



AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommendation to approve an Ordinance Authorizing the City of St. Charles to borrow funds from the IEPA Water Pollution Control Loan Program for Phosphorus Removal and Digester Rehabilitation Projects
Presenter:	Chris Adesso

Please check appropriate box:

	Government Operations	X	Government Services 05.23.16
	Planning & Development		City Council
	Public Hearing		

Estimated Cost:	N/A	Budgeted:	YES	X	NO
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If NO, please explain how item will be funded:

Executive Summary:

The City is working through the pre-application process prior to applying for a low interest loan through the IEPA's Water Pollution Control Loan Program for key waste water system improvement projects. The following table illustrates the projects and the estimated costs to be funded by the low interest loan.

	FY 16/17 & 17/18	FY 16/17	FY 17/18 & 18/19	FY 19/20	FY 17/18 & 18/19	FY 19/20	
Project Name	P Removal	Digester Rehab Ph I	Digester Rehab Ph II	Digester Rehab Ph III	7th & Division LS	Country Club LS	Total
Total Authorized Amount to be Borrowed	\$ 7,547,571.57	\$ 1,176,521.91	\$ 3,590,368.00	\$ 3,527,032.41	\$ 618,534.56	\$ 660,458.24	\$ 17,120,486.69

It was the recommendation of both IEPA and our engineering consultants to include all of these projects in the loan pre-approval at this time to ease the process of approval and identify the future projects to the agency. Separate loan agreements will be required after the projects have been approved through the individual fiscal year's budget process. The loan will be repaid from revenues of the waste water utility over a twenty-year period at an estimated interest rate of 1.86%. The ordinance also authorizes the Mayor to execute loan agreements with the IEPA.

Attachments: *(please list)*

Ordinance

Recommendation / Suggested Action *(briefly explain):*

Recommendation to approve an Ordinance Authorizing the City of St. Charles to borrow funds from the IEPA Water Pollution Control Loan Program for Phosphorus Removal and Digester Rehabilitation Projects

For office use only:

Agenda Item Number: 4.o

**ORDINANCE AUTHORIZING LOAN AGREEMENT
(WATER POLLUTION CONTROL LOAN PROGRAM --HOME RULE ENTITY)**

ORDINANCE NUMBER _____

AN ORDINANCE authorizing the City of St. Charles of Kane and DuPage Counties, Illinois, to borrow funds from the Water Pollution Control Loan Program

WHEREAS, the City of St. Charles of Kane and DuPage Counties, Illinois, operates its sewerage system (“the System”) and in accordance with the provisions of Article VII, Section 6 of the Illinois Constitution of 1970 and the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. (collectively “the Act”); and

WHEREAS, the Mayor and City Council of the City of St. Charles (“the Corporate Authorities”) have determined that it is advisable, necessary, and in the best interest of the public health, safety, and welfare to improve the System, including the following:

Water Pollution Control System Improvements together with any land or rights in land and all electrical, mechanical or other services necessary, useful or advisable to the construction and installation (“the Project”), all in accordance with the plans and specifications prepared by the consulting engineers of City of St. Charles, which Project has a useful life in excess of 20 years; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial and other related expenses is \$17,121,000, and there are insufficient funds on hand and lawfully available to pay these costs; and

WHEREAS, the loan shall bear an interest rate as defined by 35 Ill. Adm. Code 365, which does not exceed the maximum rate authorized by the Bond Authorization Act, as amended, 30 ILCS 305/0.01 et seq., at the time of the issuance of the loan; and

WHEREAS, the principal and interest payment shall be payable semi-annually, and the loan shall mature in 20 years, which is within the period of useful life of the Project; and

WHEREAS, the costs are expected to be paid for with a loan to the City of St. Charles from the Water Pollution Control Loan Program through the Illinois Environmental Protection Agency, the loan to be repaid from revenues of the waste water utility and the loan is authorized to be accepted at this time pursuant to the Act; and

WHEREAS, in accordance with the provisions of the Act, the City of St. Charles is authorized to borrow funds from the Water Pollution Control Loan Program in the aggregate principal amount of \$17,121,000 to provide funds to pay the costs of the Project; and

WHEREAS, the loan to the City of St. Charles shall be made pursuant to a Loan Agreement, including certain terms and conditions between the City of St. Charles and the Illinois Environmental Protection Agency;

NOW THEREFORE, be it ordained by the Corporate Authorities of the City of St. Charles of Kane and DuPage Counties, Illinois, as follows:

SECTION 1. INCORPORATION OF PREAMBLES

The Corporate Authorities hereby find that the recitals contained in the preambles are true and correct, and incorporate them into this Ordinance by this reference.

SECTION 2. DETERMINATION TO BORROW FUNDS

It is necessary and in the best interests of the City of St. Charles to construct the Project for the public health, safety, and welfare, in accordance with the plans and specifications, as described; that the System continues to be operated in accordance with the provisions of the Illinois Environmental Protection Act, 415 ILCS 5/1 et seq.; and that for the purpose of constructing the Project, it is hereby authorized that funds be borrowed by the

City of St. Charles in the aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed \$17,121,000.

SECTION 3. ADDITIONAL ORDINANCES

The Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance, providing for entering into the Loan Agreement with the Illinois Environmental Protection Agency, prescribing all the details of the Loan Agreement, and providing for the collection, segregation and distribution of the revenues of the waste water utility, so long as the maximum amount of the Loan Agreement as set forth in this Ordinance is not exceeded and there is no material change in the project or purposes described herein. Any additional ordinances or proceedings shall in all instances become effective in accordance with the Act or other applicable laws. This Ordinance, together with such additional ordinances or proceedings, shall constitute complete authority for entering into the Loan Agreement under applicable law.

However, notwithstanding the above, the City of St. Charles may not adopt additional ordinances or amendments which provide for any substantive or material change in the scope and intent of this Ordinance, including but not limited to interest rate, preference or priority of any other ordinance with this Ordinance, parity of any other ordinance with this Ordinance, or otherwise alter or impair the obligation of the City of St. Charles to pay the principal and interest due to the Water Pollution Control Loan Program without the written consent of the Illinois Environmental Protection Agency.

SECTION 4. LOAN NOT INDEBTEDNESS OF CITY OF ST. CHARLES

Repayment of the loan to the Illinois Environmental Protection Agency by the City of St. Charles pursuant to this Ordinance is to be solely from the revenue derived from revenues of the waste water utility, and the loan does not constitute an indebtedness of the City of St. Charles within the meaning of any constitutional or statutory limitation.

SECTION 5. APPLICATION FOR LOAN

Mayor Raymond P. Rogina is hereby authorized to make application to the Illinois Environmental Protection Agency for a loan through the Water Pollution Control Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 365.

SECTION 6. ACCEPTANCE OF LOAN AGREEMENT

The Corporate Authorities hereby authorize acceptance of the offer of a loan through the Water Pollution Control Loan Program, including all terms and conditions of the Loan Agreement as well as all special conditions contained therein and made a part thereof by reference. The Corporate Authorities further agree that the loan funds awarded shall be used solely for the purposes of the project as approved by the Illinois Environmental Protection Agency in accordance with the terms and conditions of the Loan Agreement.

SECTION 7. AUTHORIZATION OF MAYOR TO EXECUTE LOAN AGREEMENT

The Mayor is hereby authorized and directed to execute the Loan Agreement with the Illinois Environmental Protection Agency. The Corporate Authorities may authorize by resolution a person other than the Mayor for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the Illinois Environmental Protection Agency in connection with this loan.

SECTION 8. SEVERABILITY

If any section, paragraph, clause or provision of this Ordinance is held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 9. REPEALER

All ordinances, resolutions, orders, or parts thereof, which conflict with the provisions of this Ordinance, to the extent of such conflict, are hereby repealed.

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PASSED by the Corporate Authorities
on _____, 20__.

APPROVED _____, 20__

Mayor Raymond P. Rogina
City of St. Charles
Kane and DuPage
Counties, Illinois

AYES: _____

NAYS: _____

ABSENT: _____

PUBLISHED in the _____ on _____, 20__.

RECORDED in the [ENTITY] Records on _____, 20__.

ATTEST:

Nancy Garrison, Clerk
City of St. Charles of Kane and DuPage
Counties, Illinois

CERTIFICATION

I, Nancy Garrison, do hereby certify that I am the duly elected, qualified and acting Clerk of the City of St. Charles of Kane and DuPage Counties, IL. I do further certify that the above and foregoing, identified as Ordinance Number _____, is a true, complete and correct copy of an ordinance otherwise identified as [insert TITLE OF ORDINANCE], passed by the City Council of the City of St. Charles of Kane and DuPage Counties on the ____ day of _____, 20__, and approved by the Mayor of the City of St. Charles of Kane and DuPage Counties on the same said date, the original of which is part of the books and records within my control as Clerk of the City of St. Charles of Kane and DuPage Counties, IL.

Dated this ____ day of _____, 20__.

Clerk of the City of St. Charles of
Kane and DuPage Counties, IL