

Reservoir Committee and Authority Board Meeting

Agenda Item 3.3: WIFIA Update

March 21, 2025

WIFIA Loan Expected Features

- Fund up to **49% of eligible costs**
- **Interest Rate** is based on Treasury Rate
 - Rate is set at the time the loan is executed
 - May be reduced if interest rates fall and there have been no draws on the loan
- **No Prepayment Penalty**
- Repayment may be **deferred up to 5 years** after construction is completed
- **Debt service can be “shaped”** – for example, increasing annual debt service
- **Repayment Period** is up to 35 years

WIFIA Status

- Uncertainty surrounding all federal government activities, including WIFIA and future actions
- 2025 Appropriation Bills include WIFIA funding
- EPA continues to work on new WIFIA loans and fund draws on existing loans
- WIFIA loan is subject to approval of EPA Administrator and OMB Director
- Updated Plan of Finance will continue to consider WIFIA and public market/tax-exempt debt
- Sites and EPA have made substantial progress and continue to work to finalize WIFIA Master Agreement

Sites Proposed Financial Terms

- Senior lien: EPA agreed to the following terms if WIFIA loan is on the senior lien:
 - Additional Bond Test of 1.1x using “waterfall” – senior lien, subordinate lien – rather than “all-in”
 - Material Adverse Event of a “Material Participant” is a notification event, not an event of default
- **Rate Covenant is the primary remaining area of discussion**

Debt Service During Construction Period

- Current Finance Plan assumes **Interim Financing** during construction period (e.g., short-term notes)
- Long-term Debt (e.g., WIFIA, revenue bonds) would be issued to “take out” construction financing
- Three potential financing scenarios during construction
 - Capitalized interest
 - Interest only
 - Pay-as-you go
- Initial borrowing includes one to two years of capitalized interest

Future Financing Actions

- Develop RFP for interim financing
- Update Finance Plan
- Finalize WIFIA Terms
- Execute B&O Contracts
- Approve financing resolution
- Initial borrowing