

**LOAN AGREEMENT**

**DRINKING WATER PROJECT: L176080**

**LENDER:**

Illinois Environmental Protection Agency  
Bureau of Water  
Infrastructure Financial Assistance Section  
P.O. Box 19276  
2520 West Iles Avenue  
Springfield, IL 62794-9276

**RECIPIENT:**

City of Joliet  
150 West Jefferson Street  
Joliet, IL 60432-4158

FEIN: 366088568

**TERMS OF THE LOAN**

**Estimated Dates**

Total Loan Amount:	\$1,880,128.53	Construction start:	04/17/2026
Principal Forgiveness:	\$0.00	Construction complete:	12/13/2026
Repayment Amount:	\$1,880,128.53	Initiation of operation:	11/13/2026
Annual fixed loan rate:	0.00%	Initiation of repayment period:	11/13/2026
Term:	30 years	First repayment due:	05/13/2027
Repayments:	Semi-Annual	Final repayment due:	11/13/2056

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**LOAN OFFER AND ACCEPTANCE**

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**Offer by the State of Illinois Environmental Protection Agency**

The Director (herein called the "Director") of the Illinois Environmental Protection Agency (herein called the "Agency") pursuant to the Environmental Protection Act, hereby offers to make a loan from the Water Revolving Fund, up to and not exceeding the above specified amount, at the fixed loan rate and repayment period given above, for the support of the efforts contained in the Project Description, herein. This Loan Offer is subject to all applicable State and Federal statutory and regulatory provisions, Standard and Special Loan Conditions, Procedures For Issuing Loans From the Public Water Supply Loan Program To Provide Funding for Lead Service Line Replacement (35 Ill. Adm. Code 663) and the terms specified in the Letter of Transmittal, attached hereto and included herein by reference.

	Director	James Jennings	
Agency Signature	Title	Name	Date

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**This offer must be accepted on or before 04/17/2026.**

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Acceptance on behalf of the Borrower

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Authorized Representative (Signature)	Date
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Name and Title of Authorized Representative (Type or Print)

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**PROJECT DESCRIPTION**

The City of Joliet will remove and replace approximately 210 lead service lines. No construction permits are required for this project.

	TOTAL	ELIGIBLE
Design Engineering - Burns & McDonnell Engineering Co., Inc.	\$135,400.00	\$0.00
Construction Engineering - Burns & McDonnell Engineering Co., Inc.	\$4,438,492.88	\$25,000.00
Construction - Austin Tyler Construction, LLC(Cunningham Ph 1)	\$4,256,274.71	\$79,993.95
Construction - Brandt Excavating, Inc.(Emerald Lawns Ph 2)	\$4,817,000.45	\$197,199.37
Construction - Len Cox and Sons Excavating(Forest Park Ph 4)	\$3,475,515.69	\$127,268.10
Construction - P. T. Ferro Construction, Inc.(Fourth & Eastern)	\$3,601,647.55	\$187,160.00
Construction - Construction by CAMCO, Inc.(Heggie Park Ph 2)	\$5,529,188.04	\$490,522.97
Construction - D. Construction, Inc.(Larkin)	\$9,302,064.21	\$50,360.00
Construction - D. Construction, Inc.(Oneida)	\$2,527,299.93	\$182,275.00
Construction - Len Cox and Sons Excavating(Virginia Ph 2)	\$4,690,909.41	\$280,364.27
Construction - Steve Spiess Construction, Inc.(Washington St.)	\$5,127,743.16	\$178,890.10
Construction - Construction by CAMCO, Inc.(York Ave.)	\$1,005,084.16	\$27,061.90
Contingency	\$54,032.87	\$54,032.87
<b>TOTAL</b>	<b>\$48,960,653.06</b>	<b>\$1,880,128.53</b>

The loan amount is \$1,880,128.53.

**OTHER FUNDING SOURCES/ COSTS EXCLUDED**

In accordance with the Procedures for Issuing Loans from the Public Water Supply Loan Program To Provide Funding for Lead Service Line Replacement Title 35 Ill. Adm. Code 663 this loan qualifies for a 0.00% fixed interest rate and a loan term of 30 years.

The following costs are associated with the watermain replacement project and will be covered by the Public Water Supply loan number L176077:

\$135,400 of Design Engineering; \$4,413,492.88 of Construction Engineering; and \$42,307,767.59 of Construction.

\$223,864.06 of Construction costs are associated with sewer work and will be covered by the City's local sewer fund and/or WIFIA funds provided to the City.

**SPECIAL CONDITIONS**

1. The Illinois Environmental Protection Agency recommends that the utility flush the new service lines according to Section 4.4.1 of AWWA C810-17 and leave Attachment B with each customer as instructions for flushing of the interior plumbing.

**STANDARD CONDITIONS**

Please see Attachment A.

# Attachment A

Loan Recipient: City of Joliet  
L176080

## Loan Agreement –Standard Conditions Illinois EPA Public Water Supply Loan Program – Lead Service Line Replacement Activity

### 1. PROJECT SCHEDULE

For the purposes of this agreement, the start date will be the date the agreement is executed by the loan recipient and the complete date will be the date of final repayment. Any obligation of the State of Illinois and the Agency to make any disbursement of loan funds shall terminate unless this project work is initiated and completed in accordance with the schedule contained in the Loan Agreement.

### 2. AVAILABILITY OF APPROPRIATIONS; SUFFICIENCY OF FUNDS

This Loan Agreement is contingent upon and subject to the availability of sufficient funds. The Agency may terminate or suspend this Loan Agreement, in whole or in part, without penalty or further disbursements being required, if (i) sufficient State funds have not been appropriated to the Agency or sufficient Federal funds have not been made available to the Agency by the Federal funding source, (ii) the Governor or the Agency reserves appropriated funds, or (iii) the Governor or the Agency determines that appropriated funds or Federal funds may not be available for payment. The Agency shall provide notice, in writing, to the loan recipient of any such funding failure and its election to terminate or suspend this Loan Agreement as soon as practicable. Any suspension or termination pursuant to this Section will be effective upon the loan recipient's receipt of notice. Should the Agency terminate or suspend this Loan Agreement as described above, the loan recipient shall still be required to repay to the Agency in accordance with this Loan Agreement the total amount of loan disbursements made by the Agency.

### 3. DISBURSEMENTS

Disbursement requests for project work will be processed based on costs incurred, subject to the appropriation of funds by the Illinois General Assembly. Such disbursement requests shall be submitted quarterly and will be monitored for compliance with applicable state and federal laws and regulations, including Section 705/4(b)(2) of the Illinois Grant Funds Recovery Act (30 ILCS 705), and shall constitute quarterly reports as required therein by describing the progress of the project and the expenditure of the loan funds related thereto. Any loan funds remaining unexpended in the project account after all application loan conditions have been satisfied and a final loan amendment has been executed shall be returned to the State within forty-five (45) days of the execution date on the final loan amendment. If the loan recipient reimburses their contractor(s) prior to requesting funds from Illinois EPA, the Loan Recipient shall request as quickly as possible, but in no event later than dictated by Section 5 of the submitted Tax Compliance Certificate and Agreement, reimbursement from the Agency.

### 4. REPAYMENT SCHEDULE

a) In accordance with Ill. Adm. Code 663.210, the fixed rate is 0.0000%.

b) This Loan Agreement has been issued and entered into pursuant to an authorizing ordinance of the loan recipient. The recipient recites that it has taken all required actions to enter into the Loan Agreement and has complied with all provisions of law in that regard.

c) By this Loan Agreement, the loan recipient agrees to repay to the Agency (or, upon notice by the Agency to the loan recipient, the Agency's assignee) the principal amount of the loan with interest on the outstanding and unpaid principal amount of the loan from time to time until repaid in full, all as provided in this Loan Agreement.

d) For purposes of determining the repayment amount, the principal amount of the loan shall be the total amount of loan disbursements made by the Agency under this Loan Agreement, plus interest treated as principal as provided in paragraph (g) below, less the amount of principal forgiveness as may be defined in the special condition(s) of this loan agreement. The amount financed shall not exceed the amount identified in the approved authorizing ordinance.

e) The final principal amount will be determined by the Agency after a final disbursement request and project review have been made to ensure all applicable loan conditions have been satisfied.

f) Upon the initiation of the loan repayment period, the Agency shall establish and notify the loan recipient of an interim repayment schedule in accordance with the terms of this loan. After the Agency conducts the final review of the costs of the project to establish the final principal amount, the Agency shall establish and notify the loan recipient of a final repayment schedule. The installment repayment amount may change when the interim repayment schedule is replaced by the final repayment schedule.

g) The Loan Agreement shall be subject to prepayment at any time in whole or in part, at the option of the loan recipient, by payment of the outstanding principal plus accrued and unrepaid interest on that principal accrued to the date of prepayment.

## 5. MODIFIED OR SUBSEQUENT ORDINANCES

The ordinance authorizing entry into this Loan Agreement or dedicating the source of revenue shall not be amended or superseded substantively or materially without the prior written consent of the Agency.

## 6. DBE REPORTING REQUIREMENTS

The loan recipient is required to comply with the Disadvantaged Business Enterprise (DBE) reporting requirements as established and mandated by federal law and implemented in federal code: 40 CFR Part 33. Compliance with the code will necessarily involve satisfaction of the six (6) good faith efforts as set forth in the federal DBE program, and will require the use of the particular contract specifications and language for advertising of the project. More information and guidance on the DBE requirements is available on the Illinois EPA web site.

## 7. COMPLIANCE WITH ACT AND REGULATIONS

The Agency shall not make any payments under this loan offer if the construction project has been completed and is being operated in violation of any of the provisions of the Safe Drinking Water Act, Environmental Protection Act (415 ILCS 5/1 et seq.) or Public Water Supply Regulations of Illinois (Title 35: Subtitle F: Chapter I: Pollution Control Board Regulations and Chapter II: Agency Regulations) adopted thereunder.

## 8. CONSTRUCTION COMPLETION

The loan recipient shall notify the Agency's Infrastructure Financial Assistance Section's (IFAS) Post Construction Unit in writing within 30 days from the construction completion date and shall submit the final change order, along with the contractor's final costs and the final number and addresses of lead service lines replaced. Within 90 days from the construction completion date the loan recipient shall forward one (1) copy of the final plans of record to the Agency's IFAS Post Construction Unit.

## 9. DELINQUENT LOAN REPAYMENTS

a) In the event that a repayment is not made by a loan recipient according to the loan schedule of repayment, the loan recipient shall notify the Agency in writing within 15 days after the repayment due date in accordance with 35 Ill. Adm. Code 663.510 Delinquent Loan Repayments.

b) After the receipt of this notification, the Agency shall confirm in writing the acceptability of the loan recipient's response or take appropriate action.

c) In the event that the loan recipient fails to comply with the above requirements, the Agency shall promptly issue a notice of delinquency which requires a written response within 15 days.

d) Failure to take appropriate action shall cause the Agency to pursue the collection of the amounts past due, the outstanding loan balance and the costs thereby incurred, either pursuant to the Illinois State Collection Act of 1986 (30 ILCS 210) or by any other reasonable means as may be provided by law.

#### 10. SINGLE AUDIT ACT

Federal funds from Capitalization Grants for the Drinking Water State Revolving Fund (i.e. see Catalogue of Federal and Domestic Assistance number 66.468), which the Agency receives from the U.S. Environmental Protection Agency, may be used for this loan. Receipt of federal funds may require an annual audit which conforms to the Single Audit Act and O.M.B. Circular A-133. If a Single Audit is required, all loans from both the Drinking Water and Wastewater State Revolving Fund receiving federal funds must be audited and included in the audit report. The Agency will notify the recipient of any federal funds disbursed during the recipient's fiscal year.

#### 11. SUBCONTRACTS UNDER CONSTRUCTION CONTRACTS

The award or execution of all subcontracts by a prime contractor and the procurement and negotiation procedures used by such prime contractor in awarding or executing such subcontracts shall comply with:

- a) All provisions of federal, State and local law.
- b) All provisions of 35 Ill. Adm. Code 663 with respect to fraud and other unlawful or corrupt practices.
- c) All provisions of 35 Ill. Adm. Code 663 with respect to access to facilities, records and audit of records.

#### 12. REQUIREMENTS OF BOND ORDINANCE

If the dedicated source of revenue is pledged in a subordinate position to an existing revenue bond ordinance, the covenants regarding coverage and reserve shall be in accordance with 35 Ill. Adm. Code 663.350(a)(9)(C).

#### 13. RECORDS RETENTION

The loan recipient agrees to establish and maintain the books and other financial records pertaining to this project in accordance with Generally Accepted Accounting Principles as issued by the Governmental Accounting Standards Board (GASB), including standards relating to the reporting of infrastructure assets per GASB Statement No. 34. The loan recipient shall maintain all books and records pertaining to this project for a period not less than 3 years from the date of the final loan closing. All records pertaining to the issuance of bonds and the repayment of this loan shall be maintained for a period not less than 3 years from the final repayment date. The loan recipient agrees to permit the Agency or its designated representatives, including the Illinois Auditor General and the Illinois Attorney General, to inspect and audit the books and financial records pertaining to the project and the expenditure of the loan funds related thereto.

#### 14. CONTINUING DISCLOSURE

The recipient covenants and agrees that, if at any time the Agency shall notify the recipient that the recipient is deemed to be an "obligated person" for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the recipient shall promptly execute an undertaking in form acceptable to the Agency in compliance with the Rule in which the recipient shall agree, among other things, to provide annual financial information (as defined in the Rule) with respect to the recipient to all required information repositories for so long as the recipient shall be deemed an obligated person. The recipient shall be deemed to be an obligated person at any time the aggregate principal amount of one or more of the recipient's outstanding loans with the Agency, which are pledged to secure bonds issued on behalf of the Agency, exceeds a percentage (currently 20%) of the aggregate principal amount of all loans of the Agency pledged to secure such bonds.

## 15. WAGE RATE REQUIREMENTS

The loan recipient is required to comply with Wage Rate requirements established in rules issued by the U.S. Department of Labor to implement the Davis-Bacon Wage Act and other related acts (29 CFR Parts 1, 3 and 5). These rules require a number of specific actions by the federal funding recipient (the Illinois EPA), the sub-recipient (the loan recipient) and the contractor, including payroll record certification and reporting as required. More information and guidance on the Davis-Bacon Wage Act requirements are available on the Illinois EPA web site.

## 16. BUILD AMERICA BUY AMERICA

The loan recipient will be required to comply with the "Use of American Iron and Steel" requirements as contained in Sec. 1452(a)(4) of the federal Safe Drinking Water Act (42 U.S.C. 300j-12(a)(4)), as applicable, and the requirements of the Build America Buy America Act (BABA Act) in Public Law 117-58, Sections 70901 through 70952 (41 U.S.C. 8301 note), as applicable.

## 17. REPORTING REQUIREMENTS

The loan recipient will be required to comply with the volume and frequency of reporting requirements that may be required by the federal or State funding authority.

## 18. ADDITIONAL COMPLIANCE ITEMS

The loan recipient, prime contractor(s) and subcontractor(s) shall comply with applicable federal funding certifications, non-discrimination statutes, regulations and environmental standards, including but not limited to the following:

- a) The Americans with Disabilities Act of 1990, as amended, and 42 USC 12101
- b) New Restrictions on Lobbying at 40 CFR, Part 34
- c) Immigration and Naturalization Service Employment Eligibility Rules, (I-9 Forms)
- d) False Claims Act – Prompt referral to USEPA’s Inspector General of any credible evidence of a false claim or criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds under this loan (Loan Recipient Only)
- e) The Coastal Zone Management Act of 1972, 16 U.S.C. 1451 (Loan Recipient Only)
- f) Section 504 of the Rehabilitation Act of 1973 - Prohibits exclusion and employment discrimination based on a disability.
- g) Title VI of the Civil Rights Acts of 1964 - Prohibits discrimination or exclusion based on race, color, or national origin.
- h) Archaeological and Historic Preservation Act, Pub. L. 113-287 and 54 U.S.C. 312501-312508
- i) Native American Graves Protection and Repatriation Act (NAGPRA), Pub. L. 101-601 and 25 U.S.C. 3001-3013

## 19. CERTIFICATION

By accepting this loan offer, the loan recipient certifies under oath that all information in the loan agreement and the related loan application is true and correct to the best of the loan recipient’s knowledge, information and belief, and that the loan funds shall be used only for the purposes described in the loan agreement. This offer of loan funds is conditioned upon such certification.

## 20. FISCAL SUSTAINABILITY PLAN REQUIREMENTS

The loan recipient shall comply with the Fiscal Sustainability Plan (FSP) requirement contained in Section 603(d)(1)(E) of the Federal Water Pollution Control Act by submitting a certification that they have developed and implemented a FSP. This provision applies to all loans for which the borrower submitted a loan application on or after October 1, 2014. The Agency will send the loan recipient a FSP Development Certification form prior to final loan closing which shall be submitted and returned

as directed. This condition only applies to loans issued from the Water Pollution Control Loan Program. This condition does not apply to Public Water Supply loans.

## 21. SIGNAGE REQUIREMENT

The loan recipient shall meet a signage requirement by posting a sign at the project site or making an equivalent public notification such as a newspaper or newsletter publication; utility bill insert; or online posting for the project duration. After the signage requirement is met, documentation must be submitted to the Illinois EPA using the Public Notification/Signage Requirement Certificate of Completion. Guidance is available on the Illinois EPA website.

## 22. ILLINOIS WORKS JOBS PROGRAM ACT (30 ILCS 559/20-1 et seq)

For loans with an estimated total project cost of \$500,000 or more, the loan recipient will be required to comply with the Illinois Works Apprenticeship Initiative (30 ILCS 559/20-20 to 20-25) and all applicable administrative rules. The “estimated total project cost” is a good faith approximation of the costs of an entire project being paid for in whole or in part by appropriated capital funds to construct a public work. The goal of the Illinois Apprenticeship Initiative is that apprentices will perform either 10% of the total labor hours actually worked in each prevailing wage classification or 10% of the estimated labor hours in each prevailing wage classification whichever is less. Loan recipients will be permitted to seek a waiver or reduction of this goal in certain circumstances pursuant to 30 ILCS 559/20-20 (b). The loan recipient must ensure compliance for the life of the entire project, including the term of the loan and after the term ends, if applicable, and will be required to report on and certify its compliance.

- a. The loan recipient will shall submit to Illinois EPA an IL Works Apprenticeship Initiative Budget Supplement form within 90 days of executing the loan agreement. The form is available at:  
<https://www2.illinois.gov/dceo/WorkforceDevelopment/Pages/IllinoisWorksJobsProgramAct.aspx>.
- b. Compliance includes submitting quarterly reporting of apprenticeship goals until the project is complete even if the project extends beyond the original term of the loan agreement. Quarterly reports must be submitted to the Agency within 20 days after a quarter ends. Quarterly reports shall be submitted using the reporting form available at the website listed in 24a. (above).
- c. All State contracts and grant agreements funding State contracts shall include a requirement that the contractor and subcontractor shall, upon reasonable notice, appear before and respond to requests for information from the Illinois Works Review Panel.

# **ATTACHMENT B**

## **CUSTOMER FLUSHING AFTER LEAD SERVICE LINE REPLACEMENT**

The replacement of lead service lines may temporarily increase lead concentrations in drinking water due to the release of metal from scale on pipes in the home that have not been replaced. The lead concentration should decrease after time. The contractor has flushed the new service line to your home. It is strongly recommended that the interior plumbing also be flushed now that the new service line is installed. See the flushing procedure below that is recommended by the American Water Works Association.

### **INSTRUCTIONS FOR CUSTOMER FLUSHING OF INTERIOR PLUMBING**

1. Find all the faucets that will drain, including the basement and all floors in your house.
2. Remove aerators and screens whenever possible, including the shower heads, from all faucets you plan to flush.
3. Include the laundry tubs, hose-bibs, bathtubs, and showers as flushing points.
4. After all the aerators are off, open the faucets in the basement or lowest floor in the house. Leave all faucets running at highest rate possible, using cold water.
5. After the faucets are all open in lowest floor, open the faucets on next highest floor of the house. Continue until faucets are open on all floors.
6. After all faucets are opened, leave the water running for at least 30 minutes.
7. After 30 minutes, turn off the first faucet you opened and continue to turn off other faucets in the same order you turned them on.
8. Clean aerators/screens at each faucet. You may need to replace screens/aerators if too old or worn.

### **WATER TESTING FOLLOWING REPLACEMENT**

Approximately one month after service line replacement, collection of a sample for lead testing is recommended. The sample should be a first-draw sample after water has not been used for at least 6 hours. The sample must be collected from a tap used frequently inside the home, preferably from the kitchen. Collect the sample with the aerator on, at maximum flow, and in a wide-mouth sample bottle.

As a precaution, until the sample is collected and analyzed, the customer should do a mini-flush of premise plumbing by running tap water each morning or when the water sits in the pipe for at least 6 hours. Flush for 5 minutes to displace water that has been sitting in the pipes inside the house and in the service line. This could include taking a shower, running the dishwasher, flushing a toilet, collecting water for plants/garden, or running the faucet. The customer should do this before using any water for drinking, cooking, infant formula, and so on. Daily mini-flushes should continue for six months or until lead sample results show the lead level is below the regulatory guideline. The customer should clean debris from aerators and screens once a month for six months. After six months, clean debris twice a year.