



WIFIA

PROGRAM

OVERVIEW OF THE WIFIA PROGRAM & 2021 SELECTION ROUND

May 18, 2021



WEBINAR PURPOSE

The purpose of this webinar is to:

- Provide a general overview of the its program and the loans it can provide
- Interact with prospective borrowers and professionals
- Pave the way for successful letters of interest to the WIFIA program



AGENDA



PROGRAM OVERVIEW

Karen Fligger



2021 SELECTION ROUND

Arielle Gerstein



RESOURCES & QUESTIONS

Arielle Gerstein and Karen Fligger



OPPORTUNITY FOR QUESTIONS

- You may call into this webinar by dialing +1 202-991-0477 and entering access code 380172802#. The WIFIA program welcomes clarifying questions on information provided in the presentation
- Questions may be posed at any time by typing into the chat; participants are muted on the webinar and can only communicate by typing
- Unanswered questions may be answered in a follow-up e-mail





PROGRAM OVERVIEW



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

- **2014:** Congress passed as part of Water Resources Reform and Development Act (WRRDA) of 2014 which established the WIFIA program
- **2014-2016:** EPA developed its first Federal Credit Program for water infrastructure
- **FY2017 – FY2020:**
 - During the past four rounds, EPA has invited 149 prospective borrowers to submit applications
 - To date, the WIFIA has closed 50 loans totaling \$9.4 billion in financing
- **FY2021:** EPA has an appropriation of \$55 million, allowing WIFIA to lend approximately \$5.5 billion



FEDERAL CREDIT PROGRAM

A small amount of federal funds supports a much larger amount of infrastructure investment

- Congress only appropriates money to cover the estimated losses for projects
- The remaining loan amount is borrowed from and repaid to Treasury
- Since most WIFIA loans finance up to 49%, they stimulate additional investment in the project

\$55
MILLION IN
APPROPRIATIONS



\$5.5

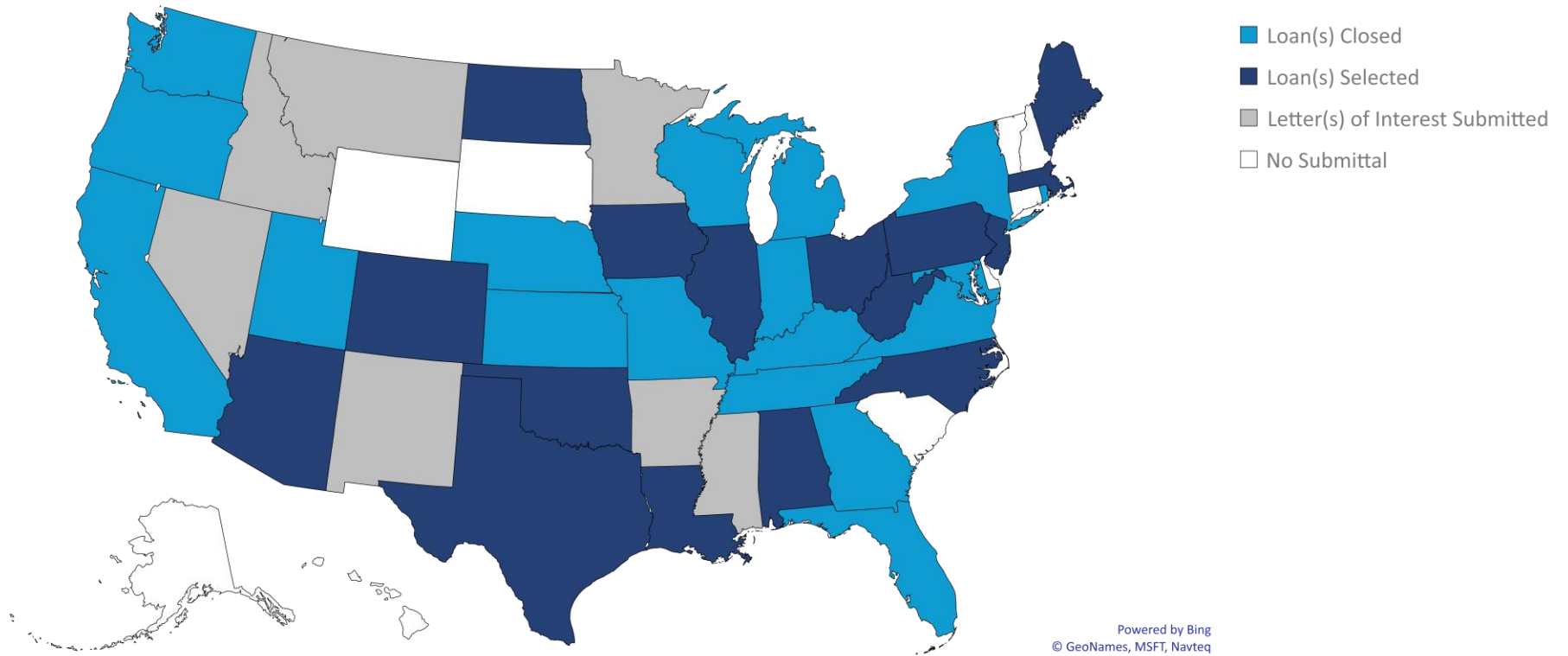
BILLION IN
LOANS

\$11

BILLION IN
INFRASTRUCTURE
INVESTMENT



LOAN MAP



FY 2020 SELECTED PROJECTS

- Number of projects selected: 55 + 2 from waitlist
- Total invited loan amount: Almost \$7 billion
- Total infrastructure investment: Over \$16 billion
- Number of projects reducing lead or other contaminants: 6
- Number of projects addressing repair, rehabilitation, or replacement: 30
- Population served by the projects: 27 million people in 20 states
- Repeat borrowers selected from previous rounds: 8
- Types of projects: wastewater collection and treatment, drinking water distribution and treatment, stormwater management, desalination, and water recycling projects



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, not withstanding 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



PUBLIC SPONSORSHIP

Private prospective borrowers must have public sponsors

Demonstrate that it has consulted with and gained the support of the affected state, local or tribal government in which the project is located, by:

- Certified letter signed by the approving municipal department or similar agency, mayor or other similar designated authority
- Local ordinance
- Any other means by which government approval can be evidenced



ELIGIBLE PROJECT SIZE



Minimum project size for large communities



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

MULTIPLE PROJECTS UNDER ONE LOAN

WIFIA loans can fund multiple projects under one loan under the following conditions:

- A common purpose
- A similar construction time frame (generally within 5 years)
- A common security pledge
- The projects are submitted under one Letter of Interest and application



ELIGIBLE COSTS

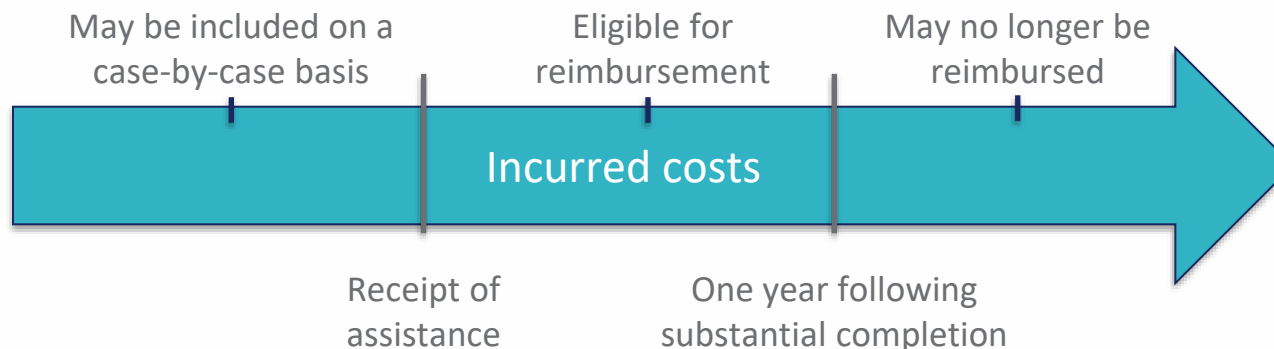
Eligible project costs are costs associated with the following activities, as defined in the statute

- **Development-phase activities**, including planning, feasibility analysis (or any related analysis necessary to carry out an eligible project), revenue forecasting, environmental review, permitting, preliminary engineering and design work and other preconstruction activities
- **Construction, reconstruction, rehabilitation and replacement activities**
- **The acquisition of real property or an interest in real property** (including water rights, land relating to the project and improvements to land), environmental mitigation (including acquisitions that would mitigate the environmental impacts of water resources infrastructure projects otherwise eligible for WIFIA credit assistance), construction contingencies and acquisition of equipment
- **Capitalized interest** necessary to meet market requirements, reasonably required **reserve funds, capital issuance expenses** and other **carrying costs** during construction
- **WIFIA application and credit processing fees**



ELIGIBLE COSTS

- Eligible costs incurred prior to receipt of assistance, including in-kind contributions, may be included as a part of eligible project costs
 - Such costs will be approved on a case-by-case basis
- Incurred eligible costs may be reimbursed up to one year following substantial completion of the project



CREDITWORTHINESS

Projects applying for WIFIA loans must be creditworthy and demonstrate a reasonable assurance of repayment of the loan over the term of the loan

EPA will examine:

- The terms, conditions, financial structure and security features of the proposed financing
- The dedicated revenue source that will secure or fund the project obligation
- The financial assumptions upon which the project is based
- The financial soundness, credit history, and outlook of the prospective borrower



CREDIT TERMS



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



Maximum final maturity date from substantial completion



Maximum portion of eligible project costs that WIFIA can fund (small communities may request 80% for FY 2021)



Projects must be creditworthy



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



INTEREST RATE

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

- Single fixed rate established at closing
- The WIFIA program estimates the yield on comparable Treasury securities by adding one basis point to the State and Local Government Series (SLGS) daily rate with a maturity that is equal or greater than the weighted average life (WAL) of the WIFIA loan
- Use of the WAL means that the interest rate will be lower than the 30 year SLGS rate in most cases

1.66%

Average portfolio rate



MATURITY & PAYMENTS

Maturity date

- Must be the earlier of 35 years after the date of substantial completion of the project or the useful life of the project

Debt service payment

- Payments must commence no later than 5 years following substantial completion of the project
- May be sculpted to accommodate the projected cash flow from project revenues and other sources



REPAYMENT REQUIREMENTS

WIFIA loan must be repaid using a dedicated source of repayment or security pledge

- Pledge must be the same in all material respects as the security pledge for the project's senior obligations
- Multiple revenue sources must be cross-collateralized into a common security pledge
- WIFIA loan shall include a rate covenant, coverage requirement or similar security feature supporting the project obligations

Potential Repayment Sources:

- Taxes
- Rate revenue
- Debt service income from issued loans
- Transfers pledged from state or local governments
- Dedicated taxes
- General obligation pledge
- Revenues that are pledged for the purpose of retiring debt on the project
- General recourse corporate undertakings



CREDIT TERMS

Deferrals

- May be granted at the sole discretion of the Administrator
- May be contemplated in the credit agreement
- Must be a reasonable assurance of repayment of the WIFIA credit instrument

Prepayment conditions

- May prepay in whole or in part at any time without penalty
- May not use federal funds to prepay



SUBORDINATION

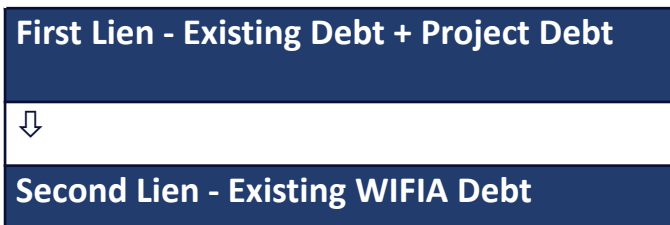
WIFIA Loans may be subordinate to the project's senior debt obligations

- Under certain circumstances, WIFIA may take a subordinate position in payment priority of project obligations, increasing coverage ratios for senior bond holders
- In the event of bankruptcy, insolvency, or liquidation, the WIFIA credit instrument will have a parity lien with respect to the project's senior obligations

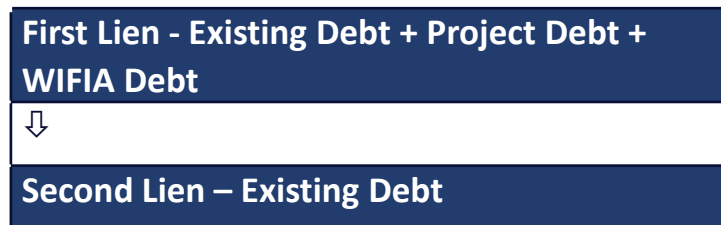


SUBORDINATION

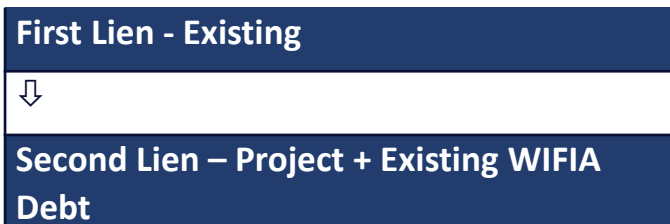
Orange County



San Francisco



San Diego*



*Loan agreement does not permit first lien project debt



FLEXIBLE FINANCIAL TERMS

Disbursements

- Multiple disbursements at no additional cost to the borrower
- May be synchronized with funding needs, reducing the amount of accrued interest

Customized repayment schedule

- Repayment period is 35 years from substantial completion
- Payments may be deferred up to 5 years following substantial completion
- WIFIA loans can be amortized to complement other debt repayments

Prepayment

- There is no penalty for prepayment

Lien Priority

- WIFIA loans may be junior (i.e., subordinate) to the senior debt obligations in payment priority in some circumstances



FEDERAL REQUIREMENTS



Projects receiving a WIFIA loan must comply with all relevant federal laws and regulations

- National Environmental Policy Act (NEPA)
- National Historic Preservation Act
- American Iron and Steel Requirement
- Davis-Bacon Wage Requirement
- Archeological and Historic Preservation Act
- Environmental Justice
- Endangered Species Act
- All Civil Rights Acts
- Clean Water Act
- Clean Air Act
- Safe Drinking Water Act
- Coastal Zone Management Act
- Protection of Wetlands
- Farmland Protection Policy Act
- Magnuson-Stevens Fishery Conservation and Management Act
- Wild and Scenic Rivers Act

Non-exhaustive list available at: <https://www.federalregister.gov/documents/2016/12/19/2016-30194/credit-assistance-for-water-infrastructure-projects>



PEA

Analyzes the potential environmental impacts of water infrastructure projects eligible for WIFIA credit assistance

- Presents nationwide information on existing conditions
- Discusses potential impacts and mitigation measures that might typically occur during construction and operation of broad project types
- Provides mechanisms to evaluate site specific conditions and impacts for individual projects, and to determine if projects impacts fall within the PEA scope
- Does not require an additional public comment period





APPLICATION PROCESS



APPLICATION PROCESS

Project Selection

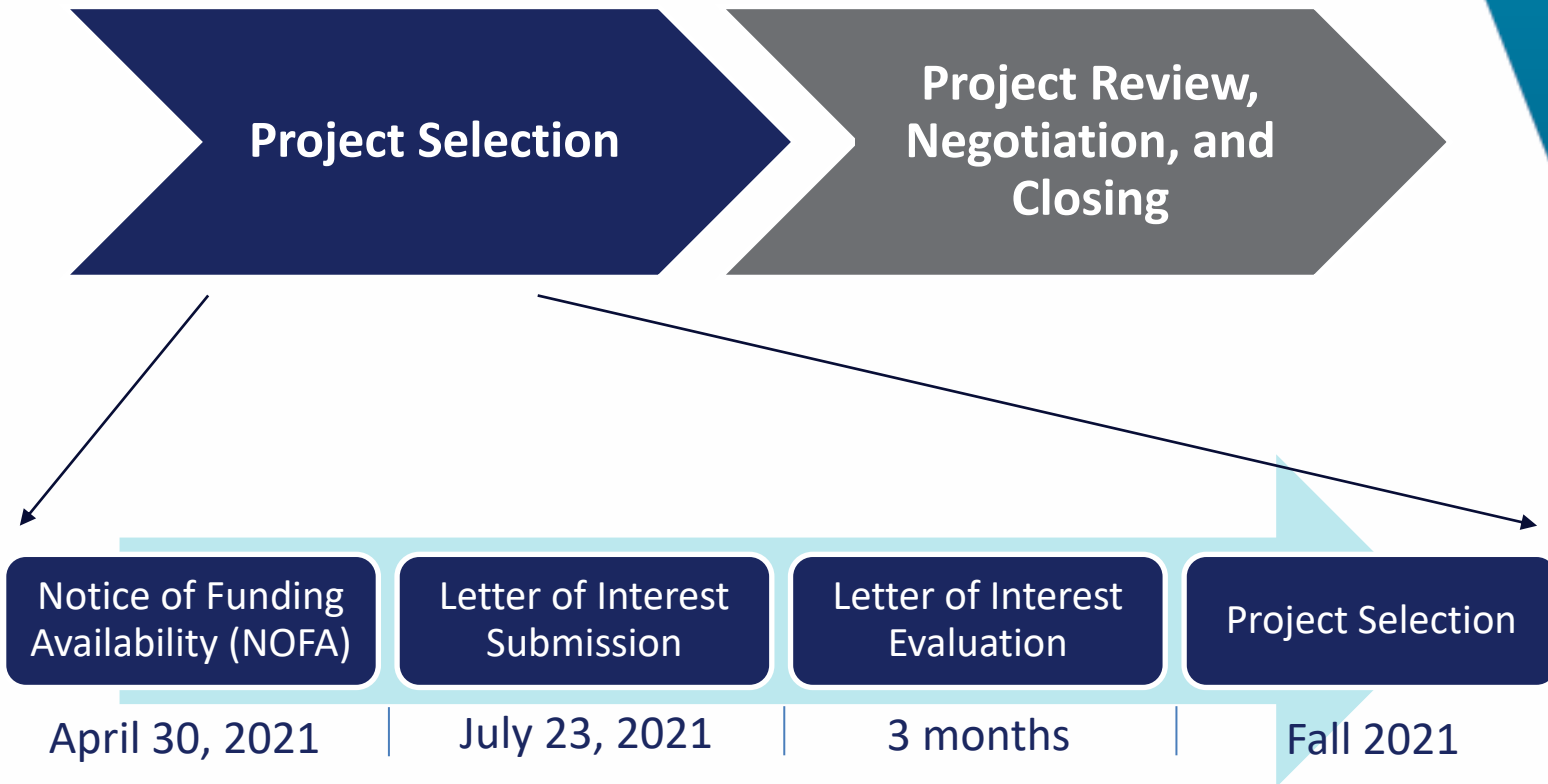
- Notice of Funding Availability
- Letter of Interest submission
- Letter of Interest evaluation
- Invitation to apply

Project Review, Negotiation, and Closing

- Application submission
- Application evaluation
- Due diligence
- Term sheet negotiation
- Loan agreement negotiation
- Closing



SUMMARY



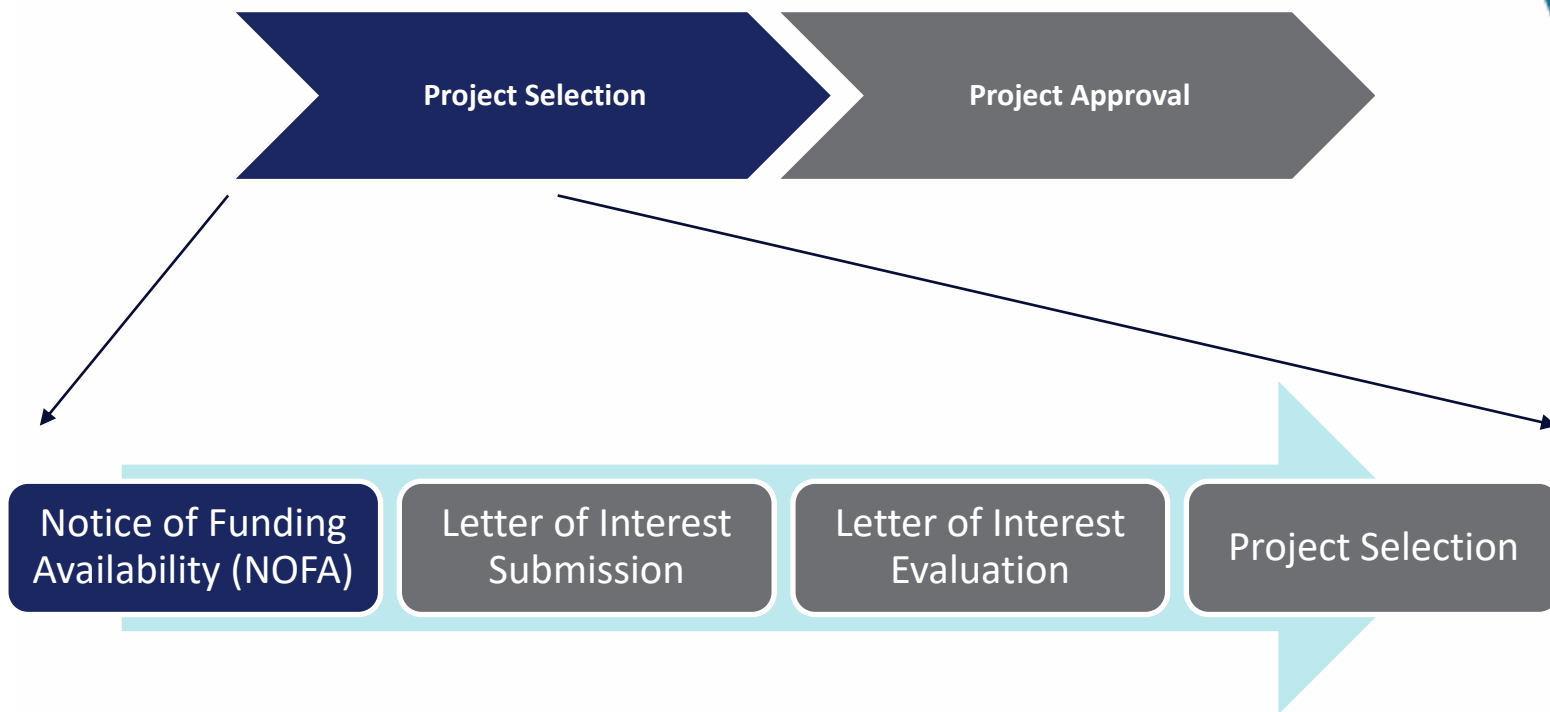
PROJECT SELECTION IS COMPETITIVE

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

- Eligible
- Creditworthy
- Technically feasible
- Meet the strategic objectives outlined in the WIFIA statute and regulation



LETTER OF INTEREST SUBMISSION



FINANCING AVAILABLE IN 2021

EPA will make available \$55 million in budget authority to cover the subsidy cost of providing WIFIA credit assistance

- This funding covers the federal government's anticipated cost of providing **approximately \$5.5 billion in loans**
- WIFIA can finance up to 49% of the anticipated project costs **and is offering up to 80% of anticipated project costs for small communities**
- Therefore, the \$55 million can support a total of \$11 billion in water infrastructure investment



2021 PRIORITIES

1. Economically stressed communities
2. Protection against extreme weather events
3. Repair, rehabilitate, and replace aging infrastructure and conveyance systems
4. Lead and emerging contaminants in drinking water and wastewater systems
5. New or innovative approaches



THRESHOLD REQUIREMENTS

For WIFIA credit assistance, a project must meet the following criteria:

- The project and prospective borrower must be creditworthy and demonstrate a reasonable assurance of loan repayment
- The project must be reasonably anticipated to cost no less than \$20 million; \$5 million for SRF-eligible projects small community projects (serves a community of no more than 25,000)
- Project financing shall be repayable from a dedicated revenue source that also secures the senior project obligations of the project
- Private projects shall be publicly sponsored
- The prospective borrower must have developed an operations and maintenance plan that identifies adequate revenues to operate, maintain, and repair the project during its useful life



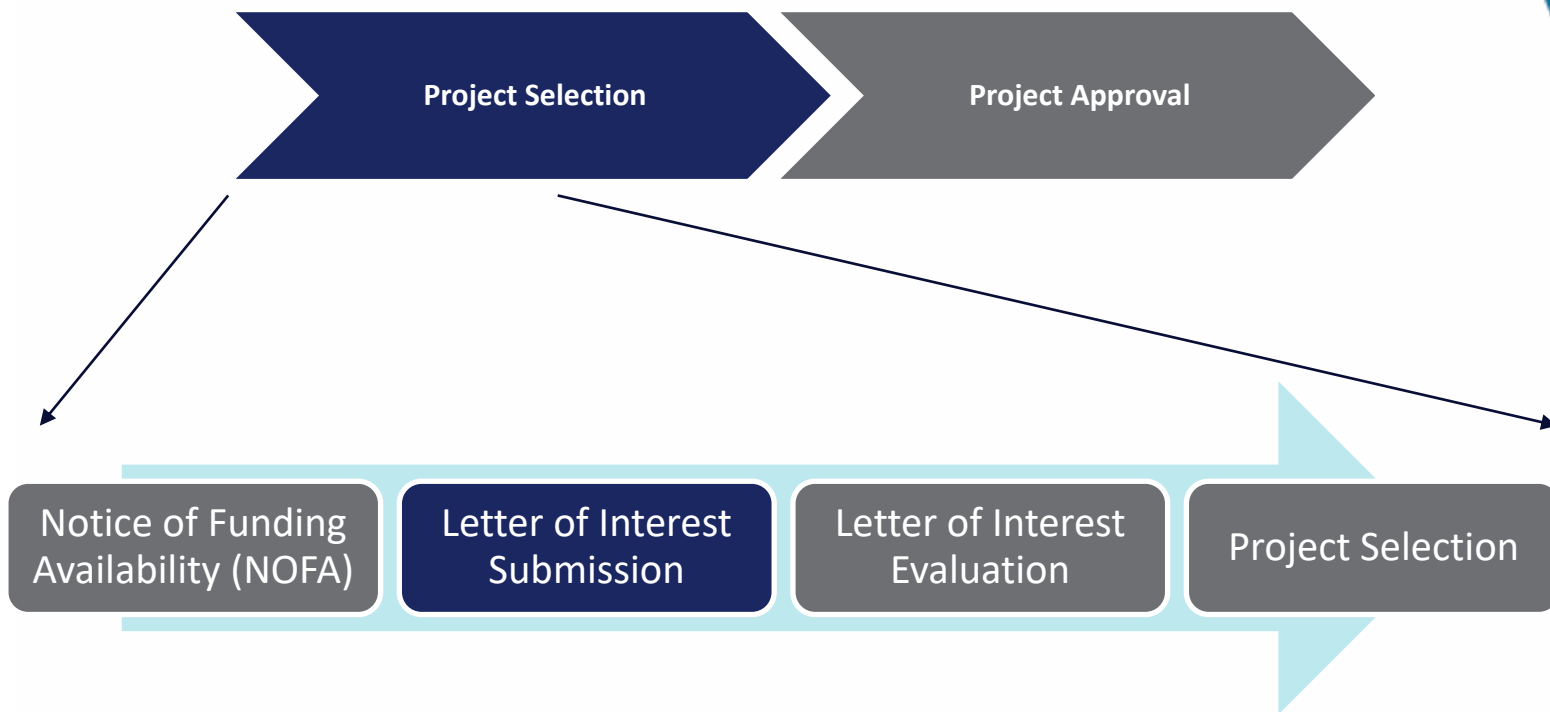
TYPES OF CREDIT ASSISTANCE

EPA is permitted to provide both direct loans or loan guarantees

- A direct loan is disbursed by and repaid to the federal government
- A loan guarantee is a pledge by the Administrator to pay all or part of the principal and accrued interest on a loan or other debt obligation issued by a borrower and funded by a lender



LETTER OF INTEREST SUBMISSION



LETTER OF INTEREST FORM

Letters of Interest should be submitted using the letter of interest form available at: <https://www.epa.gov/wifia/wifia-application-materials>

Components
A: Key Loan Information
B: Engineering & Credit
C: Selection Criteria
D: Contact Information
E: Certifications
F: Notification of State Infrastructure Financing Authority



LETTER OF INTEREST FORM

- All responses should be entered into the editable word document
- The total completed form may not exceed 50 pages
- Supporting documents may be provided as attachments
 - No limit on length or number of attachments, but must be referenced in form
 - May be preliminary or draft documents
- Signature pages must be submitted as a scanned document



LETTER OF INTEREST SUBMISSION

- Deadline: July 23, 2021 at 11:59 pm EDT
- Prospective borrowers should submit all LOIs electronically via email at: wifia@epa.gov or via EPA's SharePoint site
 - To be granted access to the SharePoint site, prospective borrowers should contact wifia@epa.gov and request a link to the SharePoint site, where they can securely upload their LOIs by July 21, 2021 at 5:00 pm EDT
- There is no fee to submit a letter of interest
- EPA will notify prospective borrowers that their letter of interest has been received via a confirmation email



GENERAL TIPS

- **Read the instructions** in the NOFA and the program handbook prior to completing your LOI
- **Answer every question**, when relevant provide additional supporting material to support your answer
- **Provide specific references** when pointing to supporting documents
- **Remember your audience** is learning about your system for the first time and needs contextual information to understand your project
- **Submit early** in order to avoid issues with large file sizes at the deadline
- **Ask questions**— contact us at 202-819-6811 or at wifia@epa.gov



SECTION A: KEY LOAN INFORMATION

- This section asks for general borrower and project information including:
 - Prospective borrower name and type
 - Project description and purpose
 - Requested loan amount and total project costs
 - Proposed application submittal and loan close date
 - Organizational structure (for joint ventures only)
 - Location and population information
 - EIN, DUNS, and permit numbers



SECTION B: ENGINEERING & CREDIT

Engineering

- Provide a technical report or a detailed description of major project components. The description should include:
 - Whether the project is for new construction and/or rehabilitation/replacement of existing infrastructure
 - Type of project
 - The scope, including major technical components and their size, for example:
 - 5,000 feet of ductal iron pipe
 - Upgrade of digesters
 - 50 MGD wastewater pump station with submersible pumps and screening
 - Disconnection of 5,000 down spouts
- Fill out a project schedule for every project included in the requested WIFIA loan



SECTION B: ENGINEERING & CREDIT

Credit

- Choose the preferred lien priority for WIFIA debt
- Describe the proposed security for the WIFIA loan and provide an existing credit rating (less than a year old or actively maintained) or describe how the senior obligations of the project will achieve an investment-grade rating
- If an existing credit rating is not available, provide a financial pro-forma and three years of audited financial statements
- Fill out the sources and uses table, including funding certainty
 - Sources and uses totals must be equal
 - Explain alternative funding options if preferred funding options are unavailable



SAMPLE PRO FORMA

- A financial pro forma provides EPA with insight into the borrower's operating performance and their ability to manage existing and future debt payments
- The pro forma focuses on four key components:
 - Operating performance
 - Cash available for capital expenditures and other obligations
 - Debt service coverage
 - Capital structure
- Sample is available at <https://www.epa.gov/wifia/wifia-application-materials>



SECTION C: SELECTION CRITERIA

- 1-3 paragraphs long per response
- Focuses on how the project requesting WIFIA funding relates to the selection criteria
- **Reference the WIFIA program handbook** which describes how each criterion will be evaluated
 - How EPA will evaluate and score the response
 - What information should be demonstrated in the response
 - Definitions of key terms used in the criteria



SECTION D: CONTACT INFORMATION

- List at least one staff person as the contact, since we may need someone who we can follow up with quickly

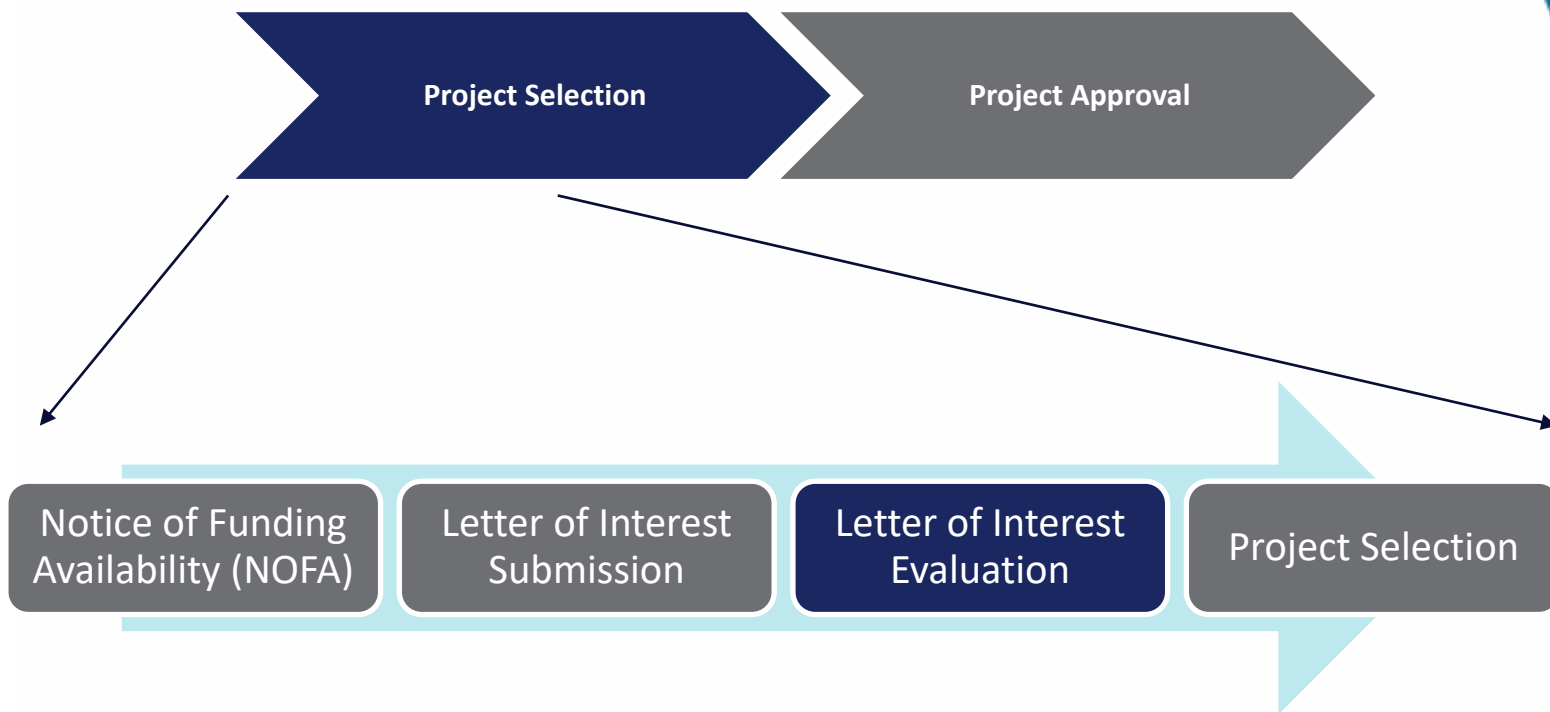


SECTIONS E & F: CERTIFICATIONS & NOTIFICATION OF SRF

- Make sure you read and sign all the signature boxes
- Initialing is an opt-out of sharing your LOI materials with your state SRF program in the Notification to the SRF signature box.



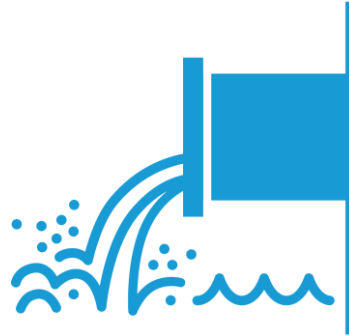
LETTER OF INTEREST EVALUATION



ELIGIBILITY SCREENING



Prospective borrower is an eligible entity



Proposed project is an eligible project



Total project costs exceed the required thresholds



Requested loan amount is 49% or less of anticipated eligible project costs (80% for small communities)

OMB SCREENING CRITERIA

- EPA is required to answer a series of questions about each LOI submitted and submit the responses to OMB
- EPA will reach out to borrowers on an individual basis if additional information is needed beyond what is provided in the LOI
- The goal of the questions is to screen out projects that would be considered a federal asset



SELECTION CRITERIA

- The WIFIA selection criteria are divided into three categories:
 - Project Impact
 - Project Readiness
 - Borrower Creditworthiness
- Each criterion within a category can provide a range of points with the maximum number of points indicated.
- Each category can provide up to 100 points out of a total of 300 available points



SELECTION WEIGHTS

PROJECT READINESS CRITERIA	POINTS
Readiness to proceed	40
Preliminary engineering feasibility analysis	40
New or innovative approaches	20
BORROWER CREDITWORTHINESS CRITERIA	POINTS
Enables project to proceed earlier	10
Financing plan	10
Reduction of Federal assistance	10
Required budget authority	10
Preliminary creditworthiness assessment	60

PROJECT IMPACT CRITERIA	POINTS
National or regional significance	5
Protection against extreme weather events	20
Serves energy exploration or production areas	5
Serves regions with water resource challenges	5
Addresses identified priorities	5
Repair, rehabilitation, or replacement	20
Economically stressed communities	20
Reduces exposure to lead & emergent contaminants	20

TOTAL AVAILABLE POINTS: 300



PROJECT READINESS

From the WIFIA statute:

- **The readiness of the project to proceed toward development**, including a demonstration by the obligor that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project under WIFIA.

Prospective borrowers and projects will be assessed for readiness to proceed considering the following:

- Current status of project and how long it will take to submit an application, close the loan, and contract for construction
- Issues that may affect the development and financing of the project, such as community support, pending legislation, permitting, environmental review, litigation, credit history, timing of other sources of funding



PROJECT READINESS

Preliminary engineering feasibility review:

- To evaluate the feasibility of project plan

Prospective borrowers and projects will be assessed for engineering feasibility in the following categories:

- Appropriate technology and design
- Reasonable schedule, including planning, design, construction and permitting phases
- Reasonable capital and O&M costs



PROJECT READINESS

In addition, the following criterion from the WIFIA statute is considered as part of the review

The extent to which the project uses new or innovative approaches such as the use of renewable or alternate sources of energy; the use of energy efficient parts or systems, or; green infrastructure; the development of alternate sources of drinking water through aquifer recharge, water recycling, or desalination; the development of distribution systems for recycled water; the development of biosolids or other renewable sources; addressing emerging yet unregulated contaminants or other water quality issues; the use of new or enhanced technologies that improve drinking water treatment; and a novel application of an existing method or technology.



BORROWER CREDITWORTHINESS

Purpose:

- To evaluate the reasonable assurance of repayment by the prospective borrower
- To estimate the amount of budget authority necessary to fund the WIFIA loan

Prospective borrowers and projects will be assessed for creditworthiness under each of the following categories:

- Sufficiency of pledged revenues
- Leverage
- Asset quality and condition
- Revenue risk
- Management and governance



BORROWER CREDITWORTHINESS CRITERIA

In addition, the following criteria from the WIFIA statute are considered as part of the review:

1. The likelihood that assistance under WIFIA would enable the project to proceed at an earlier date than the project would otherwise be able to proceed.
2. The extent to which the project financing plan includes public or private financing in addition to assistance under WIFIA.
3. The extent to which assistance under WIFIA reduces the contribution of federal assistance to the project.
4. The amount of budget authority required to fund the federal credit instrument made available under WIFIA.



PROJECT IMPACT

Purpose:

- To evaluate the extent to which the project meets the public policy goals outlined in the WIFIA statute and WIFIA regulation and the priorities announced in the NOFA



PROJECT IMPACT CRITERIA

From the WIFIA statute:

1. **The extent to which the project is nationally or regionally significant**, with respect to the generation of economic and public benefits such as the reduction of flood risk; the improvement of water quality and quantity, including aquifer recharge; the protection of drinking water, including source water protection; and the support of international commerce.
2. **The extent to which the project protects against extreme weather events**, such as floods or hurricanes, or helps maintain or protect the environment.



PROJECT IMPACT CRITERIA

From the WIFIA statute:

- 3.** The extent to which a project serves regions with significant energy exploration, development, or production areas.
- 4.** The extent to which a project serves regions with significant water resource challenges, including the need to address water quality concerns in areas of regional, national, or international significance; water quantity concerns related to groundwater, surface water, or other water sources; significant flood risk; water resource challenges identified in existing regional, state, or multistate agreements; and water resources with exceptional recreational value or ecological importance.
- 5.** The extent to which the project addresses identified municipal, state, or regional priorities.



PROJECT IMPACT CRITERIA

From the WIFIA Regulation:

- 6. The extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system.**
- 7. The extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities.**

From the WIFIA FY 2021 NOFA:

- 8. The extent to which the project reduces exposure to lead in the nation's drinking water and wastewater systems and addresses emerging contaminants.**



SELECTION CRITERIA

Selection Criteria:	Evaluation for Letter of Interest
The extent to which the project is nationally or regionally significant, with respect to the generation of economic and public benefits, such as (1) the reduction of flood risk; (2) the improvement of water quality and quantity, including aquifer recharge; (3) the protection of drinking water, including source water protection; and (4) the support of international commerce. 33 U.S.C. § 3907(b)(2)(A); 40 C.F.R. § 35.10055(a)(1).	Section C: Q1, Q2, Q3, Q4, Q5, Q8, Q12, Q13
The extent to which the project uses new or innovative approaches. 33 U.S.C. § 3907(b)(2)(D); 40 C.F.R. § 35.10055(a)(3).	Section C: Q6, Q7
The extent to which the project (1) protects against extreme weather events, such as floods or hurricanes; or (2) helps maintain or protect the environment: 33 U.S.C. § 3907(b)(2)(F); 40 C.F.R. § 35.10055(a)(4); 40 C.F.R. § 35.10055(a)(5).	Section C: Q8, Q9
The extent to which the project serves regions with significant energy exploration, development, or production areas: 33 U.S.C. § 3907(b)(2)(G); 40 C.F.R. § 35.10055(a)(6).	Section C: Q11
The extent to which a project serves regions with significant water resource challenges, including the need to address (1) water quality concerns in areas of regional, national, or international significance; (2) water quantity concerns related to groundwater, surface water, or other water sources; (3) significant flood risk; (4) water resource challenges identified in existing regional, State, or multistate agreements; and (5) water resources with exceptional recreational value or ecological importance. 33 U.S.C. § 3907(b)(2)(H); 40 C.F.R. § 35.10055(a)(7).	Section C: Q8, Q12, Q13, Q14, Q16
The extent to which the project addresses identified municipal, State, or regional priorities. 33 U.S.C. § 3907(b)(2)(I); 40 C.F.R. § 35.10055(a)(8).	Section C: Q14, Q17, Q18
The amount of budget authority required to fund the Federal credit instrument made available under [WIFIA]. 33 U.S.C. § 3907(b)(2)(E).	Evaluated as part of the creditworthiness review
Preliminary creditworthiness assessment score. 33 U.S.C. § 3907(a)(1); 40 C.F.R. § 35.10015(c); 40 C.F.R. § 35.10045(a)(1); 40 C.F.R. § 35.10045(a)(4); 40 C.F.R. § 35.10045(b).	Review of credit documents and credit information provided

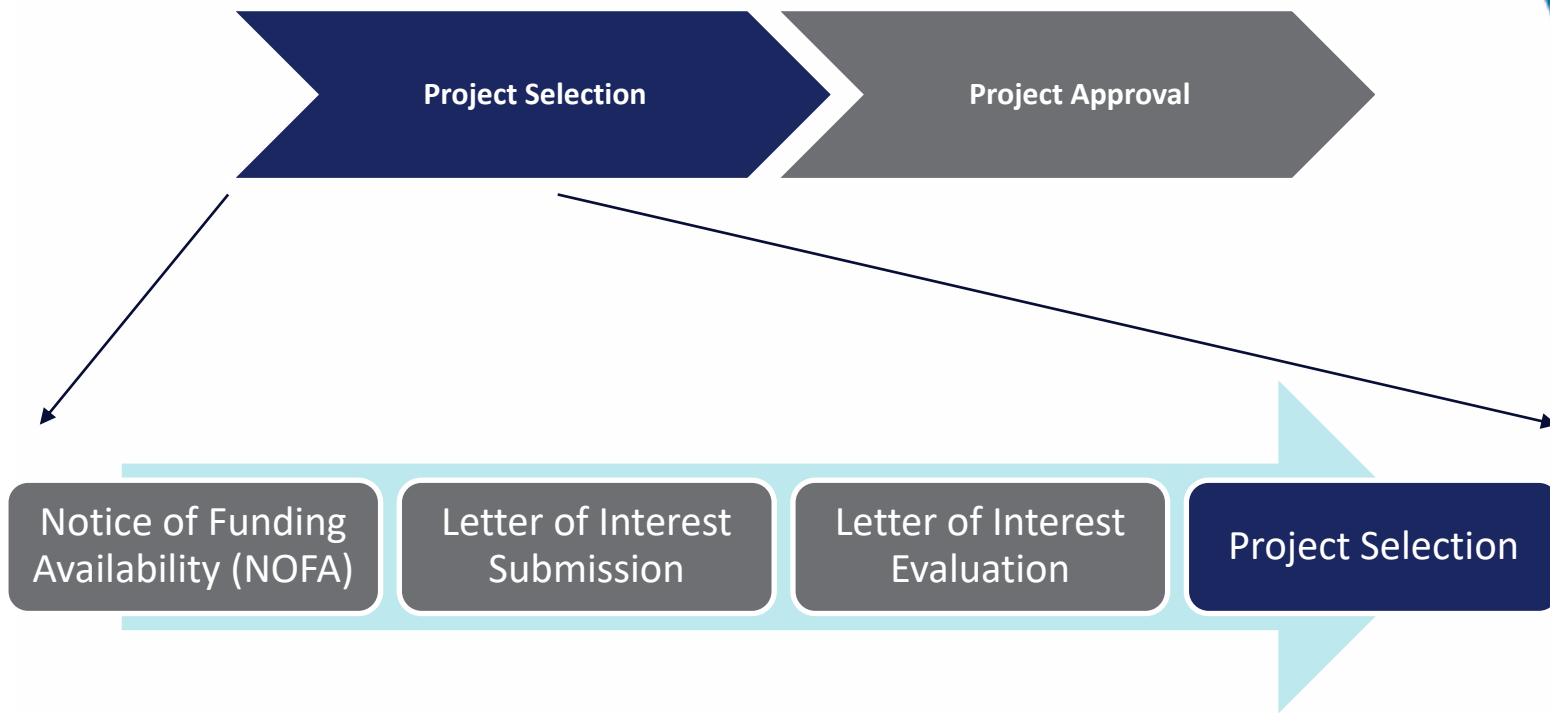


SELECTION CRITERIA

Selection Criteria:	Evaluation for Letter of Interest
The extent to which the project addresses needs for repair, rehabilitation or replacement of a treatment works, community water system, or aging water distribution or wastewater collection system. 40 C.F.R. § 35.10055(a)(12).	Review of Section A, Q4 and Section B, Q1
The extent to which the project serves economically stressed communities, or pockets of economically stressed rate payers within otherwise non-economically stressed communities. 40 C.F.R. § 35.10055(a)(13).	N/A
The extent to which the project reduces exposure to lead in the nation’s drinking water and wastewater systems or addresses emergent contaminants. 40 C.F.R. § 35.10055(b).	Section C: Q19
The readiness of the project to proceed toward development, including a demonstration by the obligor that there is a reasonable expectation that the contracting process for construction of the project can commence by not later than 90 days after the date on which a Federal credit instrument is obligated for the project under [WIFIA]. 33 U.S.C. § 3907(b)(2)(J); 40 C.F.R. § 35.10055(a)(9).	Review of Section A, Q8, Q9, Section B, Q2
Preliminary engineering feasibility analysis score. 33 U.S.C. § 3907(a)(2); 33 U.S.C. § 3907(a)(6); 40 C.F.R. § 35.10015(c); 40 C.F.R. § 35.10045(a).	Review of Section A, Q4 and Section B, Q1
The likelihood that assistance under [WIFIA] would enable the project to proceed at an earlier date than the project would otherwise be able to proceed. 33 U.S.C. § 3907(b)(2)(C); 40 C.F.R. § 35.10055(a)(2).	Section C: Q21
The extent to which the project financing plan includes public or private financing in addition to assistance under [WIFIA]. 33 U.S.C. § 3907(b)(2)(B); 40 C.F.R. § 35.10055(a)(10).	Section B: Q6
The extent to which assistance under [WIFIA] reduces the contribution of Federal assistance to the project. 33 U.S.C. § 3907(b)(2)(K); 40 C.F.R. § 35.10055(a)(11).	Section C: Q22
The amount of budget authority required to fund the Federal credit instrument made available under [WIFIA]. 33 U.S.C. § 3907(b)(2)(E).	Evaluated as part of the creditworthiness review



PROJECT SELECTION



PROJECT SELECTION PROCESS

- Each eligible and creditworthy project will receive a score out of 300 points available
- Projects will be selected in order of score
 - To ensure project type and geographic diversity, a ceiling is established for each type and location
 - Once the ceiling is reached for a type or location, the next highest scoring project that adds diversity will be selected
- Projects are selected until all available subsidy is used
- Selection Committee, comprised of senior EPA officials, will approve the selected projects



INVITATION TO APPLY

- The WIFIA program will provide written notification inviting prospective borrowers to submit an application and publicly announce selected prospective borrowers
- The WIFIA program may also select prospective borrowers for a waitlist – this will be determined during each funding round
 - Prospective borrowers on the waitlist will be invited to submit an application as funding becomes available
 - The prospective borrower also has the option to submit a new Letter of Interest in the next funding round
- Prospective borrowers who are not invited to apply must re-submit their letter of interest to be considered in future rounds
- Non-selected prospective borrowers may request a de-brief



SUMMARY



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



FACTORS IMPACTING LENGTH OF REVIEW

Prospective borrowers can accelerate the WIFIA review process for projects with straightforward loan terms and financial, legal and technical project characteristics

- Complexity of the capital structure
- Rating of the revenue source
- Whether or not the borrower has active debt issuance program within an existing indenture or trust agreement
- Willingness to accept WIFIA's standard credit and legal terms outlined in the template term sheet and loan agreement
- Complexity of environmental review and cross-cutter compliance
- Riskiness of the project



APPLICATION FEES

- Application fee
 - \$25,000 for small communities (not more than 25,000 individuals)
 - \$100,000 for all other projects
- Credit processing fee assessed at financial close to reimburse the EPA for the cost of hiring engineering, financial, and legal experts
 - Estimates \$100,000-\$300,000 for most projects
 - Very risky, complicated projects could have higher fees
- Financing of fees:
 - Borrowers may finance fees but may not finance expenses solely related to obtaining the WIFIA loan

Final WIFIA Fee Rule, “Fees for Water Infrastructure Project Applications under WIFIA,” found at Docket ID No. EPA-HQ-OW-2016-0568 at <http://www.regulations.gov>



PRELIMINARY RATING LETTER

Preliminary credit rating letter must be submitted with the application

- Public rating letter from at least one Nationally Recognized Statistical Rating Organization (NRSRO)
- Suggested contents include:
 - Proposed loan structure
 - Revenue pledge
 - Estimated coverage ratios
 - Key assumptions and limitations
- EPA may consider accepting existing rating letter in place of a new preliminary rating on a case-by-case basis



FINAL RATING LETTER

Two final public rating letters are required

- Public rating letter from two NRSROs that assess the default credit risks
- Senior debt and WIFIA debt must achieve a rating of investment grade or above
- The letter rating may include:
 - Terms and conditions of the WIFIA loan
 - WIFIA loan features. ex: loan tenor & amortization profile
 - Plan of finance
 - Revenue pledge
 - Collateral or security
 - Potential loan covenants
 - Credit risks and mitigants





RESOURCES & QUESTIONS



OUTREACH EVENTS

Check out a WIFIA borrower panel

<https://www.youtube.com/watch?v=dnV0stU3T-E>

Watch recorded WIFIA webinars

<https://www.epa.gov/wifia/wifia-past-webinars>



MEETING WITH WIFIA PROGRAM STAFF

EPA will meet with all prospective borrowers interested in discussing the program prior to submission of a letter of interest

- Send requests to wifia@epa.gov
- Meetings may be via video conference or phone
- Meetings will be no more than 1-hour
- EPA can answer clarifying questions but cannot provide technical assistance



RESOURCES

General information

<https://www.epa.gov/wifia/about-wifia>

- What is WIFIA?
- What is SWIFIA?
- WIFIA Benefits
- Laws and Regulations

Application materials

<https://www.epa.gov/wifia/wifia-application-materials>

- Letter of Interest form
- Letter of Interest checklist
- Sample Letter of Interest
- Sample financial pro forma

Borrower Resources

<https://www.epa.gov/wifia/resources-wifia-borrowers>

- Template Term Sheet
- Federal Compliance Requirements

Learn More

<https://www.epa.gov/wifia/learn-more-about-wifia>

- Program Handbook
- Annual Report
- Videos
- Presentations and Factsheets



CONTACT US

Website: www.epa.gov/wifia

Email: wifia@epa.gov

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

