

WIFA 2010 Annual Report



Water Infrastructure
Finance Authority of
Arizona



Water Infrastructure Finance Authority of Arizona

The Water Infrastructure Finance Authority of Arizona (WIFA) is an independent agency of the state of Arizona established to finance the construction, rehabilitation, and improvement of drinking water, wastewater, wastewater reclamation, and other water quality projects. WIFA operates as a “bond bank” and has the authority to issue bonds on behalf of communities for basic water infrastructure.

Through an active portfolio and sound financial management, WIFA provides significant savings through low-interest loans. WIFA offers borrowers below market interest on loans for one hundred percent of eligible project costs. WIFA’s primary tools for providing low-interest loans include the Clean Water Revolving Fund created in 1987 by the Environmental Protection Agency (EPA) for public wastewater treatment projects, and the Drinking Water Revolving Fund created in 1997 to provide states with funding to address important drinking water projects that are necessary to protect public health.

WIFA has funded 363 projects providing over \$1.95 billion of investment in Arizona’s communities since 1992.



WIFA received the 2009 Award for Sustainable Health Protection for Innovative and Effective use of SRF Financing Mechanisms from EPA. From EPA Pacific Southwest Region, WIFA received recognition for Outstanding Performance and Achievements in Managing the Clean Water and Drinking Water State Revolving Funds and the American Recovery and Reinvestment Act Funds of 2009. WIFA also received the 2009 Director’s Excellence Award from ADEQ’s Director Benjamin H. Grumbles for exemplary service and extraordinary contribution.

Water Infrastructure Finance Authority of Arizona

WIFA

2010 Annual Report

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Section I. Goal and Performance Measures

Goal 1: Award WIFA's resources in accordance with the needs of Arizona's Citizens

WIFA continues to provide financial assistance to a diverse range of communities with various levels of infrastructure needs. WIFA balances a community's environmental health and financial needs, while providing assistance to the most significant public health and water quality problems.

During FY 2010, WIFA executed 29 CW loans, of which 13 were base program loans and 16 were ARRA program loans (see Table 1: Executed Clean Water Financial Assistance Agreements (Loans) in FY 2010).

Table 1: Executed Clean Water Financial Assistance Agreements (Loans) in FY 2010

Project Name	Loan Recipient	Loan Amount	ARRA Project
Central Buckeye WWTP Upgrades and Expansion - Phase 2	Buckeye, Town of	\$12,000,000.00	√
Collection System Additions and WWTP Upgrade	Camp Verde Sanitary District	\$1,902,000.00	
City of Coolidge 2 MGD Water Reclamation Facility	Coolidge, City of	\$3,000,000.00	√
City of Douglas, WWTP Compliance and Facility Improvements	Douglas, City of	\$9,000,000.00	
El Mirage Road to Olive Sanitary Sewer Extension	El Mirage, City of	\$788,230.00	√
Tertiary Treatment of South Plant and Engineering for System Expansion	Florence, Town of	\$1,300,000.00	
Wastewater Facility Expansion & Rehabilitation	Goodyear, City of	\$8,000,000.00	√
Downtown WWTP upgrade	Kingman, City of	\$2,500,000.00	
Lake Havasu City Wastewater System Expansion PY 8	Lake Havasu, City of	\$87,734,728.00	
Palm Tree Stimulus Sewer Area project	Lake Havasu, City of	\$4,900,833.02	√
Energy Efficiency for Reclaimed Water Delivery	Mesa, City of	\$254,844.00	√
Rehabilitate Old Sulfide Stations	Mesa, City of	\$1,072,368.00	√
Wastewater Collection System Replacement Project Development	Miami, Town of	\$1,600,000.00	
Beardsley Water Reclamation Facility Upgrades	Peoria, City of	\$4,545,000.00	
Northern and 95th Avenues Trunk Sewer Repairs Section A	Peoria, City of	\$1,359,950.19	√
Trunk Sewer Repairs B & C and Solar Upgrades	Peoria, City of	\$4,021,623.00	√
Broadway Road Sewer Main Improvements, Segment 2B	Phoenix, City of	\$18,250,000.00	√
Small Diameter Sanitary Sewer Rehabilitation	Phoenix, City of	\$2,400,000.00	√
3RPI09 ROMP Plant Interconnect	Pima County	\$10,002,383.00	√
PCCDWID Wastewater Pond and ADOT Stormwater Control Project	Pine Creek Canyon Domestic Water Improvement District	\$90,000.00	√
North Prescott Regional Force Main Replacement	Prescott, City of	\$6,573,506.00	
Wastewater Treatment Plants Plan and Design Project	Prescott, City of	\$1,386,334.00	

Table 1: Executed Clean Water Financial Assistance Agreements (Loans) in FY 2010

Project Name	Loan Recipient	Loan Amount	ARRA Project
Manhole Rehabilitation	Show Low, City of	\$500,000.00	√
Expansion of Existing SBR Waste Water Facility	Somerton, City of	\$2,274,268.00	
Litchfield Road Reclaimed Water Booster Station (Project #20726)	Surprise, City of	\$1,500,000.00	√
Tolleson WWTP Solids Handling Facilities Expansion	Tolleson, City of	\$5,600,000.00	
Tolleson WWTP Solids Handling Facilities Expansion	Tolleson, City of	\$6,000,000.00	√
Beaver Dam WWTF Upgrades and Expansion	Virgin River Domestic Wastewater Improvement District	\$343,000.00	
Avenue B&C Colonia Sewer Collection System	Yuma County Improvement District	\$1,437,915.00	
Totals	29 Projects	\$200,336,982.21	

WIFA executed 51 DW loans, of which 23 were base program loans and 28 were ARRA program loans (see Table 2: Executed Drinking Water Financial Assistance Agreements (Loans) in FY 2010).

Table 2: Executed Drinking Water Financial Assistance Agreements (Loans) in FY 2010

Project Name	Loan Recipient	Loan Amount	ARRA Project
16-inch Waterline Pinnacle Peak Road/ 82nd to 77th Avenues (UT00278)	Peoria, City of	\$1,780,000.00	√
Airport Zone North and South Loops Water Mains	Prescott, City of	\$3,591,880.00	√
Arsenic Treatment System	Appaloosa Water Company	\$200,000.00	
Blue Hills - Arsenic Remediation System	Willhoit Water Company, Inc.	\$70,000.00	
Camino De Manana Waterline Project	Marana, Town of	\$5,250,000.00	
Citywide Automatic Meter Reading Installation	Phoenix, City of	\$8,000,000.00	√
Congress DWID Capital Improvement	Congress Domestic Water Improvement District	\$1,850,000.00	
Cottonwood Water Line Replacement	El Mirage, City of	\$298,587.23	√
Dysart at Thunderbird Water Line Extension	El Mirage, City of	\$189,879.85	√
Evergreen 2 Well Site Construction	Valencia Water Company, Inc.	\$2,562,500.00	√
Existing Water Infrastructure Improvements Phase 1	Oro Valley, Town of	\$3,403,000.00	
Ft. Tuthill Well Tie-In	Flagstaff, City of	\$1,000,000.00	
GCWUA Water System Improvements	Groom Creek Water Users Association	\$1,600,000.00	√
Glendale Oasis Groundwater Treatment Plant	Glendale, City of	\$6,340,000.00	
Gravity Flow System Project	Pineview Water Company	\$142,000.00	√
Holiday Hills Improvement Project	Holiday Hills Domestic Water Improvement District	\$200,000.00	√
J.G. Martinez Water Treatment Plant Upgrades - Gravity Plate Settlers / Gravity Thickeners	Tempe, City of	\$14,045,799.00	√
Joseph City Utilities Reservoir	Joseph City Utilities	\$520,000.00	
Meter Replacement Program	Willow Valley Water Company, Inc.	\$435,000.00	√

Table 2: Executed Drinking Water Financial Assistance Agreements (Loans) in FY 2010

Project Name	Loan Recipient	Loan Amount	ARRA Project
Metro DWID	Metro Domestic Water Improvement District	\$13,900,000.00	
Middle Sabino 6	Mt. Lemmon Domestic Water Improvement District	\$1,204,075.48	
Nitrate Treatment Project	Picacho Peak Water Company	\$150,000.00	
North Toltec Water Distribution Improvements	Eloy, City of	\$4,000,000.00	√
Payson Cragin Surface Water Project Phase I	Payson, Town of	\$10,585,000.00	√
PCCDWID Water Supply Augmentation and Emergency Power	Pine Creek Canyon Domestic Water Improvement District	\$625,000.00	√
PCCDWID Water Supply Augmentation and Emergency Power additional funding	Pine Creek Canyon Domestic Water Improvement District	\$200,000.00	
Purchase of Thim Water Systems	Metro Domestic Water Improvement District	\$3,950,000.00	
Red Gap Ranch - Water Rights Legal Fees & Aquifer Study	Flagstaff, City of	\$800,000.00	
Red Gap Ranch Pipeline Feasibility Study	Flagstaff, City of	\$2,100,000.00	
Redrill Old Downtown Well	Mesa, City of	\$1,001,598.00	√
Replacement of Aging Water Lines in Downtown Mesa	Mesa, City of	\$1,430,000.00	√
Rim Trail Surface Water Filtration Plant Replacement and Water Plan	Rim Trail Domestic Water Improvement District	\$145,000.00	√
Security Fencing of Sweetwater & Hole In The Hill Well	Taylor, Town of	\$82,113.00	√
St. Johns Well #3 and Water Transmission Line Project	St. Johns, City of	\$1,105,000.00	
Stimulus - Sinagua Well Connection & Well Building Expansion	Flagstaff, City of	\$775,000.00	√
Storage Capacity	Dells Water Company	\$30,000.00	
Storage Tank / BDWC#2	Beaver Dam Water Company	\$104,283.00	
Supplemental Water source Interconnect Construction	SoHi Domestic Water Improvement District	\$800,000.00	√
SWC Arsenic Treatment Plant	Sahuarita Water Company, LLC	\$4,694,523.00	√
Thunderbird Farms DWID Arsenic Removal and Additional Storage Project	Thunderbird Farms Domestic Water Improvement District	\$1,500,000.00	
Thunderbird Meadows - Storage Tank Replacement	Willhoit Water Company, Inc.	\$145,877.00	
Tubac Arsenic Removal	Arizona American Water Company	\$2,006,976.00	√
Water Main Replacement Hope VI Project Area	Phoenix, City of	\$1,906,658.00	√
Waterlines, Station Upgrades, Well Rehab	Peoria, City of	\$8,484,204.20	√
Well #4 Arsenic Treatment	Cave Creek, Town of	\$235,000.00	
Well , Pump and Spring Project	Mt. Tipton Water Company, Inc.	\$140,000.00	√
Well Equipping and Upgrade Program	Tucson, City of	\$2,750,000.00	
Well No.5 Arsenic Treatment System	Maricopa Domestic Water Improvement District	\$928,430.00	√
Western Canal Water Line	Tempe, City of	\$4,084,503.00	√
Yavapai Estates - Arsenic Remediation System	Willhoit Water Company, Inc.	\$280,042.00	
Zone 39 Water Mains, Pump Station & Water Tank	Prescott, City of	\$8,998,096.00	√
Totals	51 Projects	\$130,620,024.76	

Of WIFA's FY 2010 Clean Water loans, \$161 million out of a total of \$200.3 million was provided to communities serving fewer than 50,000 people. Of that amount, \$6.9 million assisted communities serving less than 10,000 people. More than half of the total Clean Water assistance was provided to communities considered to be "hardship communities."

Of the 2010 Drinking Water loans, WIFA provided \$18.6 million out of a total of \$130.6 million to communities serving fewer than 10,000 people. Of that amount, \$1.6 million assisted communities that WIFA considers to be disadvantaged. To further assist very small drinking water systems facing financial challenges, WIFA established a dedicated fund to provide loans to systems serving fewer than 3,300 people and 1,000 connections (further information on this program is provided in "Marketing to Stimulate Demand" below).

One of WIFA's primary objectives is to address facility non-compliance, which also ensures protection of public health and water quality. Approximately \$10.2 million of WIFA's 2010 Drinking Water loans were provided to 14 systems to achieve compliance. Seven of these loans funded arsenic treatment systems.

Of WIFA's Clean Water loans, \$103.5 million (over half of the total assistance provided) went toward achieving facility compliance. WIFA's largest loan went to Lake Havasu City (\$87.7 million) to continue sewerage the city and eliminating a large source of pollution to groundwater as well as Lake Havasu.

Unless otherwise stated, this report combines base program loans and ARRA program loans as work completed during this reporting period. Section II of this report provides additional information on the ARRA funded projects.

Marketing to Stimulate Demand:

WIFA continued to extend its marketing and outreach efforts across Arizona by participating in the Arizona Water Association Water Reuse Conference, Rural Water Infrastructure Committee (RWIC) project meetings, Arizona Water Association Annual Conference, Rural Water Association of Arizona Annual Conference, Arizona Water Association Young Professionals Technical Lunch Series, North American Development Bank/Utility Management Institute training, Rural Community Assistance Corporation and WIFA's Planning and Design Grant workshops.

In determining the interest rate for a loan, WIFA provides a 5% to 30% discount on the tax-exempt AAA Bond Rate for government entities and the prevailing prime-rate plus 2% for non-government entities. The percentage of the discount is based on the community's local fiscal capacity, which is measured by the area's median household income, user rates and charges; the community's outstanding and proposed debt; and the cost-effectiveness of the project.

The final interest rates for the loans closed in FY 2010 averaged 2.83% for governmental entities and 3.68% for non-governmental entities, representing an average discount from the base interest rates of 26% and 30% respectively.

WIFA also created a program that provides 1% interest loans to very small drinking water systems which is expected to stimulate demand for financial assistance from small systems. This program was implemented in FY 2010. Projects funded in FY 2010 under this program included:

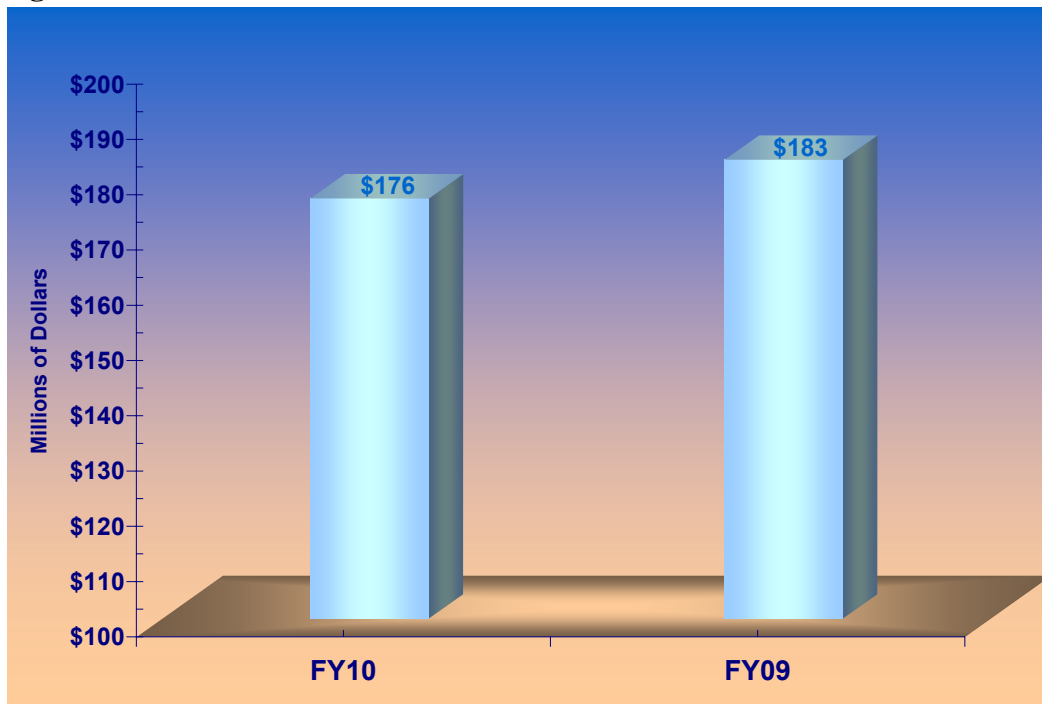
Borrower	Loan Number	Loan Amount	Loan Closing Date	Number of System Users
Mt. Lemmon DWID	920190-10	\$1,204,075.48	12/11/09	282
Wilhoit Water Company – Yavapai Estates	920186-10	\$280,042.00	3/8/10	95

Goal 2: Maintain the fiscal integrity of WIFA’s funds and assure continuous enhancement for future generations

In FY 2009, WIFA again was awarded “AAA” credit ratings from Moody’s Investors Service, Standard and Poor’s, and Fitch. WIFA continues to maintain these ratings due to its demonstrated commitment to responsible fiscal fund management. These ratings are among the highest awarded and the most sought after. These ratings reduce the cost of borrowing from investors when WIFA issues bonds. This also allows for WIFA to establish its loan rates as low as possible, thereby passing on the savings to its borrowers.

An essential measure of the benefit WIFA loans provide to communities throughout Arizona is the savings to Arizona tax payers when compared to traditional market financing. In FY 2010, WIFA’s below-market interest rates saved Arizona’s communities millions of dollars over the term of their loans.

Figure 1: FY 2009 & 2010 Funds Invested

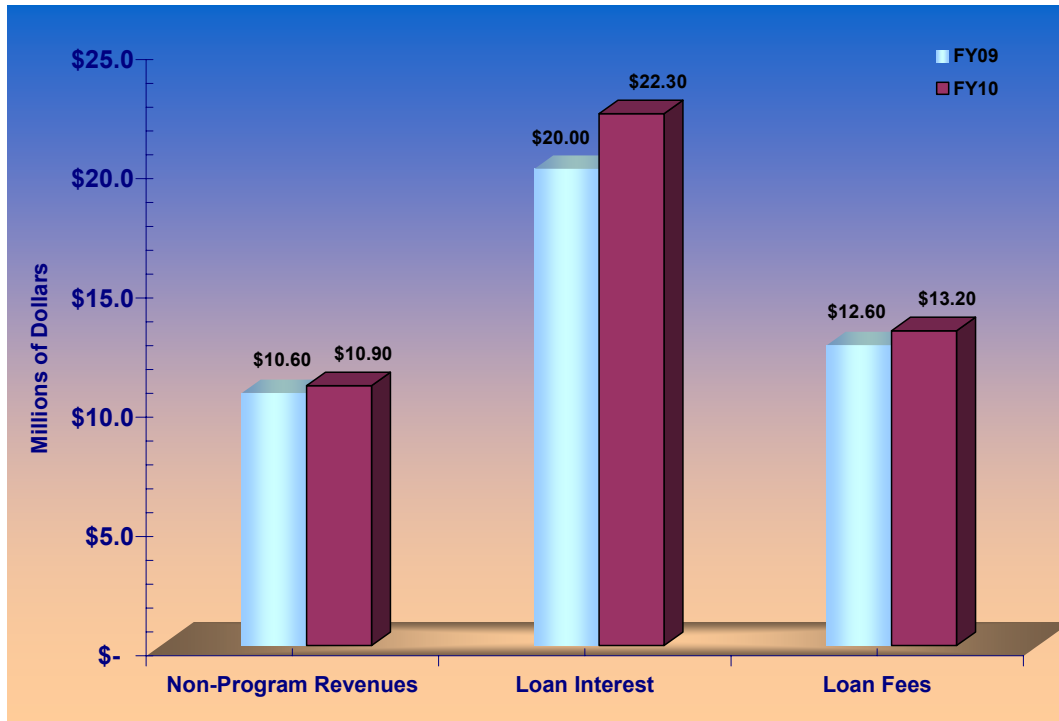


The dollars invested are primarily used to originate loans to WIFA borrowers and provide additional security to WIFA's bond portfolio. Additionally, interest generated from the invested funds helps to subsidize WIFA borrower interest rates (see Figure 1 above).

In addition to maintaining fiscal integrity, WIFA invests its monies to ensure its growth stays on pace with inflation. Figure 2 compares FY 2009 and FY 2010 investments:

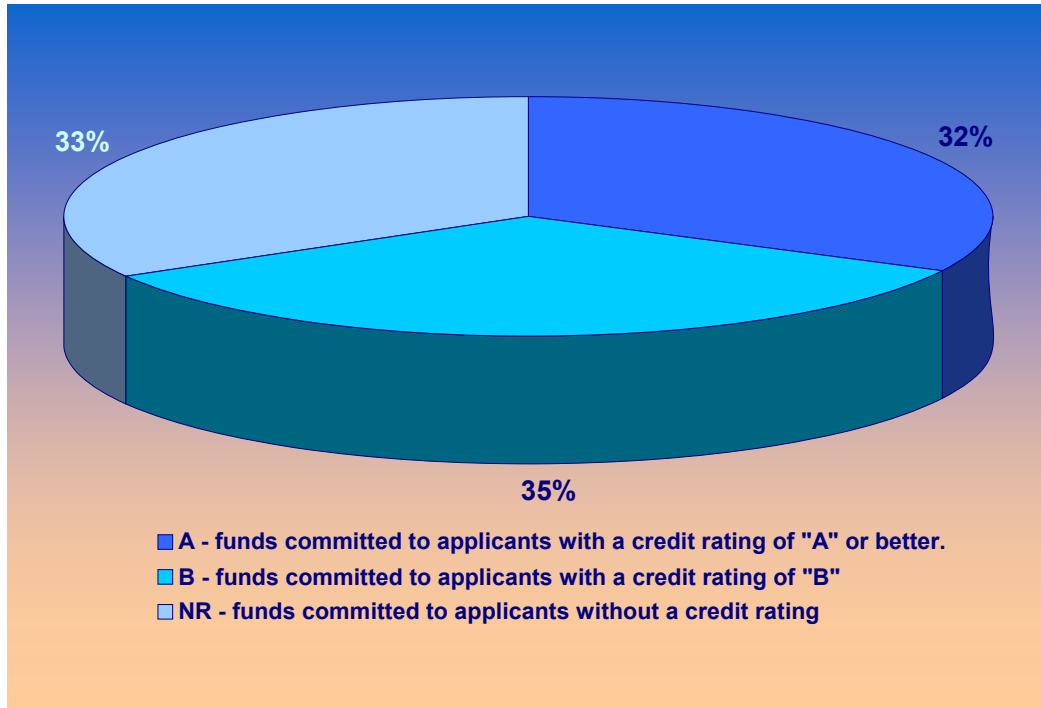
- Additional investment income led to a small increase in non-program revenue.
- WIFA's loan interest revenues and loan fees increased due to a higher number of loans in repayment status.

Figure 2: FY 2009 & 2010 Income by Fiscal Year



During FY 2010, WIFA continued to maintain a diverse portfolio of borrowers by balancing the needs of low-credit, high-priority borrowers with high-credit, low-priority borrowers. Figure 3 demonstrates that more than 32% of funds committed through loans in FY 2010 were to borrowers with a credit rating of 'A' or better. The presence of strong borrowers within the portfolio benefits all program participants.

Figure 3: FY 2009 Funds Committed Applicant Ratings



WIFA performs on-site observations throughout the construction period. The determination of when a site observation is required is set forth in the loan documents. When a disbursement request is received and it is determined a site observation is required, one is done prior to the release of funds. Site observations are correlated to disbursement requests so that the site is observed prior to the release of funds. WIFA also performs an annual loan review of all active loans.

Goal 3: Effectively and efficiently deliver financial and technical assistance

Financial Assistance:

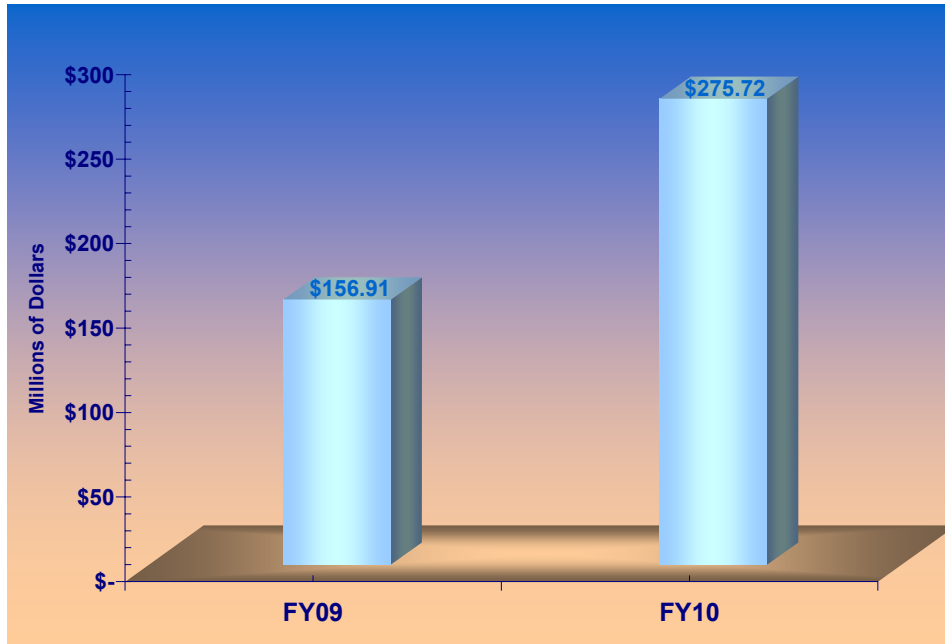
Table 4 depicts the huge increase in applications received in FY 2009 as a result of the enactment of the Recovery Act. WIFA has seen FY 2010 return to a more normal flow of applications.

Table 4: Applications for Financial Assistance

Fiscal Year	CW Apps	Amount Requested	DW Apps	Amount Requested
2009	126	\$556,906,184	219	\$656,307,481
2010	40	\$192,818.013	82	\$261,893,962

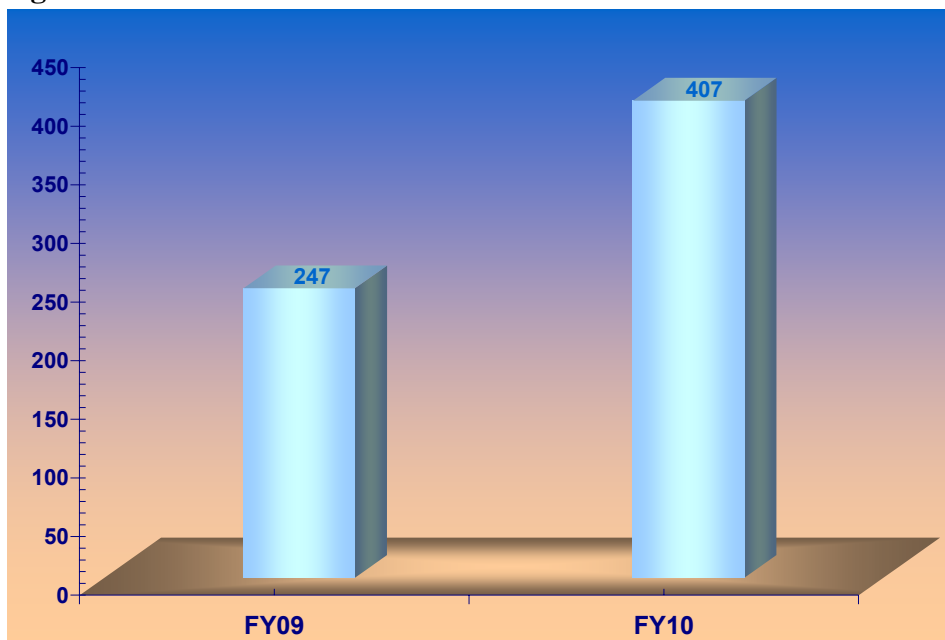
Figures 4 and 5 demonstrate the dollar amount of disbursements and the number of disbursements approved for FY 2009 and FY 2010. The median number of days required by WIFA to process a disbursement request in FY 2010 was 5.4 business days.

Figure 4: FY 2009 & 2010 Amount Disbursed



WIFA continuously strives to improve the loan application process and to efficiently deliver financial assistance in a timely and convenient manner. Measuring from Board action (loan resolution approval) to distribution of loan documents, WIFA averaged 3.2 weeks.

Figure 5: FY 2009 & 2010 Number of Disbursements



As seen in Figures 6 and 7, WIFA continues to assist small communities and strives to help them obtain the best possible funding package available.

Figure 6: FY 2009 & 2010 Clean Water Assistance by Population Size

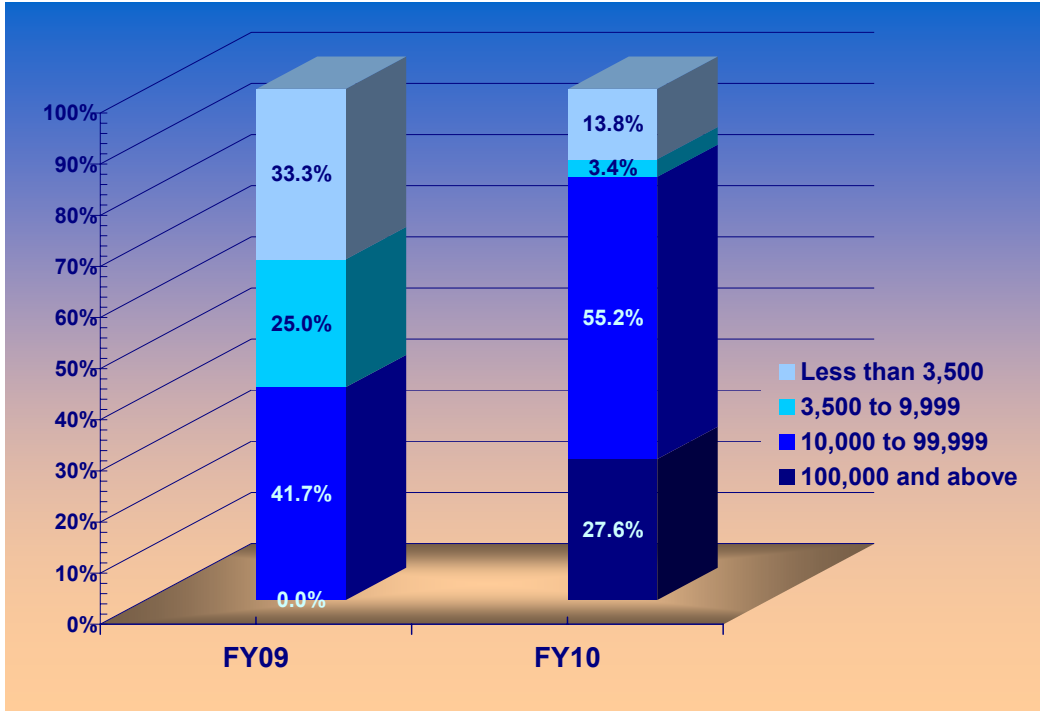
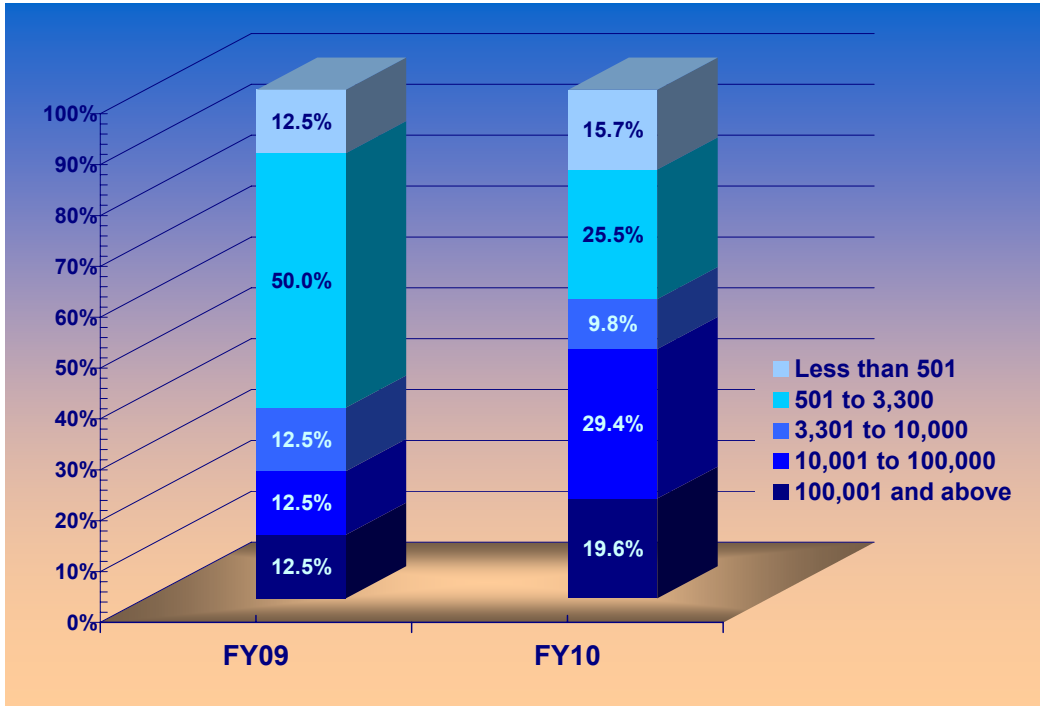


Figure 7: FY 2009 & 2010 Drinking Water Assistance by Population Size



Technical Assistance

WIFA's Technical Assistance (TA) Program provides funding to drinking water and wastewater facilities for three types of assistance. (See Table 5 for TA budget.)

Project Technical Assistance – WIFA awards grants to individual drinking water and wastewater systems for pre-design and design projects. The purpose of these grants is to enhance readiness to proceed with project construction in circumstances where resources are otherwise limited or lacking. For wastewater projects, project technical assistance grants may be awarded to local governments and districts. Grants for drinking water projects are available to privately-owned companies in addition to districts and local governments.

The cap on individual grant awards is \$35,000. Recipients are required to contribute a local match, unless WIFA determines the project qualifies as “green” in accordance with EPA guidance.

In 2010, WIFA awarded 12 Clean Water project grants for a total of \$290,000 (See Table 6 for details) and 25 Drinking Water grants for a total of \$661,820 (See Table 7 for details). These amounts are less than what was stated in the Intended Use Plan, because a few recipients chose not to accept their grant award. Recipients have 18 months to draw the grant funds, so many projects are still in progress.

Operational Technical Assistance (Drinking Water only) – WIFA provides funding for the ADEQ's Capacity Development Program. This program has been valuable for small drinking water systems, which may not need funding for a particular design project but are instead in need of technical, managerial, and financial capacity development. Through the use of third-party state-approved contractors, the Capacity Development Program can provide a system evaluation, operations and maintenance package, or energy audit for public drinking water systems serving 10,000 people or fewer, at no cost to the system owner.

The system evaluation can identify future infrastructure needs that the facility may pursue through WIFA's grant or loan programs. In 2010, the Capacity Development Program funded system evaluations and operations and maintenance packages for a total of 40 drinking water systems. Further details can be found in ADEQ's Set-Aside Report provided to EPA.

Policy Technical Assistance –WIFA provided funding for the annual water and wastewater residential rate study again in 2010 for a total of \$15,000.

Table 5: FY 2010 Funding by Assistance Type

	Clean Water	Drinking Water
Project Technical Assistance	\$290,000	\$661,820
Operational Technical Assistance	--	\$300,000
Policy Technical Assistance	\$7,500	\$7,500

Table 6: Fiscal Year 2010 Clean Water Project Technical Assistance Awards

Note: All projects are non-ARRA.

Grant Recipient	Project Name	Grant Amount
Prescott, City of	City of Prescott Bio-Retention/Drywell Systems	\$34,500.00
Queen Creek, Town of	Town of Queen Creek Reuse & Recharge Line	\$35,000.00
Somerton, City of	Somerton Biodegeneration Facility	\$35,000.00
Chino Valley, Town of	Center Street Sewer Project	\$20,000.00
Pinal County Housing Division	Eleven Mile Corner Wastewater Plant	\$23,300.00
Miami, Town of	Town of Miami Wastewater System PER & ER Development	\$26,700.00
Tonto Village Domestic Water Improvement District	Source Water Protection Plan and Wastewater Needs Assessment	\$10,500.00
Mogollon Domestic Wastewater Improvement District	Mogollon DWID Pump Station & Highway Crossing Engineer/Design	\$10,000.00
Patagonia, Town of	Wastewater Treatment Energy Reduction Study	\$15,000.00
Payson, Town of	Green Valley Park Bank Stabilization and Stormwater Study	\$35,000.00
Adonis Mobile Home Association	District Formation	\$10,000.00
Alpine Sanitary District	Alpine Wetlands and Wildlife Habitat	\$35,000.00
Totals	12 Projects	\$290,000.00

Table 7: Fiscal Year 2010 Drinking Water Project Technical Assistance Awards

Note: \$500,000 of ARRA funds are committed to these projects.

Grant Recipient	Project Name	Grant Amount
Humboldt Water System, Inc.	Humboldt Water System Infrastructure Updates and Renewable Energy Integration	\$34,820.00
Lakewood Water Company	Lakewood Water System Upgrades Design	\$21,958.00
Water Utility of Northern Scottsdale	System & Power Optimization	\$35,000.00
Willow Valley Water Co.	Water Distribution System Renewal Plan	\$35,000.00
Cienega Water Company	Fluoride Removal Engineering Report	\$23,000.00
Mt. Lemmon Water District	Preliminary Engineering Study of the Existing Distribution System	\$32,000.00
New Saddleback Vista DWID	Arsenic and Uranium Treatment System Project	\$18,225.00
Orange Grove Water Co.	Orange Grove Water Co.	\$35,000.00
Pomerane Domestic Water Improvement District	Pomerene Energy Efficiency Program	\$31,000.00
Village of Orangewood Mobile Home Park	Energy Conservation Upgrades for Booster Pumps	\$35,000.00
Why Utilities Company Inc.	Energy Audit of Electrical system for operation purposes	\$23,000.00
Antelope Peak DWID	Distribution System Replacement Project	\$23,042.00
Antelope Run Water Company	Antelope Run Water - Consolidation and Upgrades	\$35,000.00
Bellefont Water Company	First Phase of Deep Well Project	\$35,000.00
Chandler Heights Citrus Irrigation District	CHCID Improvements and Up-Grades	\$24,225.00
Clear Springs Utility Company	Clear Springs Utility Consolidation and Upgrades	\$23,000.00
Dateland Public Service Co. Inc.	Overall Capacity Building	\$23,000.00
Hacienda Acres Water System	Water Master Plan	\$35,000.00
McNeal Water Company	ADEQ Emergency Requirements and Photovoltaic Panel Installation	\$15,000.00
Parker Springs Water Company	Parker Springs Water Company Technical Assistance Project Application	\$15,000.00
Valle Verde Water Company	Valle Verde Water - System Consolidation & Upgrades	\$35,000.00
Ehrenberg Improvement Association	Backup Water Source/ Ehrenberg Water Department	\$5,150.00
Casa Grande West Water Company	Drinking Water Arsenic Treatment Design and Construction	\$31,000.00
Maricopa Domestic Water Improvement District	Southside Distribution System Pressure Augmentation	\$23,400.00
Verde Lee Water Co	Arsenic Treatment Preliminary Engineering	\$15,000.00
Totals	25 Projects	\$661,820.00

Goal 4: Coordinate with other funding sources, technical resources, regulatory authorities, and private sector legal and financial counterparts

WIFA continues to provide outreach to small rural communities by heading the Rural Water Infrastructure Committee (RWIC), an informal partnership that includes several federal and state funding agencies and technical assistance providers. Through WIFA's leadership, the RWIC has increased its visibility as an organization providing assistance and guidance to drinking water and wastewater systems throughout the state. The RWIC held an executive committee meeting in January 2010.

The most recent example of collaboration through RWIC is a project in the City of St. Johns. The project consists of drilling a new well to supplement two existing wells. A new water transmission line will then be installed from the new well to existing storage tanks. This project is being co-funded by USDA-Rural Development and will increase drinking water supply to the area.

Through the RWIC, the Rural Community Assistance Corporation offered two one-day trainings for financial managers on the topic of "rate structure" and Board training for systems managers in Prescott Valley and Casa Grande.

For a second consecutive year the North American Development Bank/Utility Management Institute hosted a two-and half day training in southern Arizona. The training focused on functions and best practices of a successful utility.

In addition to working with the RWIC partners, WIFA continues to maintain a high level of coordination with the Arizona Department of Environmental Quality increasing communication and information sharing by meeting on a quarterly basis and joining forces to better serve Arizona's rural communities.

Section II. American Recovery and Reinvestment Act of 2009

WIFA staff started preliminary planning for ARRA in early November 2008 and the Act was signed into law on February 17, 2009. Below is a timeline on the progress of WIFA's ARRA program through FY 2009:

- March 3 - Draft ARRA Grant applications with attachments sent to EPA Region 9
- March 6 - Response deadline for ARRA Project Priority List (PPL) Applications
- March 16 -Draft ARRA Intended Use Plan distributed and posted on the WIFA website
- March 16 -WIFA ARRA CW and DW PPLs sent to Governor's Office
- March 18 -WIFA Board of Directors approved ARRA Policy 4.009 and reviewed the Draft ARRA Supplemental IUPs including Draft PPLs.
- April 13 - Public Meeting to receive comments on ARRA IUPs

- April 15 - WIFA Board of Directors approved both DW and CW ARRA IUPs (including ARRA PPL), staff presented draft ARRA Loan Document Exhibit, ARRA 1511 Project Certifications, and discussed previously approved loan resolutions that may qualify for ARRA.
- April 19 - EPA Region 9 awards ARRA Capitalization Grants
- May 27 - WIFA Board Meeting – Board approved eight CW ARRA Loan Resolutions (Binding Commitments), and 20 DW ARRA Loan Resolutions
- June 24 - WIFA Board Meeting - Board approved four CW ARRA Loan Resolutions and 10 DW ARRA Loan Resolutions
- June 22 – ARRA TA IUP Public Meeting
- June 30 – EPA Region 9 approved of the ARRA TA 2010 Work Plan (IUP)

Applicants were required to certify the project would retain or create jobs, to certify compliance with Fair Wage (Davis-Bacon) and American Use requirements, and to certify project milestones including construction start dates. WIFA and EPA conducted two special training sessions for ARRA recipients. The first training was conducted by the Office of the Inspector General and focused on fraud and abuse prevention. This training was held in Phoenix, Flagstaff and Tucson. The second training was conducted by Region 9 and focused on all ARRA reporting requirements, including the Buy American provision and the Davis-Bacon Act.

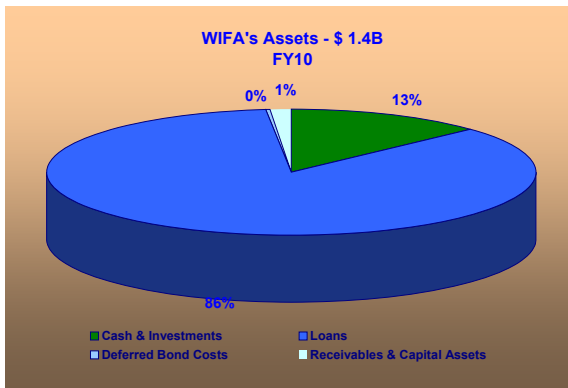
Two loans were closed in FY 2009 with ARRA funding and the remaining 44 ARRA loans were executed in FY 2010. As of October 18, 2010, WIFA has disbursed approximately 85% of its ARRA funds.

Section III. Statement of Finances

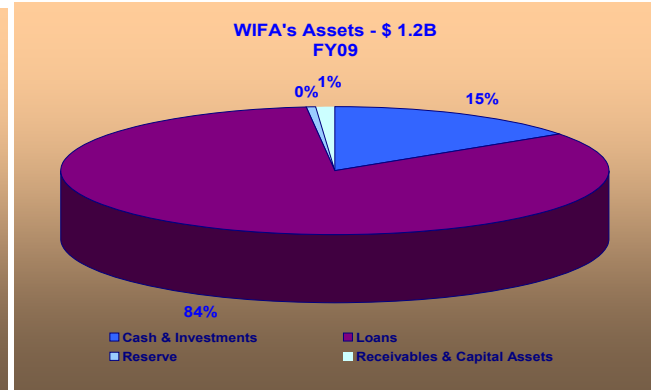
Statement of Financial Position

Assets

During FY 2010, total assets increased as a result of the Recovery Act funding.
 FY 2010

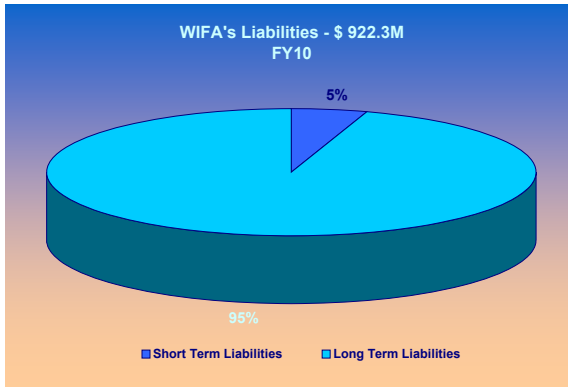


FY 2009

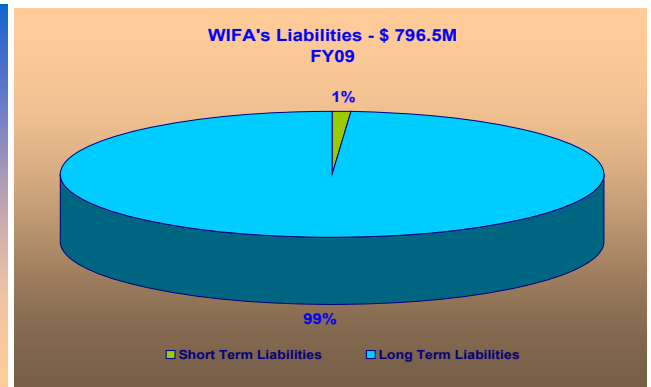


Liabilities

During FY 2010, WIFA's liabilities increased due to additional bond sales.
 FY 2010

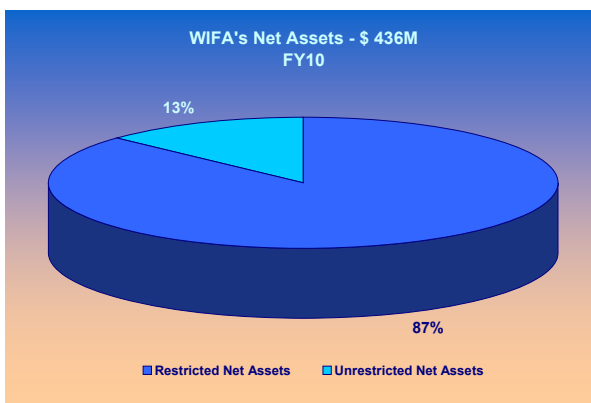


FY 2009

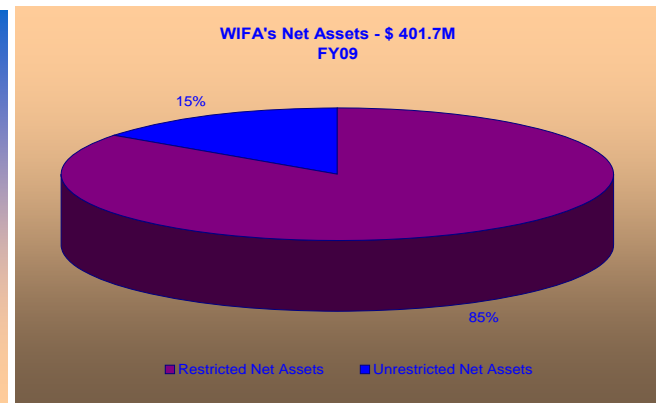


Net Assets

WIFA's net assets had some growth, primarily the result of capital contributions and loan activities.
 FY 2010



FY 2009



**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

PROGRAM REVENUES	FY10	FY09
Interest Income	\$ 22,347,120	\$ 20,067,050
Debt Management Fees	\$ 13,248,075	\$ 12,689,699
TOTAL PROGRAM REVENUE	\$ 35,595,195	\$ 32,756,749
PROGRAM EXPENSE		
Interest Expense	\$ 37,769,218	\$ 34,097,678
Depreciation	\$ -	\$ -
Administration & Set Asides	\$ 11,817,857	\$ 9,428,393
Hardship Grant Expense	\$ -	\$ 29,248
ARRA Financial Assistance	\$ 31,477,252	\$ 887,248
Technical Assistance	\$ 1,042,826	\$ 612,004
TOTAL EXPENSES	\$ 82,107,153	\$ 45,054,571
NET INCOME	\$ (46,511,958)	\$ (12,297,822)
NONPROGRAM REVENUES		
Administrative Grants	\$ 4,840,688	\$ 3,104,125
Investment Earnings	\$ 6,067,134	\$ 7,563,645
TOTAL NONPROGRAM REVENUES	\$ 10,907,822	\$ 10,667,770
INCOME BEFORE CONTRIBUTIONS	\$ (35,604,136)	\$ (1,630,052)
CONTRIBUTED CAPITAL - FEDERAL	\$ 69,938,550	\$ 19,465,363
CONTRIBUTED CAPITAL - STATE	\$ -	\$ -
CHANGE IN NET ASSETS	\$ 34,334,414	\$ 17,835,311
TOTAL NET ASSETS - Beginning of Year	\$ 401,705,663	\$ 383,870,352
TOTAL NET ASSETS - End of Year	\$ 436,040,077	\$ 401,705,663

Statement of Net Assets

THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA STATEMENT OF NET ASSETS

ASSETS	FY10	FY09
Cash	\$ 71,026,374	\$ 85,989,140
Investments	\$ 105,256,690	\$ 97,118,345
Accrued Interest Receivable	\$ 12,761,761	\$ 12,444,271
Capital Assets (net of depreciation)	\$ -	\$ -
Debt Management Fees Receivable	\$ 6,194,552	\$ 5,790,963
Loans	\$ 1,158,137,905	\$ 992,641,348
Deferred Bond Issue Costs	\$ 4,995,702	\$ 4,253,609
TOTAL ASSETS	\$ 1,358,372,984	\$ 1,198,237,676
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Payroll	\$ 10,942	\$ 7,040
Compensation Absences	\$ 84,946	\$ 65,090
Interest Payable	\$ 10,223,578	\$ 9,052,313
Bonds Payable	\$ 857,910,000	\$ 742,840,000
Unamortized Bond Premiums	\$ 58,007,693	\$ 48,603,062
Deferred Amount on Retired Bonds	\$ (6,316,186)	\$ (6,371,739)
Loan Reserve	\$ 2,411,934	\$ 2,336,247
TOTAL LIABILITIES	\$ 922,332,907	\$ 796,532,013
NET ASSETS		
Net Assets Invested in Capital Assets	\$ -	\$ -
Restricted for Capitalization Grants	\$ 379,482,328	\$ 341,021,030
Unrestricted	\$ 56,557,749	\$ 60,684,633
TOTAL NET ASSETS	\$ 436,040,077	\$ 401,705,663
TOTAL LIABILITIES AND NET ASSETS	\$ 1,358,372,984	\$ 1,198,237,676

Section IV: WIFA Board of Directors

WIFA's 12 member Board of Directors provides leadership in setting the Authority's administrative policies and approving loans and other assistance for borrowers. WIFA's Board of Directors offer expertise on environmental, financial, business, and governmental issues.

Benjamin H. Grumbles, Chairman

Represents: Arizona Department of Environmental Quality

Paul T. Gardner, Vice Chairman

Represents: Water Systems which serve more than 500 customers

Ron Doba

Represents: Municipalities of more than 50,000 residents

Mayor Stanley Gibson

Represents: Municipalities with population less than 50,000 and counties with population less than 500,000

Mark Heberer

Represents: Sanitary Districts from counties less than 500,000 population

Vacant

Represents: Counties of more than 500,000 population

William Garfield

Represents: Water systems which serve less than 500 customers.

Alberta Tippeconnic

Represents: Tribes

Tiffany Frechette

Represents: Arizona Department of Commerce

Karen Smith

Represents: Arizona Department of Water Resources

Steve Olea

Represents: Arizona Corporation Commission

Mark Swenson

Represents: Office of State Treasurer

Section V: WIFA Staff

WIFA's staff has broad state and local government experience as well as private sector business and finance experience. WIFA's staff is committed to providing exceptional service to Arizona's communities.

Sandra Sutton
Interim Executive Director

Don States
Controller

Sara Konrad
Technical Program Supervisor

Trish Incognito
Interim Chief Financial Officer

Julie Flores
Accounting Supervisor

Veronica Rivera
Director of Communications

Arcelious Stephens
Environmental Program Specialist

Yolanda Mendoza
Business Manager

Stuart Peckham
Environmental Program Specialist

Brenda Guerra
Receptionist

Angelica Romero
Accountant

Angie Valenzuela
Senior Loan Officer

Rebecca Gomez
Accountant

Ruby Hernandez
Loan Specialist

James Manalac
Database Administrator

Melanie Ford
Technical Program Supervisor

Bryan Christopher
Network Administrator

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