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EPA SELECTS LAKE OSWEGO WASTEWATER TREATMENT FACILITY PROJECT TO APPLY FOR LOW-COST FEDERAL WIFIA FINANCING

First WIFIA Loan extended to Private Partner under a Design-Build-Finance-Operate-Maintain Public-Private Partnership

LAKE OSWEGO, OR –The City of Lake Oswego is pleased to announce the Environmental Protection Agency (EPA) has selected the Lake Oswego Wastewater Treatment Facility Project (Project) to apply for a low-cost, long-term, Water Infrastructure Finance and Innovation Act (WIFIA) loan.

To deliver the Project, the cities are using an innovative public-private partnership (P3 or Agreement) with a private partner: EPCOR Foothills Water Partners Inc. (EPCOR Foothills). Under the Agreement, the private partner will design, build, finance, operate and maintain the new wastewater treatment facility. The City of Lake Oswego will own the facility.

The selection of the Project by EPA is particularly noteworthy in that EPCOR Foothills will be the borrower of the loan, as opposed to the City, based on the project finance arrangement set forth in the Agreement. This structure will serve as a precedent, opening up further opportunities for public-private partnerships in the water sector.

The Project's selection is the first step towards applying for a WIFIA loan. The next stage includes a detailed financial and engineering review of the project, mutual negotiation of a loan agreement, and financial close.

"This project – designing and delivering a new, state-of-the-art wastewater treatment facility – is exciting," said Joe Gysel, president of EPCOR USA. "While the WIFIA announcement is the first step in a multi-step process, it is yet another way in which the cities are focused on providing sustainable, cost-effective solutions for their communities. We're extremely proud to be Lake Oswego and Portland's partner in this project and to be the first private entity selected to receive WIFIA funding on a project-finance basis for critical infrastructure."

EPA selects projects for the WIFIA program on the basis of project impact, creditworthiness and other factors, including protection against climate change, use of new or innovative approaches, environmental sustainability, and replacement of aging infrastructure systems.

"This is exciting news and a positive step towards building a modern wastewater treatment facility that provides more environmentally sustainable wastewater services for the people we serve," said Lake Oswego Mayor, Joe Buck. "I want to thank the EPA for selecting this project to proceed. It's a real validation

of the hard work that has gone into this project to-date and will help ensure the proposed new facility is cost-effective for the people of Lake Oswego and Portland.”

The low-cost federal loan will help finance a new, resilient wastewater treatment facility to replace the aging Tryon Creek Wastewater Treatment Plant. Originally built in 1964, the Tryon Creek Wastewater Treatment Plant is owned and operated by the City of Portland Bureau of Environmental Services (BES) and serves Lake Oswego and parts of the Southwest Portland community. Lake Oswego and Portland are partnering to confirm whether a state-of-the-art wastewater treatment facility can be delivered at a cost similar to or less than the cost to upgrade, operate and maintain the existing 60-year-old plant.

“This is good news for our communities and ratepayers and one more innovative step in helping to make this critical infrastructure project more affordable,” said Mike Jordan, Director of the Portland BES. “Our goal is to provide the best essential services to our communities and be good stewards of ratepayer dollars.”

There are four projects from Oregon invited to apply for WIFIA funding in the Fiscal Year 2021 funding cycle. Others include projects from Ashland, Oregon City, and Tualatin Valley Water District. Of the \$140 million in loans dedicated to Oregon projects, the Lake Oswego Wastewater Treatment Facility accounts for \$76 million.

Learn more at: www.lakeoswegowastewaterfacility.org/

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About WIFIA

Established by the Water Infrastructure Finance and Innovation Act of 2014, the WIFIA program is a federal loan and guarantee program administered by EPA. WIFIA's aim is to accelerate investment in the nation's water infrastructure by providing long-term, low-cost supplemental credit assistance for regionally and nationally significant projects. The WIFIA program has an active pipeline of pending applications for projects that will result in billions of dollars in water infrastructure investment and thousands of jobs.

About EPCOR USA

Headquartered in Phoenix, Arizona, EPCOR USA builds, owns, and operates water, wastewater and natural gas facilities and infrastructure. EPCOR USA provides water, wastewater, wholesale water and natural gas services to approximately 780,000 people across 42 communities and 18 counties in Arizona, New Mexico and Texas. EPCOR USA is a wholly owned subsidiary of Edmonton, Alberta-based EPCOR Utilities Inc., which provides power, water and natural gas services to more than two million people across North America. Other key members of the EPCOR Foothills team for the Lake Oswego wastewater treatment facility include Aecon Infra Development Inc., Wood Environment & Infrastructure Solutions and J.R. Filanc Construction Company Inc.

About the Project

The existing Tryon Creek Wastewater Treatment Plant (TCWTP) is aging and parts of the plant are at the end of their useful life cycle. The facility needs significant investments to continue to reliably meet current and potentially more stringent Oregon Department of Environmental Quality (ODEQ) permit requirements and protect it against climate change. Before investing in aging technologies and processes, the cities of Lake Oswego and Portland are exploring whether a new, resilient, and state-of-the-art wastewater treatment facility can be built to replace the aging TCWTP at a cost similar to or less than the costs of upgrading, modifying, and operating the existing facility.