

ORDINANCE NO.

ORDINANCE AUTHORIZING THE CITY OF JOLIET TO BORROW FUNDS FROM THE IEPA PUBLIC WATER SUPPLY LOAN PROGRAM FOR JOLIET WATER SYSTEM IMPROVEMENTS REQUIRED FOR IMPLEMENTATION OF THE ALTERNATIVE WATER SOURCE PROGRAM

WHEREAS, the City of Joliet (the "City"), Will and Kendall Counties, Illinois is an Illinois municipal corporation and home rule unit of local government that has provided by ordinance for the combination of its municipally-owned waterworks system and its municipally-owned sanitary sewerage system and for the operation thereof as a single utility (the "System"), in accordance with the provisions of Division 139 of Article 11 of the Illinois Municipal Code, as supplemented and amended (the "System Act"), the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. (collectively the "Reform Act"), and the home rule powers of the City under the provisions of Section 6 of Article VII of the Illinois Constitution ("Home Rule Powers") (said System Act, Reform Act and Home Rule Powers, collectively, the "Enabling Law"); and

WHEREAS, the Mayor and City Council of the City of Joliet (the "Corporate Authorities") have previously issued various series of Waterworks and Sewerage Revenue Bonds (collectively, the "Outstanding Bonds") pursuant to the Master Indenture of Trust securing Waterworks and Sewerage Revenue Senior Lien Obligations dated as of March 15, 2022 (the "Master Indenture") from the City to U.S. Bank Trust Company, National Association, as trustee, which provides for a "Waterworks and Sewerage Fund" (the "Fund") of the City for the financial management and accounting for the System; and

WHEREAS, the Master Indenture governs the collection, segregation, and application of all revenues (the "Revenues") of the System and provides for the accounts of the Fund, one of which is the "System General Fund," which account is subordinate to the various other accounts of the Fund in the application of the Revenues; and

WHEREAS, the terms of the Master Indenture are hereby acknowledged and made controlling as to the terms of the borrowings provided for in this Ordinance; and

WHEREAS, 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 by completing the following projects:

- L176787 JOL-08-02 Elevated Storage Tanks (West and Central/Southeast)
- L176801 JOL-08-03 Booster Pump Stations/Upgrades and Morgan Street Pressure Reducing Valve
- L176802 JOL-08-04 Distribution 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 "Projects"), all in accordance with the plans and specifications prepared by the consulting engineers of the City, which Projects have a useful life of 50 years; and

WHEREAS, the estimated cost of construction and installation of the Projects, including engineering, legal, financial, and other related expenses is one hundred million dollars (\$100,000,000.00) and there are insufficient funds on hand and lawfully available to pay these costs; and

WHEREAS, the costs of the Projects are expected to be paid for with three separate loans (the "Loans") to the City from the State of Illinois Public Water Supply Loan Program through the Illinois Environmental Protection Agency (the "IEPA"), the Loans to be repaid from revenues of the System from the System General Fund, and the Loans are authorized to be accepted at this time pursuant to Enabling Law; and

WHEREAS, each Loan shall be evidenced by a "Loan Agreement" in form and substance provided by the IEPA, shall bear an interest rate as defined by 35 Ill. Adm. Code 662, which does not exceed the maximum rate authorized by the Enabling Law at the time of the issuance of the Loan; and

WHEREAS, the principal and interest payments to be made with respect to the Loans shall be payable semi-annually, and each of the Loans shall mature within 30 years or such longer period as may be authorized by Illinois law after the completion of the portion of the Projects for which such Loan is made, which is within the period of useful life of each of the Projects; and

WHEREAS, in accordance with the provisions of Enabling Law, the City is authorized to borrow funds from the Public Water Supply Loan Program through the IEPA in the aggregate principal amount of one hundred million dollars (\$100,000,000.00) to provide funds to pay the costs of the Projects; and

WHEREAS, each loan to the City shall be made pursuant to a Loan Agreement, including certain terms and conditions between the City and the IEPA.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JOLIET, WILL AND KENDALL 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 Pursuant to the Loans as Evidenced by the Loan Agreements. It is necessary and in the best interests of the City to construct the Projects 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 pursuant to the Master Indenture; and that for the purpose of paying a part of the costs of constructing the Projects, it is hereby authorized that funds be borrowed by the City in the aggregate principal amount (which can include construction period interest financed over the term of the Loans) not to exceed **one hundred million dollars** (\$100,000,000.00) said Loans to be evidenced by the Loan Agreements.

SECTION 3: Additional Ordinances. The Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance, providing for entering into the Loan Agreements with the IEPA, prescribing all the details of the Loan Agreements and providing for the collection, segregation and distribution of the revenues of the System on deposit in the System General Fund, so long as the maximum amount of each 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 Enabling Law 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 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 to pay the principal and interest due to the Public Water Supply Loan Program without the written consent of the IEPA.

SECTION 4: Loans not Indebtedness of City. Repayment of the Loans to the IEPA by the City pursuant to this Ordinance is to be solely from the Revenues on deposit to the credit of the System General Fund, and the Loans do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

SECTION 5: Application for Loans. The City Manager is hereby authorized to make application to the IEPA for the Loans through the Public Water Supply Loan Program, in accordance with the Loan requirements set out in 35 Ill. Adm. Code 662.

SECTION 6: Acceptance of Loan Agreement. The Corporate Authorities hereby authorize acceptance of the offer of the Loans through the Public Water Supply Loan Program, including all terms and conditions of the Loan Agreements 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 Projects as approved by the IEPA in accordance with the terms and conditions of the fourteen Loan Agreements.

SECTION 7: Reserve Accounts. The City will establish and maintain, at all times that these Loans are outstanding and unpaid and the Loan Agreements accordingly are in effect,

reasonable fees, charges and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Revenues in the manner provided by the Master Indenture and this ordinance, sufficient at all times to pay Operating Expenses (as defined in the Master Indenture); to pay the principal of and interest on all revenue bonds of the City which by their terms are payable solely from Revenues.

The City hereby agrees to establish and maintain subaccounts of the System General Fund known as the JOL-08-02 Elevated Storage Tanks SubAccount, JOL-08-03 Booster Pump Stations/Upgrades and Morgan Street Pressure Reducing Valve SubAccount, JOL-08-04 Distribution System Improvements The subaccounts shall secure only the IEPA Loans for the:

L176787 JOL-08-02 Elevated Storage Tanks

L176801 JOL-08-03 Booster Pump Stations/Upgrades and Morgan Street Pressure Reducing Valve

L176802 JOL-08-04 Distribution System Improvements

Such subaccounts shall be funded with such monies as reserved for the payment of the Loans as the Loan Agreements shall require; and upon funding, such reserves shall further secure payments of the Loans. Each Program Sub-Account within the System General Fund to be established with respect to a loan pursuant to this Section 7 may be consolidated and administered by the City as a single sub-account within the System General Fund.

The City has outstanding bonds, payable from revenues of the System, that are senior to the Loans authorized by this Ordinance, and the City establishes an account, coverage, and reserves equivalent to the accounts, coverages and reserves as the senior lien holders in accordance with 35 Ill. Admin. Code 662.350(a)(9)(C)(PWS).

SECTION 8: Authorization of Mayor to Execute Loan Agreements. The Mayor is hereby authorized and directed to execute the Loan Agreements with the IEPA. 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 IEPA in connection with one or more of the Loans.

SECTION 9: Subordination. All Loans to the City from the State of Illinois Public Water Supply Loan Program through the IEPA and the Loan Agreements with respect thereto shall be completely subordinated to all Senior Lien Obligations under the Master Indenture, and to all requirements of all Funds, Sub-Funds, and Accounts maintained under the Master Indenture having a priority on application of the Revenues to that of the System General Fund. All such State of Illinois Public Water Supply Loan Program Loans shall be payable from the System General Fund. In addition, the City reserves the right to designate such Loans as Junior Lien Obligations under the Master Indenture payable from moneys that may be withdrawn from the Junior Lien Obligation Debt Service Fund.

SECTION 10: 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 11: 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.

PASSED this ____ day of _____, 2025

MAYOR

CITY CLERK

VOTING YES: _____

VOTING NO: _____

NOT VOTING: _____