



# WIFIA

PROGRAM

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## SWIFIA: ACCESS TO WIFIA FOR SRFS

CIFA WATER INFRASTRUCTURE  
INVESTMENT SUMMIT

APRIL 24, 2019



# OVERVIEW



## SWIFIA INTERPRETATION

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## LOAN SECURITY TERMS

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## APPLICATION MATERIALS

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# SWIFIA INTERPRETATION

## Current WIFIA program:

- CWSRF and DWSRF programs are eligible WIFIA borrowers
- For purposes of WIFIA program we call a loan to an SRF a “**P**roject”
- All SRF eligible projects on an IUP are WIFIA eligible
- All WIFIA requirements apply to SRFs in the same manner as other borrowers
- SRFs compete against all other prospective borrowers for limited funding



# SWIFIA INTERPRETATION

## AWIA Impact on base WIFIA program:

- Reduction in required credit ratings for all SRF borrowers
- No repayments may be made from SRF cap grant proceeds
- Reauthorizes WIFIA at \$50 million per year
- No new environmental or engineering reviews for SRF borrowers
- Expedited review of SRF applicants



# SWIFIA INTERPRETATION

## AWIA Creation of SWIFIA:

- For purposes of SWIFIA we call a loan from an SRF to a local borrower a “project”
- Authorizes \$5 million for separate program for SRFs
  - FY 2020 and 2021
  - \$50 million must be available for WIFIA base program
  - Hold harmless provision
- Increases Federal share of “project” cost from 80% to 100%
- If a “project” defaults SRF is responsible for immediate repayment
- No pass-through of WIFIA fees



# SRF WIFIA WORKING GROUP

## Three key areas for SRF WIFIA Working Group:

- Identifying credit and security terms that would be attractive to SRF programs and allowable under WIFIA statutory requirements
- Options for awarding the potential “WIFIA subsidy appropriation” among the applicants (i.e. competitive; first come, first serve; prorated or equal distribution)
- Desired application process and timelines to closing



# SWIFIA LOAN SECURITY TERMS

## Goals:

- Float with existing Master Bond Indenture (for leveraged SRFs)
  - Additional Bonds Test (ABT), DS Reserve, Consent of bond holders
- Senior, parity lien position with existing & future debt
- Diversified pool of underlying pledged loans (mitigate concentration issues)
- Float with existing key covenants of underlying SRF pledged loans
  - Revenue and/or GO pledge, ABT requirement, State revenue intercept
- Use of MSRB/EMMA for event filings and continuing disclosures
- Develop key terms for a standard SWIFIA loan agreement for non-leverage SRFs



# APPLICATION MATERIALS

EPA developed *draft* application materials and supporting statement to initiate information collection request (ICR) renewal process for WIFIA program

- Includes SWIFIA Letter of Interest and Application
- Announced in the Federal Register on April 23
- Public comment period open until June 24
- Available at <https://www.federalregister.gov/documents/2019/04/23/2019-08158/proposed-information-collection-request-comment-request-epa-application-materials-for-the-water>





# APPLICATION MATERIALS

EPA Drafts Supporting Statement and Application Materials

1<sup>st</sup> Federal Register Notice (4/23)

60-day Public Comment Period and Consultations (4/23-6/24)

EPA Revises Materials to Incorporate Comments and Summits to OMB

30-day Public Comment Period

OMB Approves ICR (Expected late 2019)



# APPLICATION MATERIALS

Draft materials are for a two-step application process

**Letter of Interest** with three main components:

- 15 high-level questions
- List of documents to submit (IUP, sample loan agreement, internal review procedures, priority setting system, etc)
- List of projects included in the total eligible costs

**Application** with more detailed questions about the program's structure and processes and financing plan

- The application would be used for SRF programs applying to either the base program or SWIFIA



# CONTACT US

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Sign-up to receive announcements about  
the WIFIA program at  
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