



# WIFIA PROGRAM

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## PROJECT APPROVAL AND CLOSING WEBINAR

DECEMBER 12, 2016



# PURPOSE OF THE SESSION

The purpose of this webinar series is to:

- Foster a greater understanding of the requirements of the WIFIA program
- Clarify the purpose and goals of the WIFIA program
- Pave the way for successful applications to the WIFIA program



# CONTACT US

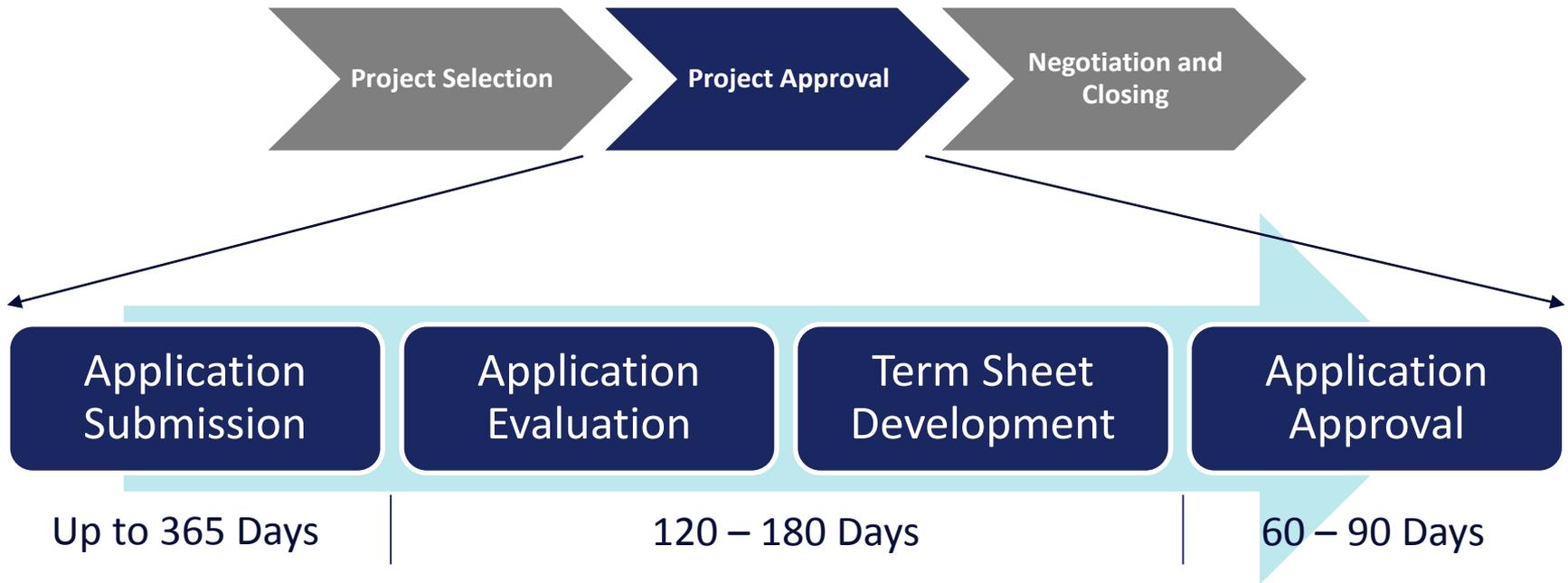
Website: [www.epa.gov/wifia](http://www.epa.gov/wifia)

Email: [wifia@epa.gov](mailto:wifia@epa.gov)

Register to receive updates on the WIFIA program at <https://public.govdelivery.com/accounts/USAEPAOW/subscriber/new>. Select “Finance and Funding.”



# PROJECT APPROVAL PROCESS



# APPLICATION

The WIFIA program website provides the application form and guidance. In the application, prospective borrowers:

- Update information submitted in the letter of interest
- Provide the WIFIA program with the materials necessary to evaluate the creditworthiness of the prospective borrower and project for the proposed WIFIA loan

Component	Page Limit
Application Form	1 Page
Certifications	2 Pages
Supporting Narrative	
Prospective Borrower Information	10 Pages
Detailed Project Information	15 Pages
Operations and Maintenance Plan	8 Pages
Financing Plan	15 Pages
Fourteen Exhibits	N/A



# SECTION A: PROSPECTIVE BORROWER INFORMATION

## Purpose:

- To provide specific information on the prospective borrower that can be used to assess creditworthiness

## This section includes:

- Background
- Organizational Structure
- Litigation and/or Conflicts
- Financial Condition
- Customer Concentration Analysis



# SECTION B: DETAILED PROJECT INFORMATION

## Purpose:

- To describe the prospective borrower's ability to plan and complete the project

## This section includes:

- Project Description
- Location
- Construction Plans and Specification
- Estimated Project Cost
- Project Schedule
- Alternatives Analysis
- System Engineer's Report
- Environmental Review
- Other Permits and Approval
- Project Management and Compliance Monitoring Plan
- Risks and Mitigation Strategies



# SECTION C: OPERATIONS AND MAINTENANCE PLAN

## Purpose:

- To describe the prospective borrower's ability to operate and maintain the project over the life of the WIFIA loan

## This section includes:

- The Operation and Maintenance Plan
- Management Experience
- Operational Risks and Mitigation Strategies



# SECTION D: FINANCING PLAN

## Purpose:

- To provide a comprehensive overview of the prospective borrower's plan for financing the proposed project, and for satisfying its financial obligations through the maturity of the WIFIA loan

## This section includes:

- Cash Flow Pro Forma
- Sources of Funds
- Dedicated Sources of Income for Repayment
- Available Sources of Security
- Preliminary Rating Letter
- Proposed Terms for WIFIA Assistance
- Financing Restrictions
- Rate



# APPLICATION SUBMISSION

- The WIFIA program expects prospective borrowers to submit applications within 365 days of the invitation to apply
- The WIFIA program will only review applications submitted by prospective borrowers that have been invited to apply
- Prospective borrowers should contact the WIFIA program if there are substantial delays in individual elements of the application
- In certain circumstances, the WIFIA program may begin evaluating the application while some application elements are in development, with the expectation that such elements will be made available to the WIFIA program prior to approval



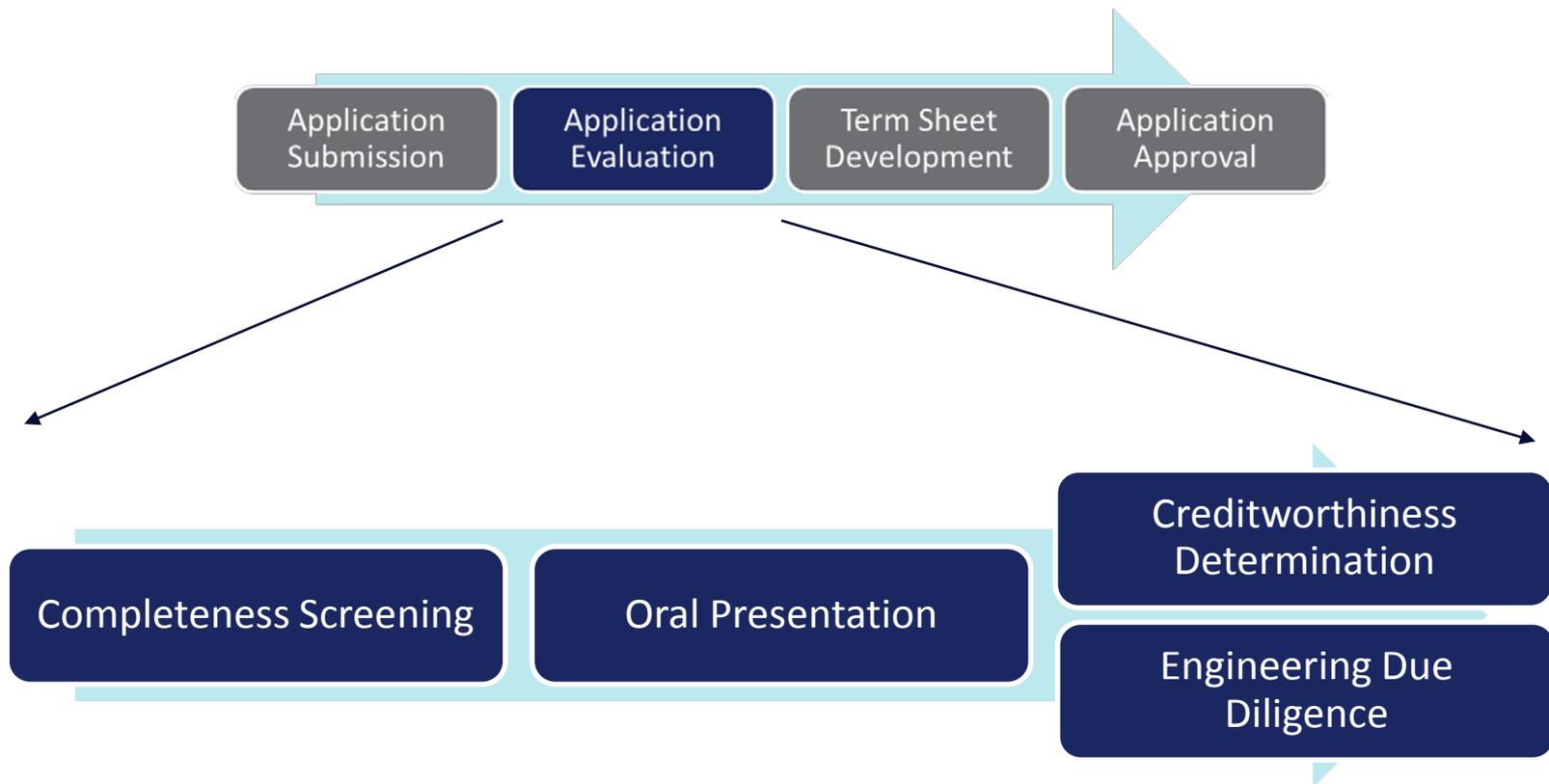
# FEES

The WIFIA Program has proposed a fee rule which includes two fees associated with the application submission

Fee Type	Timing
Application Fee	Due at submission of application
Credit Processing Fee	Invoice at Closing



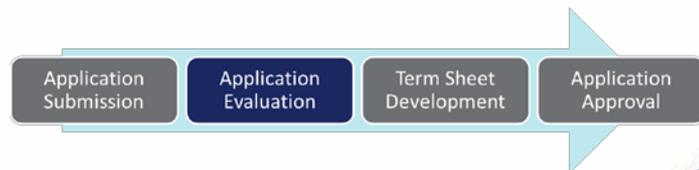
# APPLICATION EVALUATION



# COMPLETENESS SCREENING

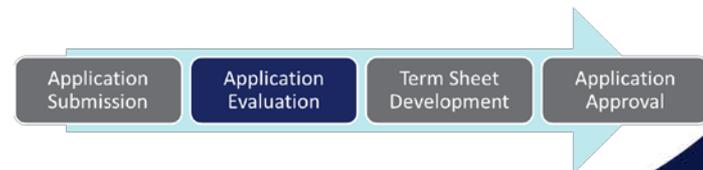
Once it receives an application, the WIFIA program will confirm that it includes:

- All the components requested in the application form and guidance, unless an omission was discussed and agreed-upon by the WIFIA program
- The appropriate application fee
- A preliminary rating letter from a Nationally Recognized Statistical Rating Organization (NRSRO) indicating the potential of the project's senior obligations to obtain an investment-grade rating



# ORAL PRESENTATION

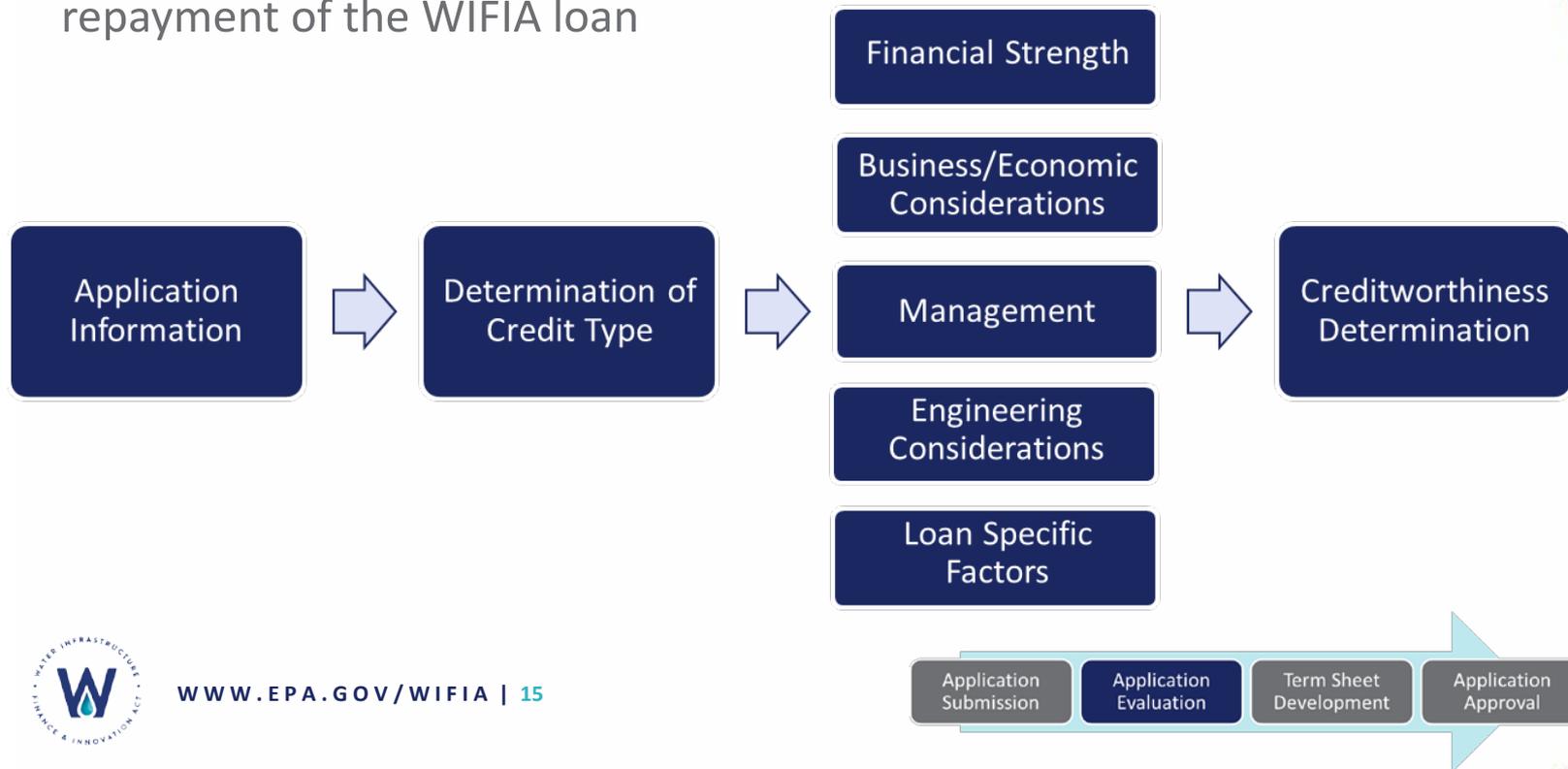
- The WIFIA program will invite prospective borrowers that have submitted an application to give an oral presentation on the proposed project, followed by a discussion
- The presentation and discussion are intended to clarify the prospective borrower's project plans, including the financing plan
- The WIFIA program may use the discussion to resolve issues related to the submitted materials and to request additional information and documents that were not part of the application submission



# DETERMINATION OF CREDITWORTHINESS

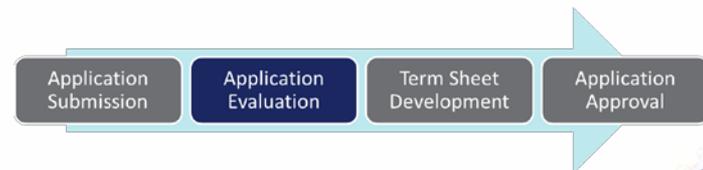
By statute, the Administrator must determine that every funded project is creditworthy

- To support a finding of creditworthiness, the Administrator must determine that there exists a reasonable prospect of repayment of the WIFIA loan

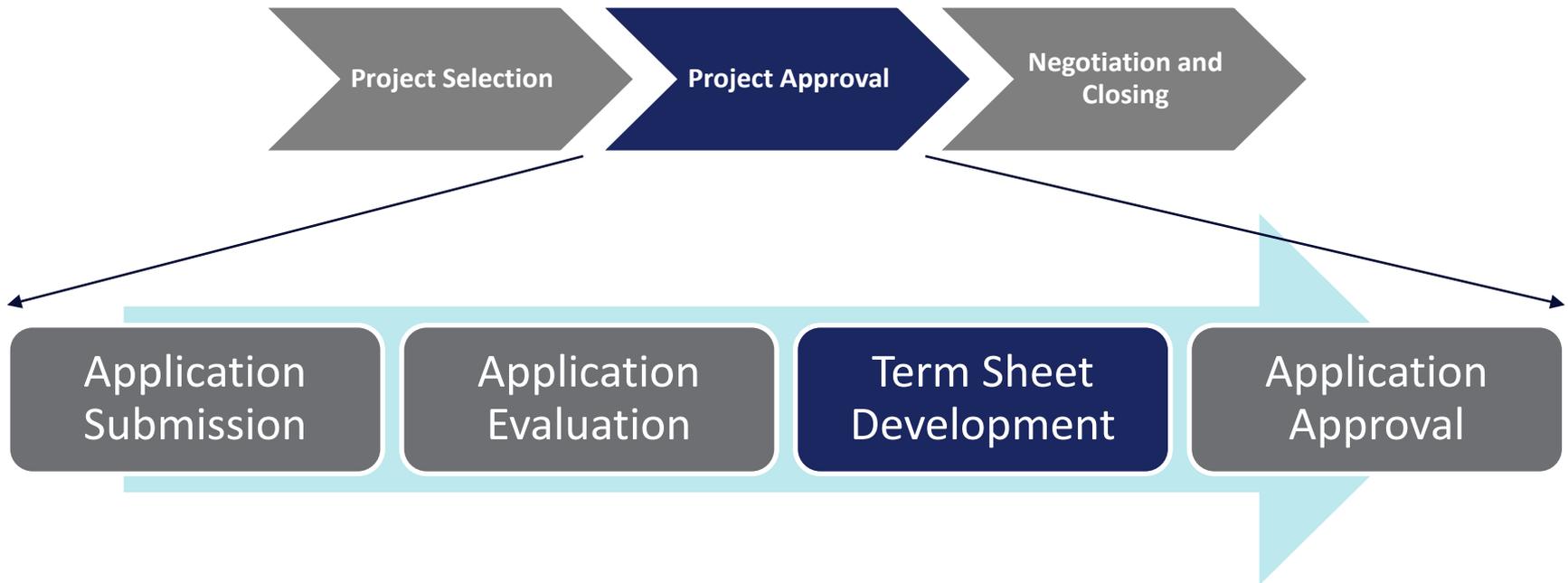


# ENGINEERING DUE DILIGENCE

- The WIFIA program will review and approve, as appropriate, project design plans, specifications, procurement documents and other engineering documents
- The WIFIA program will review the bidding and contract documents
- The WIFIA program may conduct site visits during the application process



# TERM SHEET DEVELOPMENT



# TERM SHEET DEVELOPMENT

The prospective borrower and the WIFIA program will negotiate terms and conditions until a mutually agreeable preliminary term sheet has been developed

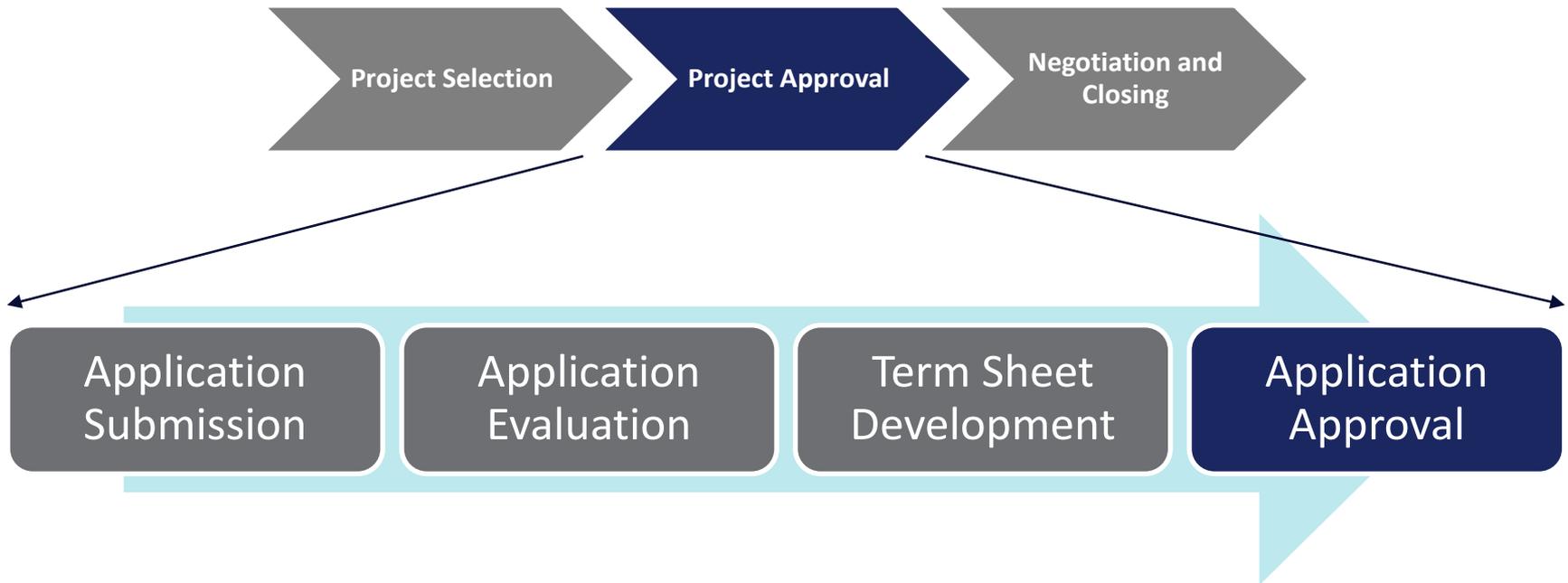
The term sheet will include basic terms and conditions related to EPA's provision of the loan that can materially influence the creditworthiness of the project

## Term Sheet Contents

Parties to the agreement
Type of credit instrument
Security features
Project description
Estimated project costs and WIFIA-eligible project costs
Method for establishing the interest rate
Final maturity date
Projected disbursement and repayment schedule
Covenants such as limitations on additional bonds, minimum coverage ratios, and any required reserve funds
Conditions for execution of a credit agreement
Continuing disclosure requirements



# APPLICATION APPROVAL



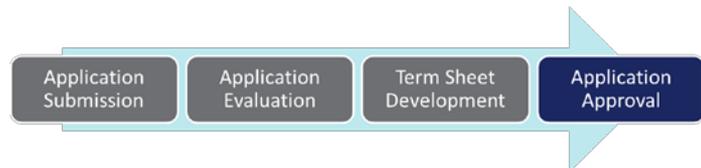
# APPLICATION APPROVAL PREREQUISITES

## Prerequisites to the obligation of WIFIA funds include:

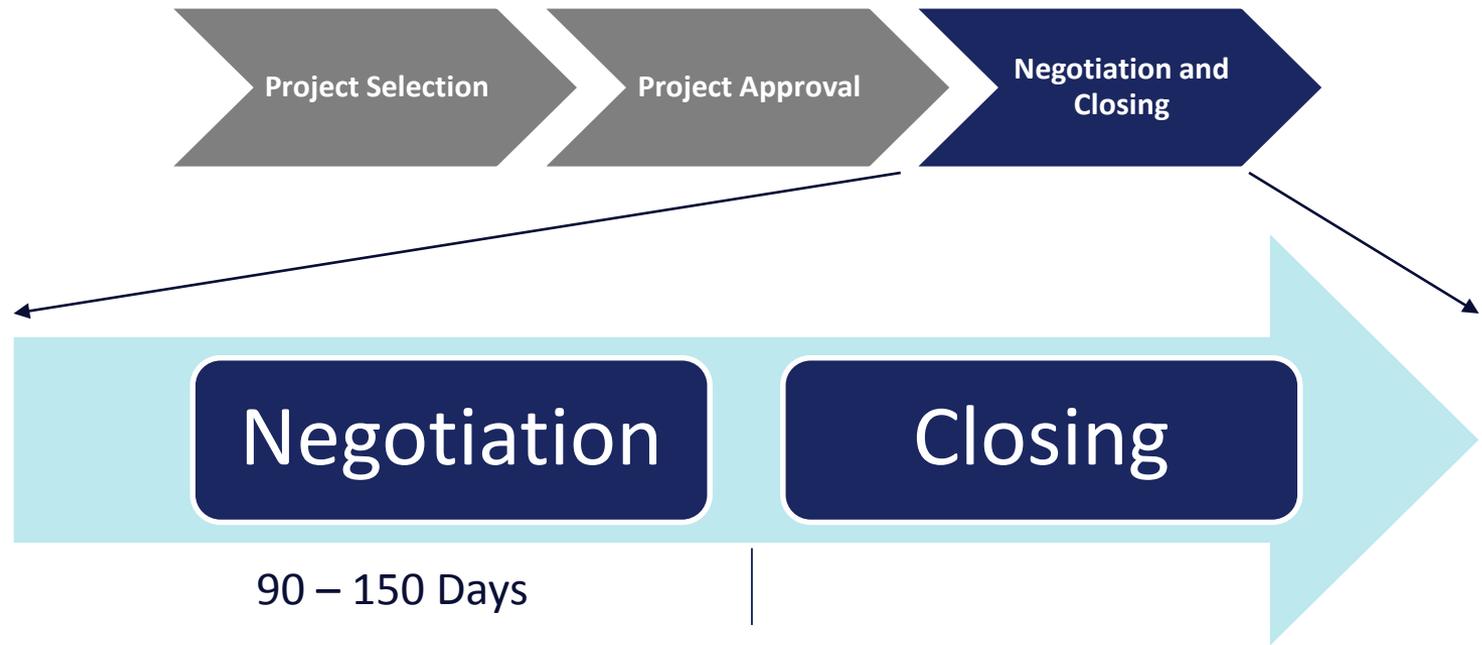
- Submission of the preliminary rating opinion letter
- Final plans and specifications
- Project's receipt of its Record of Decision (ROD), Finding of No Significant Impact (FONSI), or Categorical Exclusion under NEPA
- Compliance with federal guidelines regarding floodplain management
- Compliance with other federal laws, regulations, and applicable planning requirements



# APPLICATION APPROVAL



# NEGOTIATION AND CLOSING PROCESS



# CREDIT AGREEMENT DEVELOPMENT

The credit agreement is the binding legal document that allows the borrower to receive WIFIA funds

- The WIFIA program and the prospective borrower will negotiate the specific language of the credit agreement to accurately represent the WIFIA program's requirements
- The credit agreement specifies all the terms and conditions of the WIFIA loan and stipulates conditions for the disbursement of loan funds to the project
- The WIFIA program will seek to structure the final credit agreement in a way that conforms in all material respects to the terms of the term sheet
- Deviations may require a re-evaluation of the project's creditworthiness and re-approval of the application
- Depending upon the nature of the transaction, additional documents, such as an inter-creditor agreement, may be necessary



# CREDIT AGREEMENT EXECUTION PREREQUISITES

## Prerequisites to closing include:

- Negotiation of credit agreement and all associated financing documents in final form
- Satisfaction of all conditions precedent to closing:
  - Submission of two final investment-grade rating opinion letters for the project's senior obligations, based on the final credit agreement
  - Confirmation of no material changes
  - Evidence of all funding commitments
  - Execution delivery of all financing and security documents
  - Confirmation of all required permits and approvals
  - Development of principal and interest schedules
  - Submission of final pro forma financial model



# CLOSING

## The Administrator and prospective borrower execute the credit agreement

- Interest rate is established
- Credit processing fee is due in full
- The WIFIA program will post the borrower's name under a list of borrowers on the WIFIA program's website



Negotiation

Closing



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