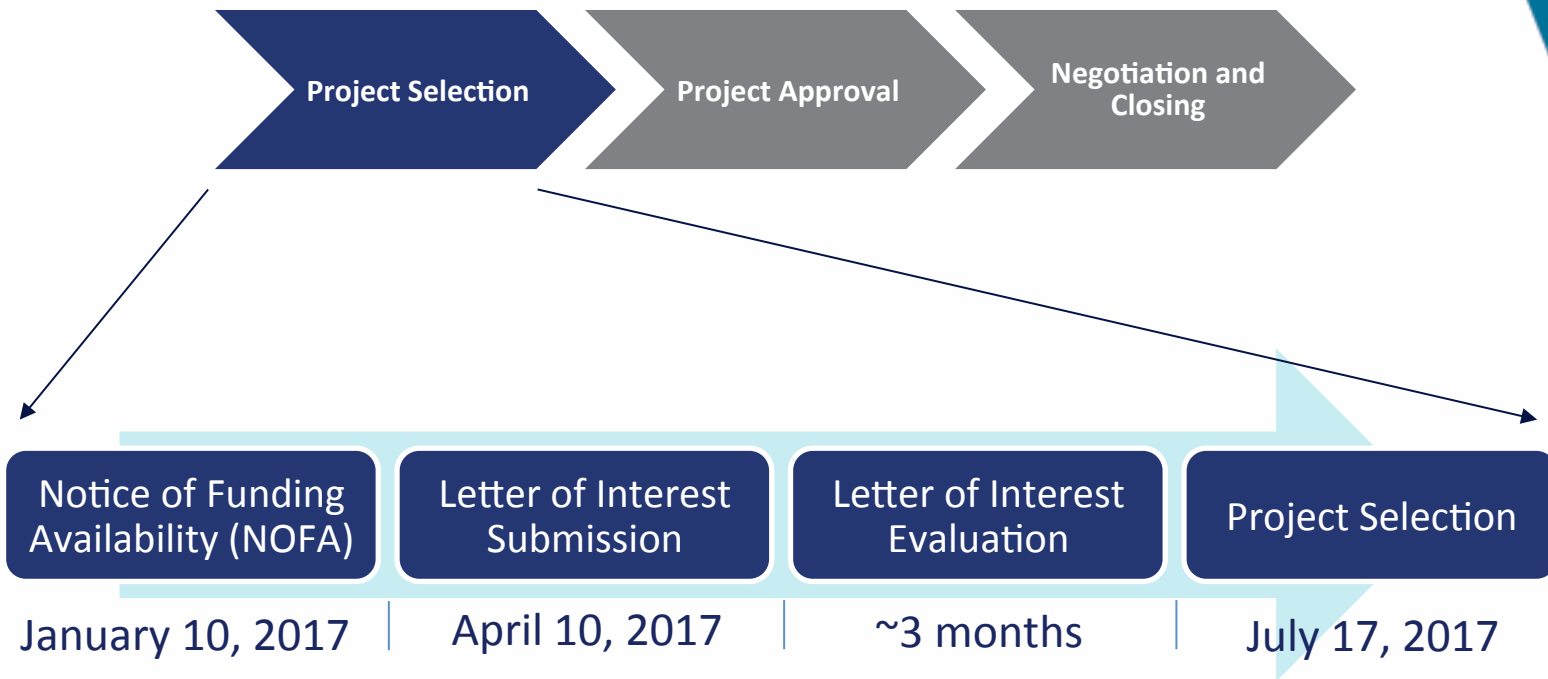
- Application submission
- Application evaluation
- Term sheet
- Application approval

Negotiation and Closing

- Negotiation activities
- Credit agreement execution



PROJECT SELECTION



PROJECT SELECTION IS COMPETITIVE

Project selection is a competitive process to identify projects to invite to apply which are:

- Eligible
- Creditworthy
- Technically feasible
- Meet the public policy goals outlined in the WIFIA statute and regulation



PROJECT SELECTION PROCESS

Does

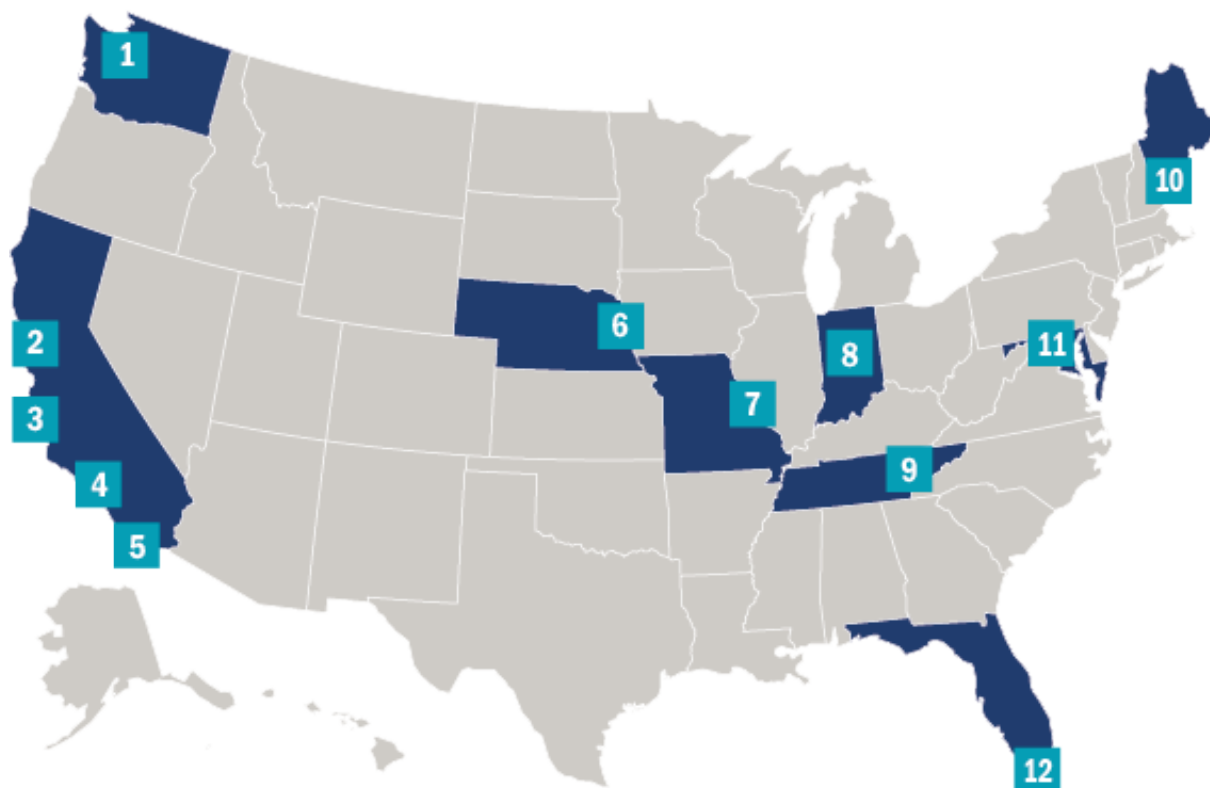
- Allocate budgetary resources to selected projects
- Identifies projects that EPA believes have a reasonable likelihood of receiving a WIFIA loan

Does Not

- Indicate EPA's acceptance of proposed business terms or credit structure in an LOI
- Confirm sufficiency or fulsomeness of the information provided in an LOI



FY 2017 WIFIA Projects



1. King County - \$129M

Georgetown WWTS

2. San Francisco PUC - \$625M

Biosolids Digester Facilities

3. City of Morro Bay - \$82M

Water Reclamation

4. Orange Co. Water District - \$124M

Groundwater Replenishment System

5. City of San Diego- \$492M

Pure Water San Diego

6. City of Omaha - \$55M

Saddle Creek RTB

7. Metro St. Louis Sewer District - \$43M

Sanitary Tunnel & Relief Projects

8. Indiana Finance Authority- \$436M

FY2017 SRF Program

9. City of Oak Ridge - \$22M

Water Treatment Plant

10. Maine Water Co. - \$25M

Saco River Treatment Plant

11. City of Baltimore - \$200M

Capital Improvements

12. Miami-Dade County - \$79M

Ocean Outfall Reduction

\$2.3B
WIFIA Loans
\$5.1B
Project Costs



APPLICATION PROCESS

Each application review is tailored to reflect the complexity and risk of the proposed project

Each project is reviewed for:

- Creditworthiness
- Engineering due diligence
- Legal aspects of the proposed project and credit structure



APPLICATION PROCESS

Example Project Y: \$200M low to medium risk capital project

PLEDGE	CREDIT DUE DILIGENCE	TECHNICAL REVIEW	NEGOTIATE TERMS	DOCUMENTATION	WIFIA FEES
Existing Lien of System Revenues	4 Months				\$200,000

Example Project Z: \$1,000M innovative high risk capital project

PLEDGE	CREDIT DUE DILIGENCE	TECHNICAL REVIEW	NEGOTIATE TERMS	DOCUMENTATION	WIFIA FEES
Non-Recourse Indenture with Customized Terms	12 Months				\$500,000



RESOURCES

General information

<https://www.epa.gov/wifa/learn-about-wifa-program>

- Program overview
- Links to laws and regulations
- Recordings and presentations from past webinars
- Frequently asked questions

Application Materials and Resources

<https://www.epa.gov/wifa/wifa-application-materials-and-resources>

- Letter of Interest form
- Letter of Interest FAQ
- Application form
- WIFIA Program Handbook
- Sample financial pro forma

Webinars

Registration will be available at

<https://www.epa.gov/wifa/learn-about-wifa-program#information>

- Letter of Interest Submission and Project Selection: TBD, following the release of the FY18 Notice of Funding Availability
- Recordings of previously conducted webinars



CONTACT US

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Sign-up to receive announcements
about the WIFIA program at
<https://tinyurl.com/wifianews>

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