

WFX Community Deal Guidelines

1. Community Size: Communities less than 20,000 population with financial need of \$500K - \$5M.
2. Stakeholder Support: Community buy-in/local champion.
3. Leadership Support: State-level, U.S. EPA, USDA, etc. support and/or endorsement.
4. Pre-Development Need: Size and use of pre-development fund proceeds.
5. Counterparty: Quality of public counterparty, including credit-worthiness and repayment capacity.
6. Rates: Current rates (water bills) and historical pattern of rates.
7. Affordability: Current monthly combined water and wastewater bill vs. median household income.
8. Capital Investment Need: Size and quality of assets, including pre-existing liabilities (environmental, non-compliance, enforcement), if any. Capital improvement program and prioritization therein.
9. Operations & Maintenance: Need for outsourced O&M or strengthening of system O&M.
10. Regionalization: Potential for operational partnerships/consolidation.
11. Environmental Impact: Environmental impact requirements and risks.

Please send letters of interest or other inquiries to the following:

Brent Fewell, General Counsel
Water Finance Exchange Inc.
1455 Pennsylvania Ave., Suite 400
Washington DC 20004
bfewell@waterfx.org

Deadline for submittal of LOI is March 1, 2021. Proposals will be reviewed on a rolling basis. Early submissions are highly encouraged.

Request for Letter of Interest

WFX Rural Community Water Infrastructure Fund

The Water Finance Exchange Inc., a 501(c)(3) not-for-profit, is soliciting letters of interest (LOI) from qualified communities interested in assistance with financing their water or wastewater infrastructure projects. WFX is comprised of a team of water and finance professionals committed to assisting communities break the logjam of water investment by helping identify and tailor solutions and structures that are suited for the communities we serve.

WFX was founded with a primary objective of significantly increase funding partnerships in small to midsize utilities (SMUs) disadvantaged by water funding gaps. WFX's goal in year one is to identify and assist at least two rural communities in need of funding source(s) to finance new or rehabilitated water or wastewater system through the financial support of the Rural Community Predevelopment Fund (RCPF). Building upon year one's success, WFX intends to scale-up post launch to support additional SMUs.

Ideal candidates for the first round of support/pre-development funding will possess the following key attributes:

- Local leadership committed to secure funding/move toward financial close
- \$500K - \$5M capital project needs
- CAPEX/OPEX programs
- Capacity to raise local rates to cover debt service
- Project/permit approvals secured (or near secured)

WFX has teamed with the Rural Community Assistance Partnership (RCAP), the Rural Community Assistance Corporation (RCAC) and CoBank to provide predevelopment funding up to \$75,000 per community to cover the costs associated with activities that provide decision-makers the baseline information necessary to advance those projects from the conceptual phase to financial close.

WFX is grounded on three core principles:

- (1) Obstacles in community water financing can be addressed by assembling necessary experts and leaders from federal, state and local government, private financial institutions, philanthropic foundations, and NGOs. WFX views the community as its client and believes that organized and systematic engagement of these experts on behalf of the community will generate trust and enable collaboration across the silos which prevent progress in water infrastructure funding.
- (2) A critical precondition to reaching fundable deal structures is being able to work alongside the community to fund a pre-development process to identify and address the most important technical and economic issues around potential water projects. Therefore, a centerpiece of WFX is a revolving pre-development fund dedicated to assisting rural communities.

- (3) The best way to accelerate scale-up of water projects is to attract catalytic and transitional funding from multiple sources, including government entities, private finance, and, especially in the initial stages, philanthropy.

Letters of interest (max. of 5 pp.) should provide the following information:

- **Characterize the level of local commitment for fundable project**
- **Size (total meters), quality of assets and any legacy liabilities/noncompliance**
- **Project funding secured (if any)/needed**
- **Current phase of project development**
- **How predevelopment funds would be used**

Please provide, if available:

- Counter-party – state/municipal, credit rated, water rates (and potential for increase), repayment capacity and revenue sources
- Project infrastructure design, permits, and any other required approvals
- Capital improvement program

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Upon receipt of qualifying LOIs, WFX will contact parties of interest to schedule a virtual and/or in-person meeting to continue the initial screening process.

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For more information about WFX, please see www.waterfx.org.