WIFIA PROGRAM

A U.S. Environmental Protection Agency Program

2024 ANNUAL REPORT

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A MESSAGE FROM OUR DIRECTOR

JORIANNE JERNBERG
Director, WIFIA Program

I am pleased to present the WIFIA program's 2024 annual report, which highlights how the WIFIA program works from initial project selection until construction is complete.

In the early years of implementing the WIFIA program, we put a lot of emphasis on loan structuring flexibilities that can provide significant savings. Over time, many of our borrowers with projects underway have told me that there is as much, if not more, value in post-closing loan flexibility. As our portfolio continues to mature, this is becoming increasingly significant. It's a critical benefit of the program that I want to feature in this year's annual report.

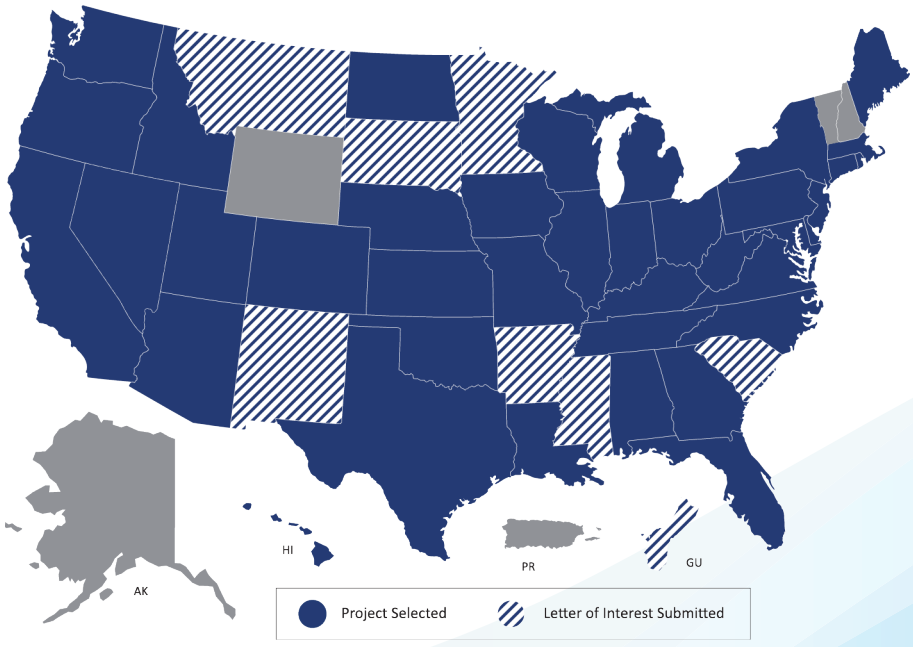
The WIFIA program strives to be a versatile lender, both pre- and post-loan closing—while also accelerating infrastructure investment, saving borrowers money that can be reinvested in their local economies, and keeping rates low. Loans closed in 2024 will save communities an estimated $500 million, even in this higher-interest-rate environment, because of the unique and flexible features WIFIA borrowers have come to value. We're proud to have seven repeat borrowers in 2024, which we see as a testament to the program's benefits—such as the ability to lock-in funding upfront and draw over time and the long loan tenor.

Borrowers also value the WIFIA team's customer service and the post-closing flexibilities of WIFIA loans. While managing a rapidly growing portfolio, the WIFIA team completed over a dozen loan amendments that helped borrowers address the real-time changes that occur during complex and dynamic projects. These include interest rate resets to reduce the interest rate on a loan, as well as adjustments to project scope and timeline to respond to rapidly changing construction schedules. More important than any changes or accommodations, the WIFIA team provided excellent customer service, disbursing almost $4 billion in funding to borrowers to pay for eligible project costs, all within 15 days of receiving the funding request. This disbursement amount was nearly equal to that of all previous years combined and was possible because of a scalable review process that, even with the increased volumes, can quickly give loan dollars back to communities.

Building from examples of other loan programs, we understood the important benefits that WIFIA's loan structuring features would offer the water industry. The value of the WIFIA program's post-closing flexibility is not something we anticipated upfront but is an aspect of the program that we are embracing. It is an example of how we collaborate with our borrowers, co-funders, and partners to unlock features of this dynamic program that add value to the water infrastructure investment space. I look forward to the year ahead and continuing to enhance the WIFIA program.

THE WIFIA PROGRAM HAS WORKED WITH COMMUNITIES IN

48 STATES AND TERRITORIES



HOW DOES THE WIFIA PROGRAM RESPOND TO BORROWER NEEDS AFTER LOAN CLOSING?

The mission of the WIFIA program is to support the investment in, and completion of, critical water infrastructure projects. The WIFIA program prides itself on being a flexible and practical lender and understands that borrowers may encounter unforeseen circumstances after loan closing and during project construction. Because of this, the program offers a variety of support after loan closing.

PROJECT OPTIONS

- **Changes in project scope and size:** There may be a need to add, drop, or swap projects included in a WIFIA loan due to project cost increases after loan closing. If construction bids come in higher than expected and project changes are necessary, the WIFIA program allows the addition, removal, or swap of projects under the WIFIA loan.
- **Substantial completion date adjustments:** Project substantial completion dates are tracked as part of WIFIA loans to ensure that projects will be built and produce important public benefits. However, challenges may arise during construction, and the WIFIA program is open to supporting borrowers who are diligently pursuing their projects, as needed, in adjusting their originally anticipated substantial completion dates. This option gives borrowers additional time and flexibility in completing their complex construction projects.

STRUCTURING FLEXIBILITY

- **Interest rate resets:** The WIFIA program gives borrowers the flexibility to lower their interest rate through a one-time interest rate reset. This adjustment is available for loans that have spent less than 50% of eligible project costs and have not drawn funds. Interest rate resets do not change the loan's terms, conditions, or amount. The WIFIA program has completed 12 interest rate resets, saving borrowers over $1 billion on top of the savings that the original loan provided.
- **Amortization and draw schedule adjustments:** After loan closing, borrowers might be interested in adjusting their draw schedules or repayment plan to address changes to the project's schedule, costs, or overall financing plan. This option helps borrowers wrap WIFIA loans around other funding sources and create a flexible repayment schedule that meets their needs. In 2024, the WIFIA program processed several changes to disbursement or repayment plans, providing borrowers an estimated $30 million in additional savings over the life of their loans.

CUSTOMER SERVICE

- **Quick reimbursements:** The WIFIA program uses a scalable review process that allows for 15-day processing of reimbursement requests, getting money to communities quickly.
- **Reliable disbursement choices:** WIFIA borrowers are not required to draw down all the funding—only what is needed. This is helpful for borrowers that might secure other funding sources, including grants, after closing the WIFIA loan. Borrowers can request disbursements on their schedule. Borrowers can request disbursements as often as once per month but can also request a single disbursement up to one year after project completion.
- **Streamlined reporting requirements:** The WIFIA program has straightforward reporting requirements, saving borrowers time and resources.
- **Flexible repayment options:** WIFIA borrowers can repay the loan at any time without penalty, preserving flexibility to secure other funding sources, including grants, after closing the WIFIA loan.

2024 HIGHLIGHTS

SERVING A BROAD RANGE OF BORROWERS

Nearly **20% of projects selected and loans closed** in 2024 benefit small communities

Closed first WIFIA loans in two states—Alabama and Delaware

50% of loans closed in 2024 will provide more secure and reliable drinking water to communities nationwide

SUPPORTING CRITICAL WATER INFRASTRUCTURE INVESTMENT

25 projects selected
Requesting **$4.5 billion** to support **$7.7 billion in projects**

18 loans closed
Nearly **$2 billion in financing** to support over **$4 billion in projects**

Approximately **25% of projects selected and loans closed in 2024 were for repeat borrowers**

OFFERING FLEXIBILITY THROUGHOUT PROJECT LIFECYCLE

3 interest rate resets, **saving borrowers an additional $90 million** over the life of their loans

16 post-loan closing amendments, adjusting to borrowers' real-time needs

PROVIDING EXCELLENT CUSTOMER SERVICE

Almost **$4 billion** disbursed to **65 borrowers**

100% of disbursements made within **15 days of request**

BORROWER HIGHLIGHTS

City of Wichita

Wichita, Kansas

The WIFIA program closed its first loan in 2018, and now many of these large water infrastructure projects are completing construction. Project completion is a significant milestone, as the public health and environmental benefits made possible by improved water infrastructure become a reality.

In 2020, the City of Wichita received a $280 million WIFIA loan to construct Wichita Water Works, a new water treatment plant to serve the city, surrounding communities, industries, and wholesale customers. In 2024, the city certified to the WIFIA program that the project had reached completion. Customers will have a brand-new water treatment plant that will provide reliable delivery of 120 million gallons of water per day once operational.

> **"As Wichita Water Works has now reached substantial completion, we look forward to bringing the plant online in the near future. This state-of-the-art facility will provide safe and reliable water to 17% of all Kansans, and became a reality because of the WIFIA loan approved by the EPA. The terms and conditions of the loan saved rate payers millions of dollars, allowing repayment over a period of time and providing generational equity for the community."**
>
> **– Gary Janzen,** Director, City of Wichita Public Works & Utilities

Los Angeles Sanitation and Environment

Los Angeles, California

The WIFIA program can amend closed loan agreements to continue meeting borrower needs. This versatility helps borrowers address unexpected situations that occur after loan closing.

Los Angeles (LA) Sanitation and Environment received a $224 million WIFIA loan in 2021 for the Donald C. Tillman Advanced Water Purification Facility Project. At closing, LA planned to use interim financing and draw on the loan after substantial completion. The WIFIA team recently processed a loan amendment for LA that moved the initial disbursement date up to November 2024, allowing them to leverage their low-interest WIFIA loan, and avoid obtaining higher-cost interim financing at the current market rate. This disbursement schedule change will save LA an estimated $10 million, in addition to the $81 million in savings calculated at loan closing. These savings will directly benefit LA's ratepayers and support the WIFIA program's mission to accelerate water infrastructure investments for the lowest cost possible.

> **"LA Sanitation and Environment is grateful to those with the Water Infrastructure Finance and Innovation Act and the Environmental Protection Agency for all their efforts, support, and flexibility to amend the loan agreement for the Donald C. Tillman Water Reclamation Plant Advanced Water Purification Facility. This amendment will result in overall cost savings for this critical water sustainability project, helping us move closer to our goal of 100% recycled wastewater, and increasing our local water supply."**
>
> **– Barbara Romero,** Director and General Manager, LA Sanitation and Environment

ACCOMPLISHMENTS

AS OF DECEMBER 2024

138
Loans closed

$21 BILLION
Total WIFIA financing

$47 BILLION
Total water infrastructure investment

5,000 MGD
of improved drinking water and wastewater treatment capacity

10 PROJECTS
Reached substantional completion

$8 BILLION
Disbursed to WIFIA borrowers for eligible project costs

$1+ BILLION
Investment addressing lead in drinking water

500 MGD
Water recycled, recharged, or redirected for beneficial uses, including irrigating land and recharging groundwater

350 WATERMAIN BREAKS
Eliminated per year, saving communities time and money

155,000
Total jobs created by WIFIA projects

$7 BILLION
Total savings for borrowers and their ratepayers

1,110 MGD
Wastewater receiving improved treatment before it is discharged into waterways

100%
Repayment success rate