

84-O-94

AN ORDINANCE

Authorizing the City to Borrow
Funds from the Water Pollution
Revolving Loan Fund

WHEREAS, the City of Evanston, Cook County, Illinois, ("CITY") operates its sewerage collection system, including all property, real, personal or otherwise owned or to be owned by the CITY or under the control of the CITY, and used for sewerage collection purposes, and any and all further extensions, improvements, and additions to the system, but, however, excluding expressly property which from time to time is deemed by the CITY to be no longer useful or necessary to the continued effective and efficient operation of the system or extensions, improvements or additions which are at the time of construction, acquisition and installation expressly excluded from the definition of system hereunder by the CITY, hereinafter referred to as "SYSTEM", and in accordance with the provisions of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois and the Local Government Debt Reform Act, Illinois Compiled Statutes 1993 30 ILCS 350/1 et seq, hereinafter collectively referred to as the "ACT"; and

WHEREAS, the City Council has determined that it is advisable, necessary and in the best interests of public health, safety and welfare to improve the SYSTEM. Said improvements include the following:

Phase 4 of the construction of relief sewers for the CITY'S combined sewer system and overland flow of run-off as outlined in the approved Facilities Plan for Long Range Sewer Improvements dated October 23, 1990 and revised on January 14, 1994. The improvements include the installation of new relief sewers as well as the rehabilitation of the existing combined sewer. An estimated 45,400 linear feet of relief sewers will be installed using the open cut construction method with pipe sizes ranging in size from 10" to 60" diameter. Approximately 3700 linear feet of relief sewers will be installed by tunnel construction with a pipe diameter of 108" and 1000 linear feet of 72" tunnel. Existing combined sewer rehabilitation will include 4500 linear feet of sewers ranging from 10" to 36" in diameter. The expected useful life of said improvements are estimated at 100 years. All improvements are to be constructed in accordance with the plans and specifications prepared by the CITY'S consulting engineers. All work herein described shall be referred to as the "PROJECT"

WHEREAS, the estimated cost of constructing and installing the PROJECT, including engineering, legal, financial, and other related expenses is \$23,000,000, and there are insufficient funds on hand and lawfully available to pay such costs; and

WHEREAS, such costs are expected to be paid for with a loan to the CITY from the Illinois Environmental Protection Agency through the Water Pollution Control Revolving Loan Fund, said loan to be repaid from revenues of the SYSTEM, and such loan is authorized to be accepted at this time pursuant to the ACT; and

WHEREAS, pursuant to, and in accordance with, the provisions of the ACT, the CITY is authorized to borrow funds from the Water Pollution Control Revolving Loan Fund in the aggregate principal amount of \$23,000,000 for the purpose of providing funds to pay the costs of the PROJECT; and

WHEREAS, the loan to the CITY shall be made pursuant to a Loan Agreement, including certain terms and conditions, between the CITY and the Illinois Environmental Protection Agency;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS:

SECTION 1: The City Council hereby finds that the recitals contained in the preamble to this Ordinance are true and correct and hereby incorporates them into this Ordinance.

SECTION 2: It is necessary to public health, safety and welfare and in the best interests of the CITY to construct the PROJECT and that the SYSTEM continue to be operated in accordance with the provisions of the ACT, and that for the purpose of constructing the PROJECT, it is hereby authorized that funds be borrowed by the City of vanston in an aggregate principal amount not to exceed \$23,000,000.

SECTION 3: Subject to the express provisions of this Ordinance, 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 Water Pollution Control Revolving Loan Fund without the written consent of the Illinois Environmental Protection Agency.

SECTION 4: Repayment of the loan to the Illinois Environmental Protection Agency by the CITY pursuant to this Ordinance is to be solely from the revenues derived from the SYSTEM, as hereinafter provided; and the loan does not constitute an indebtedness of the CITY within the meaning of any constitutional or statutory limitation. For the purposes hereof, "revenues" (hereinafter "REVENUES") of the SYSTEM means all income from whatever source derived from the System, including investment income and the like, connection, permit and inspection fees and the like, user charges of all kinds for the use and service of the SYSTEM, and including such transfers from the corporate funds or the water fund of the City as the City Council shall from time to time determine through the budget and appropriation of such funds, or other proper action; but shall not include non-recurring income from the sale of

property of the SYSTEM, governmental or other grants or loans, and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds. The repayment of the loan from the REVENUES shall in all events be made only after provision for the payment of "OPERATION AND MAINTENANCE COSTS" of the SYSTEM, hereby defined to mean all costs of operating, maintaining and routine repair of the SYSTEM, including such items as wages, salaries, costs of materials and supplies, taxes, power, fuel, insurance, purchase of sewage treatment or disposal capacity, including all payments for such services to be made pursuant to long-term contracts for the provision of such services, but shall not include debt service of any kind, depreciation, any capital reserve requirements, and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds. The CITY hereby pledges the REVENUES, after provision has been made for the payment of OPERATION AND MAINTENANCE COSTS, to the repayment of the loan; and covenants and agrees to charge such rates and impose such fees and charges for the use and service of the SYSTEM as shall be sufficient to pay in a timely manner all repayments as required on the loan pursuant to the terms of the Loan Agreement.

SECTION 5: The City Council hereby authorizes acceptance of the offer of a loan through the Water Pollution Control Revolving Loan Fund, including all terms and conditions of the Loan Agreement ("LOAN AGREEMENT") attached as Exhibit A, as well as all special conditions contained therein and made a part thereof by reference. The loan funds awarded shall be used solely for the purpose of the PROJECT as approved by the Illinois Environmental Protection Agency in accordance with the terms and conditions of the LOAN AGREEMENT.

SECTION 6: The City Manager is hereby authorized and directed to execute the LOAN AGREEMENT with the Illinois Environmental Protection Agency and to negotiate any additional terms or conditions deemed to be in the best interests of the CITY.

SECTION 7: The CITY hereby covenants and agrees that the REVENUES, after provision has been made for the payment of OPERATION AND MAINTENANCE COSTS, are a dedicated source of funds for the repayment of the loan as evidenced by the LOAN AGREEMENT. The CITY reserves the right, without limitation of any kind, to issue obligations ("OBLIGATIONS") of any kind (including bonds, notes or other obligations by whatever name and including all loans) payable from the REVENUES and prior in lien to, on a parity of lien with, or subordinate in lien to the lien on the REVENUES for the repayment of the loan as provided in the

LOAN AGREEMENT, as shall be determined by the City Council; provided, however, that any covenants or agreements made by the CITY for the benefit of the holders of such OBLIGATIONS shall, at the time of the incurring of such OBLIGATIONS, also be made in a similar manner for the benefit of the obligation to repay the loan as represented by the LOAN AGREEMENT.

The CITY intends that the obligation to repay the loan as represented by the loan as evidenced by the LOAN AGREEMENT shall bear interest as provided therein on a basis which is not tax-exempt under the provision of the Internal Revenue Code of 1986, and the officers of the CITY charged with the execution of the LOAN AGREEMENT shall act in accordance with this stated intent.

SECTION 8: If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

SECTION 9: All Ordinances or resolutions, or parts thereof, in conflict herewith, are hereby repealed.

SECTION 10: This Ordinance shall be published in pamphlet form by authority of the City Council as the Corporate Authorities of the CITY; and this Ordinance shall become effective immediately upon its passage, approval and publication as herein provided, all pursuant of the ACT and including, expressly, the home rule powers of the CITY pursuant to Section 6(a) of Article VII of the Illinois Constitution of 1970.

Introduced: August 8, 1994

Adopted: August 8, 1994

Approved: August 11, 1994

Lorraine H. Morton
Mayor

ATTEST: [Signature]
City Clerk

Approved as to form:

[Signature]
Asst. Corporation Counsel