

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) _____ *Waiver of First Requested*
_____ Recommendations of Boards, Commissions & Committees (Green)
_____ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES
FROM: Scott Niehaus, Village Manager
DATE: May 9, 2016 (BOT) Date: May 19, 2016
SUBJECT: IEPA Loan Agreement
SUBMITTED BY: Carl S. Goldsmith, Director of Public Works *CS*

BACKGROUND/POLICY IMPLICATIONS:

A Resolution authorizing the signature of the President and Clerk on a Loan Agreement with the Illinois Environmental Protection Agency regarding the funding of the Roosevelt Road Watermain Lining Phase I and II projects and the Water Transmssion Main Project. The Loan Agreement provides for funding in the amount of \$8,172,392 over a 20 year term at 1.86%. The Village will be submitting an amended ordinance to the Village Board at the June 16, 2016 meeting seeking to increase the SRF funding by \$3,877,962.16, which will bring the total loan request to \$12,050,354.16.

Fiscal Impact/Funding Source:

\$8,172,392 Water and Sewer Capital Fund

Review (as necessary):
Finance Director _____ Date _____
Village Manager _____ Date _____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the agenda distribution.



May 10, 2016

TO: Village President and Board of Trustees

THROUGH: Scott Niehaus, Village Manager

FROM: Carl Goldsmith, Director of Public Works *cg*

SUBJECT: IEPA Loan Agreement for Capital Improvements

The Village of Lombard's Capital Improvement Plan for contains three significant water system projects that will improve the reliability and operation of the Village's water system. The projects are the Roosevelt Road Watermain Lining Project Phase I (2016 construction), the Roosevelt Road Watermain Lining Project Phase II (2017 construction) and the Water Transmission Main Project (2016 construction). Due to the Village's inability to effectively bond out for capital projects, staff sought alternate means of funding these capital projects. In 2015 the Village staff initiated the process of approval for low interest loan funding through the Illinois Environmental Protection Agency (IEPA) State Revolving Fund (SRF). The SRF program allows municipalities and utilities providers to obtain low interest loans for water system improvement projects. Eligible projects can receive loans for construction and phase 3 engineering (construction observation).

The Village recently received notice that it has been approved for State Revolving Fund in the amount of \$8,172,392.00 to construct the Roosevelt Road Watermain Lining, Phase 1 & 2 projects, as well as the Transmission Main project. The loan agreement provides for a 20 year term at 1.86% interest. By obtaining this low interest loan, the Village will be able to construct three high profile projects that would not have been possible under the Village's current bonding status. The Village anticipates retiring the loan obligation in 14 years, but can extend the debt to the maximum of 20 years should the Village's financial status change. The funding covers only the Roosevelt Road Phase I and Transmission Main projects. The Village will need to submit a revised Debt Authorizing Ordinance to obtain the funding of Roosevelt Road Watermain Lining Phase II. Staff will begin the preparation of the documents upon approval of the loan agreement. The difference in the initial request of \$8,172,392.00 in SRF loan and the estimated project costs of \$12,050,354.16 is based upon bids for the Roosevelt Road Watermain Lining coming in substantially higher than estimated.

The budget estimate in the Capital Improvement Plan for construction of this project is \$4,900,000.00 (\$2,150,000 for Phase I and \$2,750,000 for Phase II). The engineer's estimate for the project is \$6,510,360.00 (\$3,013,962.00 for Phase I and \$3,496,395.00 for Phase II). The low bid is \$8,345,093.43 (\$4,071,931.33 for Phase I and \$4,273,162.10 for Phase II).

By comparing the unit prices of a water main lining project constructed in 2015 in the Village of Lisle and the Village of Lombard Transmission Main project (Bid opening was Feb. 5, 2016) to

the Engineer's Estimate, it appears that the Engineer's Estimate (established by Civiltech Engineering as Design Engineer) is much lower than the most current bidding unit prices. The low bid for the project is approximately \$1.83 million above the Engineer's Estimate. The following four items can primarily be accounted for the deviation between the Engineer's Estimate and the lowest responsible bid:

- Water Valves, 8" - \$171,000
- Fire Hydrant with Auxiliary Valve and Valve Box - \$429,000
- Connection to Existing Water Mains (Non Pressure) - \$766,500
- Reinstate Active Service Connection, Greater than 2" - \$540,600

These four (4) items represent \$1,907,100 of the project costs for both phases of the project. The Engineer's Estimate for included \$604,500 for these items and the contractor's bid prices for these four (4) pay items is \$2,511,600. The contractor's bid pricing is roughly four times the Engineer's Estimate for these pay items.

In order to account for the additional funding necessary for the construction of the three (3) projects, the Village will need to amend the debt authorizing ordinance and revenue plan to reflect the additional funding request. As such, an amended ordinance will be prepared and presented to the Village Board at the June 16, 2016 meeting. The additional request will be in the amount of \$3,877,962.16, which will bring the full loan request to \$12,050,354.16.

Staff recommends that the Village Board adopt a resolution that authorizes the Village President to execute a loan agreement with the Illinois Environmental Protection Agency for State Revolving Fund in the amount of \$8,172,392. Should you have any questions, please feel free to contact me.

CG:sc

RESOLUTION

R _____

**A RESOLUTION AUTHORIZING SIGNATURE OF
PRESIDENT AND CLERK ON AN AGREEMENT**

WHEREAS, the Corporate Authorities of the Village of Lombard have received a Loan Agreement between the Village of Lombard and the Illinois Environmental Protection Agency, as attached hereto and marked Exhibit "A"; and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

SECTION 1: That the Village President be and hereby is authorized to sign on behalf of the Village of Lombard said agreement as attached hereto.

SECTION 2: That the Village Clerk be and hereby is authorized to attest said agreement as attached hereto.

Adopted this 19th day of May, 2016.

Ayes: _____

Nays: _____

Absent: _____

Approved this 19th day of May, 2016.

**Kieth Giagnorio
Village President**

ATTEST:

**Sharon Kuderna
Village Clerk**

APPROVAL AS TO FORM:

**Thomas P. Bayer
Village Attorney**



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

BRUCE RAUNER, GOVERNOR

LISA BONNETT, DIRECTOR

217/782-2027

CERTIFIED MAIL

MAY - 3 2016

Mr. Keith T. Giagnorio, President
Village of Lombard
255 East Wilson Avenue
Lombard, Illinois 61048

Re: Lombard /L175313
Loan Agreement

Dear Mr. Giagnorio :

It is a pleasure to advise you that your application for a public water supply loan, under the provisions of the Environmental Protection Act, has been approved in the amount of \$8,172,392 at a 1.86 percent simple annual interest rate.

The Loan Agreement is enclosed in triplicate. After the Agreement is reviewed, the original and one copy should be signed by the appropriate official and returned to the Infrastructure Financial Assistance Section, Bureau of Water, P.O. Box 19276, Springfield, IL 62794-9276 as soon as it is signed, but no later than June 15, 2016. The second copy is for your records. Receipt of a written refusal or failure to return the properly executed documents within the specified time will subject the Loan Agreement to cancellation consideration.

Your attention is invited to the Standard Conditions of the Loan Agreement which outline the requirements and terms of your loan. Beginning October 1, 2015, this includes a new requirement for Signage or equivalent public notification. The schedule is based on your awarding contracts and initiating project construction promptly. Your compliance with the loan conditions and terms will facilitate our processing and your receipt of loan disbursements. In addition, by acceptance of this loan agreement, the loan recipient agrees to comply with any future reporting and/or accountability requirements that may be associated with the State Revolving Fund programs in Illinois.

For each contract awarded, please submit a copy of the executed contract; a copy of the certificate of insurance; a copy of the performance and payment bonds; and the notice to proceed as soon as these documents are available.

4302 N. Main St., Rockford, IL 61103 (815) 987-7760
595 S. State, Elgin, IL 60123 (847) 608-3131
2125 S. First St., Champaign, IL 61820 (217) 278-5800
2009 Mall St., Collinsville, IL 62234 (618) 346-5120

9511 Harrison St., Des Plaines, IL 60016 (847) 294-4000
412 SW Washington St., Suite D, Peoria, IL 61602 (309) 671-3022
2309 W. Main St., Suite 116, Marion, IL 62959 (618) 993-7200
100 W. Randolph, Suite 10-300, Chicago, IL 60601

Addenda Nos. 1 and 2 have also been reviewed and have been found acceptable. A supplemental permit is not required for these addenda.

You are reminded that it is your responsibility as the loan recipient to maintain copies of the bids for all firms that bid on prime contracts, or provide quotes on subcontracts in accordance with the Standard Conditions. It is also your responsibility to obtain copies of all subcontracts awarded by the prime contractor and verify these contracts conform to the Standard Conditions.

And finally, if a Pre-Construction Conference is to be held on your project, please contact the appropriate Illinois EPA Regional Office located in Elgin at 847/608-3131 with the time and place of the meeting. Regional office personnel will be conducting interim and final inspections during the construction of your project.

If you have any questions regarding this project, please contact George Lambert, the project manager, Infrastructure Financial Assistance Section, at 217/782-2027.

Congratulations on the receipt of this Loan Agreement and we look forward to working with you during the project.

Sincerely,



Lisa Bonnett
Director

LB:GL: n:\bow\grants\com_docs\lambert\loan cover letters\lombard 1175313.docx

Attachments

cc: Cons. Engr., Baxter & Woodman Inc. Attn: John Ambrose
Cons. Engr., Thomas Engineering Group Attn: Kevin VanDeWoestyne

LENDER:

Illinois Environmental Protection Agency
Bureau of Water
Infrastructure Financial Assistance Section
P.O. Box 19276
1021 North Grand Avenue, East
Springfield, IL 62794-9276

RECIPIENT:

Village of Lombard
255 E. Wilson Avenue
Lombard, IL 60148

FEIN: 366005975

TERMS OF THE LOAN

| | | | <u>Estimated Dates</u> |
|-------------------------|----------------|---------------------------------|------------------------|
| Loan amount: | \$8,172,392.00 | Construction start: | 05/16/2016 |
| Annual fixed loan rate: | 1.8600% | Construction complete: | 12/15/2016 |
| Term: | 20 years | Initiation of operation: | 12/15/2016 |
| Repayments: | Semi-Annual | Initiation of repayment period: | 12/15/2016 |
| | | First repayment due: | 06/15/2017 |
| | | Final repayment due: | 12/15/2036 |

LOAN OFFER AND ACCEPTANCE

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 (35 Ill. Adm. Code 662) and the terms specified in the Letter of Transmittal, attached hereto and included herein by reference.

Lisa Bonnett

Director

Lisa Bonnett

5/3/16

Agency Signature

Title

Name

Date

By:

Carol Raduine

5/3/16

Agency Signature

Title

Name

Date

This offer must be accepted, if at all, on or before 06/15/2016.

Acceptance on behalf of the Borrower

Authorized Representative (Signature)

Date

Name and Title of Authorized Representative (Type or Print)

PROJECT DESCRIPTION

This loan will fund the rehabilitation of existing water mains by installation of a cure in place lining system and the construction of a new drinking water transmission main. These projects are covered under two unique construction contracts.

Lining Contract-The rehabilitation of approximately 1,793 lineal feet of 12-inch diameter, 225 lineal feet of 10-inch diameter, 4,988 lineal feet of 8-inch diameter and 32 lineal feet of 6-inch diameter water transmission main by the installation of a cure in place lining system and the installation of approximately 31 lineal feet of 10-inch diameter, 107 lineal feet of 8-inch diameter, 189 lineal feet of 6-inch diameter and 6 lineal feet of 4-inch diameter water transmission main. The lining will be broken into two phases. Lining for the "West" phase begins near the intersection of Finley Road and Roosevelt Road where station 770+80 is located and travels eastwardly to Station 833+31 which is near the intersection of Roosevelt Road and South Fairfield Avenue. Lining for the "East" phase begins near the intersection of Roosevelt Road and South Fairfield Avenue where station 833+31 is located and travels eastwardly to Station 882+54 which is near the intersection of Roosevelt Road and Wisconsin Avenue. Construction on the "East" phase will not begin until the "West" phase has been completed. Illinois Environmental Protection Agency Construction Permit number 0556-FY2105 has been issued for the "West" phase. A construction permit has not been issued for the work associated with the "East" phase. No loan funds will be released for the "East" phase until the construction permit is issued.

New Transmission Main Contract-Construction of approximately 138 feet of 6-inch drinking water transmission main and 8,416 feet of 16-inch drinking water transmission main is covered under Illinois Environmental Protection Agency Construction Permit number 0055-FY2016.

PROJECT BUDGET

| | TOTAL | ELIGIBLE |
|--|------------------------|------------------------|
| Construction - Swallow Construction Corporation, Inc (New Transmission Main) | \$2,791,711.51 | \$2,791,711.51 |
| Construction Engineering - Baxter & Woodman, Inc. (New Transmission Main) | \$280,468.00 | \$280,468.00 |
| Construction - Fer-Pal Construction USA, LLC (West Lining) | \$4,071,931.33 | \$4,071,931.33 |
| Construction Engineering - Thomas Engineering Group, LLC. (West Lining) | \$298,977.07 | \$298,977.07 |
| Construction - Fer-Pal Construction USA, LLC (East Lining) | \$4,273,162.10 | \$4,273,162.10 |
| Contingency | \$334,104.15 | \$334,104.15 |
| TOTAL | \$12,050,354.16 | \$12,050,354.16 |

The loan amount is \$8,172,392.00.

OTHER FUNDING SOURCES/COSTS EXCLUDED

Loan limited by approved debt authorizing ordinance and dedicated source of revenue to \$8,172,392, covering the new transmission main and "West" phase of the lining contract. The debt authorizing ordinance will need to be increased/amended and a revised revenue plan will need to be submitted in order for the "East" phase of the lining to be funded.

SPECIAL CONDITIONS

- I. A construction permit has not been issued for the work associated with the "East" contract. No loan funds will be released for the "East" contract until the construction permit is issued.

STANDARD CONDITIONS

Please see Attachment A.

Attachment A

Loan Recipient: Village of Lombard
L175313

Loan Agreement –Standard Conditions Illinois EPA Public Water Supply Loan Program

1. PROJECT SCHEDULE

For the purposes of this agreement, the start date will be the date the agreement is executed by the governmental entity 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 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 reimbursement from the Agency within 30 days of reimbursing their contractor(s) in accordance with Internal Revenue Service regulations.

4. REPAYMENT SCHEDULE – Nature of Obligations, Fixed Loan Rate, Interest, Loan Support and Principal Payments.

a) In accordance with Ill. Adm. Code 662.440, the fixed rate is comprised of interest and loan support, both of which are established annually and reported at the Agency's public hearing. The term "interest" is used in this Loan Agreement as well as future correspondence, repayment schedules, etc. to reflect both interest and loan support.

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. 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, final inspection and project review have been made to ensure all applicable loan conditions have been satisfied.

f) Simple interest on each loan disbursement will begin on the day after the date of the issuance of a warrant by the Comptroller of the State of Illinois.

g) Interest and principal on the loan will be due on the dates and in the amounts as set forth in repayment schedules provided for in this paragraph. 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. For purposes of calculating the repayment schedules, the Agency shall consider principal of the loan to consist of all unrepaid disbursements plus all unrepaid interest accrued on these disbursements at the time the schedule period begins. Each of these repayment schedules shall provide for repayment installments consisting of principal plus simple interest on the unpaid principal balance. The installment repayment amount may change when the interim repayment schedule is replaced by the final repayment schedule.

h) Interest on each loan disbursement shall be calculated on the basis of the total number of days from the date the interest begins to accrue to the beginning of the repayment period and will be calculated on a daily basis using a 365 day year. All interest due on the principal of the loan during the repayment period is calculated on a periodic basis.

i) 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 IEPA web site at:

<http://www.epa.state.il.us/water/forms.html#financial-assistance>

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. FINAL INSPECTION

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. Within 90 days from the construction completion date the loan recipient shall forward two (2) copies of the final plans of record to the appropriate Agency regional field office along with a formal written request for a final inspection (a copy of the written request and a completed "Certificate Regarding O & M" (available on the Agency website) shall be sent to the Agency's IFAS Post Construction Unit). The regional field office will contact the loan recipient to schedule the final inspection within 60 days of the written request for a final inspection.

9. OPERATION AND MAINTENANCE OF THE PROJECT

The Agency shall not approve the final inspection for the project unless the loan recipient has certified that the training and operation and maintenance documents have been provided in accordance with 35 Ill. Adm. Code 662.740.

10. FLOOD INSURANCE

Evidence must be provided that flood insurance has been acquired on eligible structures constructed under this Loan Agreement as soon as structures are insurable.

11. 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 662.1120 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 30 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.

12. 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.

13. 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 662 with respect to fraud and other unlawful or corrupt practices.
- c) All provisions of 35 Ill. Adm. Code 662 with respect to access to facilities, records and audit of records.

14. 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 662.930.

15. 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.

16. 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.

17. 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 IEPA), 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 IEPA web site at: <http://www.epa.state.il.us/water/forms.html#financial-assistance>

18. USE OF AMERICAN IRON AND STEEL

The loan recipient will be required to comply with the "Use of American Iron and Steel" requirements as contained in Section 436 (a) – (f) of H.R. 3547, the "Consolidated Appropriations Act, 2014".

19. 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.

20. 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)

21. 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.

22. 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.

23. 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 IEPA using the Public Notification/Signage Requirement Certificate of Completion. Guidance is available on the IEPA website.