



**WIFIA**  
PROGRAM

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# HOW TO APPLY FOR A WIFIA LOAN



# 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.



# PROGRAM FEATURES

**\$20**  
MIL

Minimum project size for large communities

**5**  
YEARS

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

**\$5**  
MIL

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

**49%**

Maximum portion of eligible project costs that WIFIA can fund



Broad eligibility allows for wide variety of borrowers and projects, plus special program for SRF borrowers (SWIFIA)

**35**  
YEARS

Maximum final maturity date from substantial completion



NEPA, Davis-Bacon, American Iron and Steel, Build America, Buy America, and all federal cross-cutter provisions apply



# ELIGIBILITY

- WIFIA offers broad eligibility and can provide financing to a variety of credit-worthy borrowers, including local and tribal governments, state infrastructure financing authorities, and public-private partnerships, among others
- WIFIA can fund water infrastructure projects that support clean and safe water access and help communities address a variety of challenges, including regulatory compliance, water quality issues, drought or flooding, and aging infrastructure needs
- Eligible activities include project planning, design, development, and construction, land or equipment acquisition, a variety of carrying costs during construction, and financing-related costs



# FINANCING AVAILABLE

## Each year, Congress appropriates funds to WIFIA

- This allows the WIFIA program to have money available on an ongoing basis
- WIFIA can finance up to 49% of the anticipated project costs **and is offering up to 80% of anticipated project costs for small communities**



# LOAN FEATURES AND BENEFITS

<b>FAVORABLE RATES</b>	<ul style="list-style-type: none"><li>• Fixed interest rate locked in at closing</li><li>• Interest does not accrue until loan is drawn</li><li>• Borrower credit does not impact interest rate</li></ul>
<b>GENEROUS TERMS</b>	<ul style="list-style-type: none"><li>• No penalty for prepayment</li><li>• Sculpted repayment schedule to grow payments over time</li><li>• WIFIA can take a subordinate lien position</li></ul>
<b>FLEXIBLE FINANCING</b>	<ul style="list-style-type: none"><li>• Loan closing in as little as 4 months, or faster for repeat borrowers</li><li>• Bespoke loan agreements that can fit into each borrower's existing indenture structure or be stand-alone issuances</li><li>• Pairs well with other forms of funding and financing</li></ul>
<b>BUNDLING FEATURES</b>	<ul style="list-style-type: none"><li>• Financing available for a combination of projects under one loan</li><li>• Upfront commitment available for multiple projects taking place over time via a Master Agreement</li></ul>
<b>LOAN MANAGEMENT</b>	<ul style="list-style-type: none"><li>• Ability to request monthly disbursements</li><li>• Disbursements processed within 15 days of request</li><li>• Dedicated loan management team responsive to borrower needs</li></ul>



# LOAN PROCESS

# LOAN PROCESS – PROJECT SELECTION



- Prospective borrower submits LOI
- EPA completes LOI evaluation
- EPA invites prospective borrower to apply
- EPA provides pre-application support and technical assistance, as needed



# PROJECT SELECTION

**WIFIA and SWIFIA Letters of Interest (LOI) may be submitted at any time!**

- Rolling selection provides:
  - ✓ Year-round access to WIFIA funding
  - ✓ Accelerated selection decisions allows for real-time financial decision-making by prospective borrowers
  - ✓ WIFIA LOI submission can be timed with cycles of other funding sources
  - ✓ WIFIA can provide technical assistance to prospective borrowers that need feedback on LOI package

**Submission of an LOI is easy via EPA's SharePoint site!**

- To request access, simply contact [WIFIA@EPA.GOV](mailto:WIFIA@EPA.GOV)



# FY2023 SELECTION PRIORITIES

## WIFIA selection will continue to emphasize EPA top priorities for water infrastructure investment

- Supporting economically stressed communities
- Protecting water infrastructure against the impacts of climate change
- Reducing exposure to lead and addressing emerging contaminants
- Mitigating impacts of drought
- Implementing new or innovative approaches including cybersecurity and green infrastructure

**These priorities, along with other material in the FY2023 NOFAs will be in effect starting October 25, 2023**



# 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

**\*\*\*Please be sure to reference all attachments in the LOI\*\*\***



# LETTER OF INTEREST SUBMISSION

- Prospective borrowers should submit all LOIs electronically via EPA's SharePoint site
  - To be granted access to the SharePoint site, prospective borrowers should contact [wifia@epa.gov](mailto:wifia@epa.gov) and request a link to the SharePoint site, where they can securely upload their LOIs and then email [wifia@epa.gov](mailto:wifia@epa.gov) once the complete LOI package has been uploaded to the SharePoint site. 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



# LETTER OF INTEREST EVALUATION

- The WIFIA selection criteria are divided into three categories:
  - Project Impact
    - Projects will be scored based on how they meet WIFIA's strategic objectives and Administration priorities as described on slide X
  - Project Readiness
    - Projects will be deemed satisfactory based on a comprehensive review of the project as a whole, focusing on its technical feasibility and readiness to proceed
  - Borrower Creditworthiness
    - Projects will be deemed satisfactory based on a comprehensive review of any existing rating, or on a review of their financials to evaluate if the borrower is likely able to achieve a creditworthy rating in the future





# PROJECT IMPACT

Evaluates 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	POINTS
National or regional significance	10
Protection against extreme weather events	15
Serves energy exploration or production areas	5
Serves regions with water resource challenges	10
Addresses identified priorities	5
Repair, rehabilitation, or replacement	10
Economically stressed communities	15
Reduces exposure to lead & emergent contaminants	15
New or innovative approaches	15



# PROJECT READINESS

The readiness of the project to proceed toward development

Prospective borrowers and projects will be assessed based on 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
- The technical and environmental feasibility of project plan



# BORROWER CREDITWORTHINESS

To evaluate the reasonable assurance of repayment by the prospective borrower. 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

In addition, WIFIA will consider statutory criteria related to the impacts of WIFIA funding



# PROJECT SELECTION PROCESS

- Each eligible and creditworthy project will be evaluated as to whether it satisfies each criteria category
- EPA can reach out with questions or clarifications
- Projects will be selected as the LOI review is completed
- Selection Committee, comprised of senior EPA officials, will approve the selected projects on an ongoing basis



# INVITATION TO APPLY

- The WIFIA program will provide written notification inviting prospective borrowers to submit an application and publicly announce selected prospective borrowers
- Prospective borrowers who are not invited to apply must re-submit their letter of interest to be considered in the future
- Borrowers who do not satisfy the requirements of one or more categories will be contacted by the WIFIA program for further conversation
- After selection and prior to application submission, the WIFIA program will provide origination support to borrowers in preparing their applications





# LOAN PROCESS – PROJECT APPROVAL



- Applicant submits complete application
- EPA conducts credit, legal, and technical review of loan application
- EPA conducts environmental review, makes NEPA determination, and documents environmental cross-cutting authority compliance
- EPA and applicant negotiate mutually agreeable loan terms and loan agreement
- EPA and applicant seek necessary approvals and conduct loan closing

# TIMEFRAME FACTORS

Loan closing timeframes are predictable and within a borrower's control

Faster Loan Closing	Longer Loan Closing
Projects for WIFIA loan are established and at 30-90% design	Projects not yet well defined
Borrower is highly rated and familiar with issuing debt	Revenue stream is riskier and requires substantial evaluation
Environmental studies and consultations complete or currently underway	Environmental impact of construction has not yet been determined and requires further studies
Responsive borrower	Borrower requires significant third-party approvals/agreements outside of the loan process
Borrower has dedicated person(s) to spearhead the WIFIA process and make decisions	Legal terms are extensively negotiated

# 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



# WIFIA FEES

**There is no fee to submit a LOI**

## **An application fee is due with the application**

- This is a down payment on credit processing costs
- This expense can be financed as part of the WIFIA loan
- The amount is \$100,000 for large communities and \$25,000 for small communities

## **The credit processing fee reimburses EPA for partial expense of underwriting the loan**

- It is limited to external advisory or proportional internal costs if advisors are not retained
- This expense can be financed as part of the WIFIA loan
- Charges are based on actual work on the application and vary based on complexity of transaction and amount of legal negotiation
- This fee typically ranges from \$150,000-\$250,000 but depends on borrower, loan complexity

**De minimus post closing fees for construction monitoring and loan servicing are due post closing**



# RATING LETTER

## One final public rating letter is required at loan closing

- Public rating letter from one rating agency that assesses the default credit risks
- Senior debt and WIFIA debt must achieve a rating of investment grade or above





# LOAN PROCESS – PROJECT MONITORING



- Borrower responsible for periodic reporting to EPA
- EPA performs construction monitoring site visits
- EPA processes disbursements to borrowers
- EPA conducts compliance management/monitoring and credit risk monitoring
- EPA/borrower negotiate loan re-execution, as appropriate



# CONTACT INFORMATION AND RESOURCES

# MEETING WITH WIFIA PROGRAM STAFF

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

- Send requests to [wifia@epa.gov](mailto:wifia@epa.gov)
- Meetings may be virtual or in-person



# RESOURCES

## General Information

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

- What is WIFIA?
- What is SWIFIA?
- WIFIA Benefits
- WIFIA Loan Process
- 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

## Program Resources

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

- Template Term Sheet
- Federal Compliance Requirements
- Program Handbook
- FAQs

## Learn More

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

- Annual Report
- Videos
- Presentations and Factsheets



# CONTACT US

Website: [www.epa.gov/wifia](http://www.epa.gov/wifia)

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

Have questions? Want to meet with  
WIFIA staff?

Contact us at [wifia@epa.gov](mailto:wifia@epa.gov)

