



MEMORANDUM

Date: July 27, 2026

To: Finance & Personnel Committee
Members of City Council
Anne Wilkerson, Central Services Manager

From: Jamie Rott, Water Superintendent

Re: **Ordinance Authorizing the City to Utilize Funds from the Public Water Supply Loan Program at the Illinois Environmental Protection Agency (IEPA) and Application of Loan for Lead Service Line Replacements**

IEPA State Revolving Fund (SRF) loan terms are determined by the type of project, which can be either drinking water/public water supply (PWS) or wastewater/water pollution control (WPC). Moreover, loan program rules include provisions for incentives such as reduced interest rates, principal forgiveness, and extended repayment periods for qualifying applicants. Currently, all Lead Service Line Loans have an interest rate of 0% and a loan term of thirty years (was previously over 1% and 20 years). Communities meeting the IEPA disadvantaged requirements will qualify for a loan term of forty years.

Under these terms, the City of Rockford currently qualifies for principal forgiveness, and submitted and received an approved IEPA Project Plan outlining the proposed lead service line replacement projects as one of the local priorities.

Please note that the following steps are necessary in the IEPA loan process:

- **Approval of an Authorizing Ordinance:** The authorizing ordinance provides for the execution of the required documents by the Mayor and commits the City to the repayment of the loan over a 30-40 year period. As part of the IEPA loan application submittal, an authorizing ordinance is required for the City to show it has legal, institutional, managerial and financial capability to implement the program and to pay back the loan (if applicable).
- **Approval of Revenue Bond Issuance Ordinance:** Once the loan is approved by the IEPA and documents provided to the City. The City will need to adopt an ordinance that provides for the issuance of the revenue bonds. Staff will submit this ordinance for Council approval sometime between the time that the loan agreement is signed and the first draw is made
- **Loan Agreement:** Prior to completing the competitive bid process, staff will submit a loan application packet to the IEPA. Upon approval from the IEPA, the project will be competitively bid. All bidding documents will then be submitted to IEPA for review and approval before the loan is issued to the City and the project can commence. Staff is currently working on the design and bid process for the City's Fiscal Year 2027.

Over the past nine years, the City has secured IEPA SRF funding in the amount of \$52,000,000. Of that total, the City secured principal forgiveness loans in the amount of \$45,492,000. In order to secure future funding for lead service line replacement projects, staff recommends approving an authorizing ordinance that gives the City the

ability to borrow \$55,000,000, and in addition, staff also recommends City Council's approval to submit a loan application yearly to the IEPA for use of revolving loan funds to replace lead service lines system-wide for the state fiscal years of 2026-2028. Please note by approving both the authorizing ordinance and loan application simultaneously, the City has the appropriate approvals to submit yearly to the IEPA and have a greater opportunity to receive funding. In addition, please note the authorizing ordinance does not obligate the City to borrow money.

An ordinance (see attached) has been prepared authorizing the City to borrow funds from the Public Water Supply Loan Program at the Illinois Environmental Protection Agency (IEPA).

Additionally, please note that additional debt authorizing ordinances will be requested annually for Lead Service Line Replacements as City Staff continues to outline and implement a plan to replace all Lead Service Lines within 10 years from 2027 as mandated by the Federal ruling on October 8, 2024.

If you have any further questions, please contact Jamie Rott, Water Superintendent, at (779) 348-7654.

Rockford, Illinois

Date: July 27, 2026

COMMITTEE REPORT

TO THE CITY COUNCIL OF THE CITY OF ROCKFORD:

Council Members:

The Committee on Finance and Personnel having received a request hereby begs leave to report recommending **approval** of the Ordinance Authorizing the City to Utilize Funds from the Public Water Supply Loan Program at the Illinois Environmental Protection Agency (IEPA) and Application of Loan for Lead Service Line Replacements. The Legal Director shall prepare the appropriate ordinance.

Kevin Frost (Chair)

Chad Tuneberg (Vice chair)

Frank Beach

Dawn Granath

Jaime Salgado

Committee Action Taken:

Frost:	Ayes:___	Nays:___	Absent:___
Tuneberg:	Ayes:___	Nays:___	Absent:___
Beach:	Ayes:___	Nays:___	Absent:___
Granath:	Ayes:___	Nays:___	Absent:___
Salgado:	Ayes:___	Nays:___	Absent:___

MINUTES of a regular public meeting of the City Council of the City of Rockford, Winnebago and Ogle Counties, Illinois, held in the Council Chambers on the 2nd Floor of City Hall, 425 East State Street, Rockford, Illinois, in said City at 5:30 p.m., on the ____ day of August, 2026.

* * *

The meeting was called to order by the Mayor, and upon the roll being called, Thomas McNamara, the Mayor, and the following Aldermen were physically present at said location:

The following Aldermen were allowed by a majority of the members of the City Council in accordance with and to the extent allowed by rules adopted by the City Council to attend the meeting by video or audio conference: _____

No Alderman was not permitted to attend the meeting by video or audio conference.

The following Aldermen were absent and did not participate in the meeting in any manner or to any extent whatsoever: _____

The Mayor announced that in order to finance necessary improvements to the waterworks system of the City, it would be necessary for the City to issue revenue bonds therefor and that the City Council would consider the adoption of an ordinance authorizing and providing for the issuance of such bonds.

Whereupon Alderman _____ presented, and the Legal Director as Keeper of the Records and Seal and also the Comptroller read by title an ordinance as follows, a copy of which was provided to each Alderman prior to said meeting and to everyone in attendance at said meeting who requested the same:

ORDINANCE NUMBER _____

AN ORDINANCE AUTHORIZING THE CITY OF ROCKFORD, WINNEBAGO AND OGLE COUNTIES, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM AND ISSUE ITS WATERWORKS REVENUE BONDS TO EVIDENCE SUCH BORROWING.

WHEREAS, the City of Rockford, Winnebago and Ogle Counties, Illinois (the “*City*”), is a duly organized and existing municipality and unit of local government created under the provisions of the laws of the State of Illinois and is now operating under the provisions of the Illinois Municipal Code, as supplemented and amended (the “*Code*”); and

WHEREAS, the City for many years has owned and operated a municipally-owned waterworks system (as herein more fully defined, the “*System*”) in accordance with the provisions of Division 129 of Article 11 of the Code, as supplemented by the Local Government Debt Reform Act, as amended (collectively, the “*Act*”), and

WHEREAS, the City Council of the City (the “*Council*”) has determined that it is advisable, necessary and in the best interests of public health, safety and welfare to improve the System, including the following:

Removal and replacement of lead service lines throughout the City, covering multiple phases.

all in accordance with the plans and specifications prepared by consulting engineers of the City (the “*Project*”), which Project has a useful life of at least 40 years; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial and other related expenses is \$55,000,000, and there are insufficient funds on hand and lawfully available to pay these costs; and

WHEREAS, it is necessary and for the best interests of the City that the Project be undertaken and, in order to finance the cost thereof, it will be necessary for the City to issue up to \$55,000,000 bonds payable from the revenues of the System as authorized to be issued at this time pursuant to Division 129 of Article 11 of the Code and Division 4 of Article 8 of the Code (the “*Bonds*”); and

WHEREAS, the City expects to issue all or a portion of the Bonds in connection with one or more loans originated from the “Public Water Supply Program” (the “*Loan Program*”) and offered to the City by the State of Illinois, acting through the Illinois Environmental Protection Agency (the “*IEPA*”); and

WHEREAS, pursuant to and in accordance with the provisions of the Act, the City is authorized to borrow funds from the Loan Program and may issue the Bonds in evidence thereof for the purpose of providing funds to pay the cost of the Project; and

WHEREAS, such loan or loans to the City may be made pursuant to a loan agreement or agreements (the “*Loan Agreementss*”) and bond ordinance or ordinances, with such terms and conditions as may be provided by the IEPA; and

WHEREAS, the Bonds shall bear an interest rate as defined by 35 Ill. Adm. Code 662, 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 Bonds; and

WHEREAS, the principal and interest due on the Bonds shall be payable semi-annually, and the Bonds shall mature in up to forty (40) years, which is within the period of useful life of the Project; and

NOW THEREFORE, be it ordained by the City Council of the City of Rockford, Winnebago and Ogle Counties, Illinois, as follows:

SECTION 1

INCORPORATION OF PREAMBLES

The Council hereby finds that the recitals contained in the preambles are true and correct, and incorporates them into this Ordinance by this reference.

SECTION 2

DETERMINATION TO ISSUE BONDS

It is necessary and in the best interests of the City 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 provision of the Act; and that for the purpose of constructing the Project, it is hereby authorized to be issued and sold the Bonds in an aggregate principal amount not to exceed \$55,000,000 (which can include construction period interest financed over the term of the Bonds).

SECTION 3

PUBLICATION

This Ordinance, together with a Notice in the statutory form (attached hereto as *Exhibit A*), shall be published once within ten days after passage in the *Rockford Register Star*, a newspaper published and of general circulation in the City, and if no petition, signed by electors numbering 10% or more of the registered voters in the City (*i.e.*, 9,326) asking that the question of improving the System and issuance of the Bonds therefor, as provided in this Ordinance, be submitted to the electors of the City, is filed with the City Clerk within 30 days after the date of publication of this Ordinance and notice, then this Ordinance shall be in full force and effect. A petition form shall be provided by the City Clerk to any individual requesting one.

SECTION 4

ADDITIONAL ORDINANCES

If no petition meeting the requirements of the Act and other applicable laws is filed during the 30-day petition period, then the Council may adopt additional ordinances or proceedings supplementing or amending this Ordinance providing for the issuance and sale of the Bonds, prescribing all the details of the Bonds, so long as the maximum amount of the Bonds 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 law. This Ordinance, together with such additional ordinances or proceedings, shall constitute complete authority for the issuance of the Bonds under applicable law and for entering into the Loan Agreements 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 Program without the written consent of the IEPA.

SECTION 5

BONDS NOT INDEBTEDNESS OF THE CITY

Repayment of the loan as evidenced by the Bonds to the IEPA by the City pursuant to this Ordinance is to be solely from the revenue derived from revenues of the System, and the Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation.

SECTION 6

APPLICATION FOR LOAN

The Mayor of the City (the “*Mayor*”) is hereby authorized to make application to the IEPA for a loan through the Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 662.

SECTION 7

ACCEPTANCE OF LOAN AGREEMENTS

The Council hereby authorizes acceptance of the offer of the loan through the 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, such Loan Agreements to be as further approved by the bond ordinance and related proceedings for the Bonds. The Council further agrees that the loan funds awarded shall be used solely for the purposes of the Project as approved by the IEPA in accordance with the terms and conditions of the Loan Agreements.

SECTION 8

RESERVE ACCOUNTS

As long as the City has outstanding senior bonds that are payable from revenues of the System, the City shall maintain an account, coverage, and reserves equivalent to the account(s), coverage(s) and reserve(s) required by the outstanding ordinance(s).

SECTION 9

AUTHORIZATION OF MAYOR TO EXECUTE LOAN AGREEMENTS

The Mayor is hereby authorized and directed to execute the Loan Agreements with the IEPA. The Council 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 the Loan Agreements.

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

Adopted by the City Council on _____, 2026.

Approved _____, 2026.

Mayor Tom McNamara
City of Rockford
Winnebago and Ogle Counties, Illinois

ATTEST:

Angela Hammer
Legal Director, as ex officio Keeper of
the Records and Seal of the City
City of Rockford
Winnebago and Ogle Counties, Illinois

[SEAL]

AYES: _____

NAYS: _____

ABSENT: _____

RECORDED in the City Records on _____, 2026.

PUBLISHED in *Rockford Register Star* on _____, 2026.

EXHIBIT A

NOTICE OF INTENT TO ISSUE BONDS AND RIGHT TO FILE PETITION

NOTICE IS HEREBY GIVEN that, pursuant to Ordinance Number _____, adopted on _____, 2026 (the "*Ordinance*"), the City of Rockford, Winnebago and Ogle Counties, Illinois (the "*City*"), intends to issue its waterworks revenue bonds in an aggregate principal amount not to exceed \$55,000,000 (the "*Bonds*") and bearing interest per annum at not to exceed the maximum rate authorized by law at the time of sale thereof, for the purpose of paying costs of improving the waterworks system of the City (the "*System*"), as further described in the Ordinance. The Bonds would be payable solely from the revenues of the System. A complete copy of the Ordinance accompanies this notice.

NOTICE IS HEREBY FURTHER GIVEN that if a petition signed by 9,326 or more electors of the City (being equal to 10% of the registered voters in the City), requesting that the question of improving the System and the issuance of the Bonds therefor, be submitted to the electors of the City is filed with the City Clerk within 30 days after the date of publication of the Ordinance and this Notice, then the question of improving the System and the issuance of the Bonds therefor shall be submitted to the electors of the City on the 3rd day of November, 2026, unless none of the electors of the City are scheduled to cast votes for any candidates for nomination for, election to or retention in public office at said election, in which case an election on the proposition to issue said bonds shall be held on the 8th day of November, 2026. The Circuit Court may declare that an emergency referendum should be held prior to either of said election dates pursuant to the provisions of Section 2A-1.4 of the Election Code of the State of Illinois, as amended. If not such petition is filed within said 30-day period, then the City shall thereafter be authorized to issue the Bonds. A petition form is available from the City Clerk at City Hall.

By order of the City Council of the City.

Dated this ___ day of _____, 2026.

Angela Hammer

Legal Director, as ex officio

Keeper of the Records and Seal

City of Rockford

Winnebago and Ogle Counties, Illinois

STATE OF ILLINOIS)
) SS
COUNTY OF WINNEBAGO)

CERTIFICATION OF AGENDA, ORDINANCE AND MINUTES

I, the undersigned, do hereby certify that I am the duly qualified and acting Legal Director and ex officio Keeper of the Records and Seal of the City of Rockford, Winnebago and Ogle Counties, Illinois (the “*City*”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the City and of the City Council (the “*Council*”) thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting (the “*Meeting*”) of the Council held on the ____ day of _____, 2026, insofar as same relates to the adoption of an ordinance numbered _____ and entitled:

AN ORDINANCE AUTHORIZING THE CITY OF ROCKFORD, WINNEBAGO AND OGLE COUNTIES, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM AND ISSUE ITS WATERWORKS REVENUE BONDS TO EVIDENCE SUCH BORROWING.

(the “*Ordinance*”), a true, correct and complete copy of the Ordinance as adopted at the Meeting appears in the foregoing transcript of the minutes of the Meeting.

I do further certify that the deliberations of the Council on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all of the news media requesting notice of the Meeting; that an agenda (the “*Agenda*”) for the Meeting was posted at the location where the Meeting was held and at the principal office of the Council at least 72 hours in advance of the holding of the Meeting and, also, on or before 5:00 p.m. on the Friday preceding the Meeting, and remained continuously posted until on or after the adjournment of the Meeting; that at least one copy of the Agenda was continuously available for public review during the entire 72-hour period preceding the Meeting;

that the Agenda contained a separate specific item concerning the proposed adoption of the Ordinance; that a true, correct and complete copy of the Agenda is attached hereto; that the Meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and that the Council has complied with all of the applicable provisions of said Act and its own procedural rules in the adoption of the Ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the City this ____ day of _____, 2026.

Legal Director and ex officio
Keeper of the Records and Seal

[SEAL]

NO REFERENDUM CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Legal Director and ex officio Keeper of the Records and Seal of the City of Rockford, Winnebago and Ogle Counties, Illinois (the “City”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the City and of the City Council (the “Council”) thereof.

I do further certify that Ordinance Number _____ (the “Ordinance”), being the Ordinance entitled

AN ORDINANCE AUTHORIZING THE CITY OF ROCKFORD, WINNEBAGO AND OGLE COUNTIES, ILLINOIS, TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM AND ISSUE ITS WATERWORKS REVENUE BONDS TO EVIDENCE SUCH BORROWING.

was presented to and passed by the Council at its legally convened meeting held on the ____ day of _____, 2026 and signed by the Mayor of the City on said day.

I do further certify that the Ordinance was duly and properly published in the *Rockford Register Star*, a newspaper published and of general circulation within the City, on the ____ day of _____, 2026, being a date within ten days from the date of passage of the Ordinance.

I do further certify that publication of the Ordinance was accompanied by a separate publication of notice of (1) the specific number of voters required to sign the petition requesting the question of constructing improvements to the waterworks system as provided in the Ordinance and the issuance of revenue bonds to pay the costs thereof; (2) the time in which such petition must have been filed; and (3) the date of the prospective referendum.

I do further certify that I did make available and provide to any individual so requesting a petition form, which petition form provided for submission to the electors of the City of the question as set forth therein. Such petition form was available from me continuously from _____, 2026, up to and including _____, 2026.

I do further certify that no Petition has been filed in my office within 30 days after publication of the Ordinance or as of the time of the signing hereof as provided by statute asking that the question of improving the waterworks system as provided in the Ordinance and the issuance of revenue bonds to pay the costs thereof be submitted to the electors of the City.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the City this ____ day of _____, 2026.

Legal Director and ex officio
Keeper of the Records and Seal

[SEAL]

PETITION

To the Legal Director, as ex officio Keeper of the Records and Seal, of the City of Rockford, Winnebago County, Illinois:

We, the undersigned, being registered voters of the City of Rockford, Winnebago County, Illinois, do hereby petition you to cause the question of improving the waterworks system of said City and the issuance of \$55,000,000 Waterworks Revenue Bonds as provided in Ordinance Number _____ of said City, as adopted _____, 2026, to be certified to the Board of Election Commissioners of the City of Rockford, Illinois, and submitted to the electors of said City at the next election at which such question may lawfully be submitted.

NAME	ADDRESS
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois
_____	_____, Rockford, Winnebago County, Illinois

The undersigned, being first duly sworn, deposes and certifies that he or she is at least 18 years of age, his or her residence address is _____ (Street Address), _____ (City, Village or Town), _____ County, _____ (State), that he or she is a citizen of the United States of America, that the signatures on the foregoing petition were signed in his or her presence and are genuine, that to the best of his or her knowledge and belief the persons so signing were at the time of signing said petition registered voters of said City and that their respective residences are correctly stated therein.

Signed and sworn to before me this _____ day of _____, 2026.

Illinois Notary Public

My commission expires _____

(NOTARY SEAL)