

Reservoir Committee and Authority Board Meeting

Agenda Item 3.2: WIFIA Update

November 21, 2025

WIFIA Loan 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
 - Example: 4.75 – 5% would be today’s rate based on 30-yr treasury
- **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 included WIFIA funding
- EPA continues to work on new WIFIA loans and fund draws on existing loans
- Finance plan for Sites can move forward without WIFIA – access to public market and tax-exempt debt
- EPA has put WIFIA Master Agreement discussion on hold until Benefits & Obligations Contracts are signed to ensure participation mix is known

Key Terms Tentatively Agreed Upon

- **Senior Lien Security** — WIFIA loan to be secured by a senior lien on Authority revenues (excluding Bureau/State funds).
- **No EPA Consent for Operations Plan Changes** — Authority may amend the Sites Operations Plan without prior EPA approval.
- **Budget-Based Rate Covenant** — Authority maintains existing rate covenant approach under the Master Resolution.

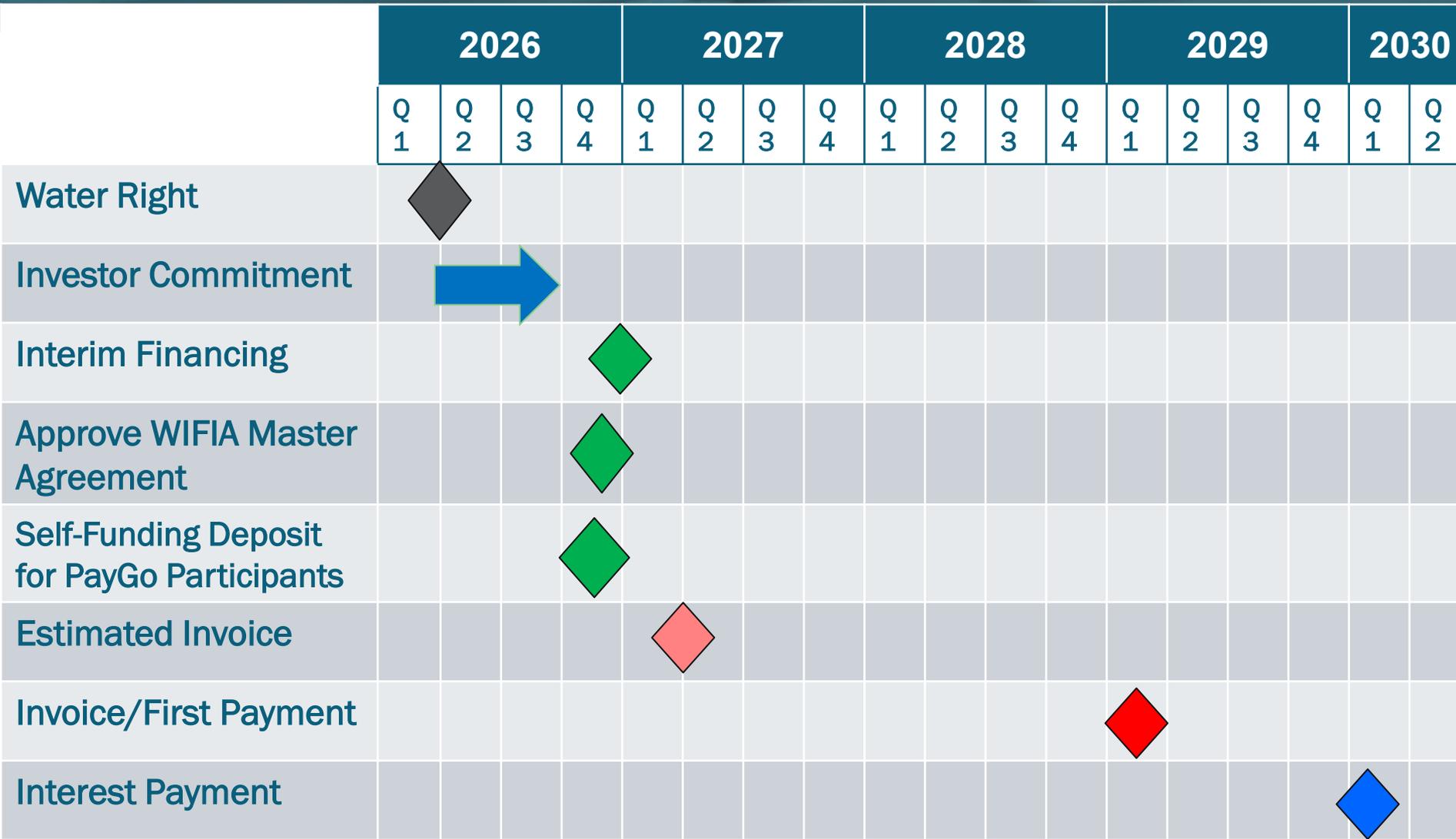
Outstanding Issues still being discussed

- **Event of Default Triggered by One Participant** — EPA proposal could allow, for example, a 5% participant's default to trigger a default under the WIFIA loan documents (even if the Authority makes its payments)
- **EPA Consent on Voluntary Capacity Interest Transfers & Defaulted Interest Transfers**— Conceptual agreement regarding sales/transfer of capacity interest
 - < 5 percent: Permitted without EPA consent; Authority only has to give notice.
 - \geq 5 percent: treated as a material transfer, and depending on the rating of the transferee, may require evidence of the transferor and transferee's ratings, EPA consent or a rating-affirmation letter before closing.

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 three years of capitalized interest
 - Due to the invoicing schedule and B&O requirement to pay one year in advance, Sites would capitalize 3 years of interest OR would need to make a conservative estimate (higher than actual) to ensure funds are available for payment
- These assumptions will be included in the Plan of Finance and will inform the cash flow for participants

Initial Financing and Possible Invoice Timeline



Note: Assumes 3-year capitalized interest on initial funding

WIFIA Loan Commitment

- Execute B&O Contracts
- Finalize and sign Master Agreement with EPA
 - Finalizing the WIFIA Master Agreement and Loan does not mean Sites must execute the Master Agreement or loan
 - Executing the Master Agreement and Loan Agreement does not mean Sites must draw on the loan
- B&O Contract requires 90 Days prior to the Authority executing the Master Agreement, Participants must declare if they will be a part of the WIFIA financing or will Self-Fund, even if Sites does not draw on WIFIA for five to seven years (short term financing used during construction)

Future Financing Actions

- Plan of Finance Update – December 2025
- Baseline Report – March 2026
- Develop RFP for interim financing
- Execute B&O Contracts
- Execute agreements with the State and Reclamation
- Finalize WIFIA Terms – Execute Master Agreement and Loan 1
- Approve financing resolution – Interim Financing
- Initial borrowing