BOARD REPORT

TO:	VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM:	SCOTT KOEPPEL, VILLAGE ADMINISTRATOR Choose an item.
SUBJECT:	ORDINANCE**:** AUTHORIZING THE VILLAGE OF SUGAR GROVE, KANE COUNTY, ILLINOIS TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM
AGENDA:	11/10/2026
DATE:	11/4/2026

ISSUE

Shall the Village Board approve an ordinance authorizing the Village to borrow funds from the Public Water Supply Loan Program from the IEPA?

DISCUSSION

Debt Authorization Ordinance

As part of the final financing process, the Village prepared an ordinance authorizing borrowing through the Public Water Supply Loan Program. The ordinance identifies the Maple Street and Joy Court Water Main Improvements as the project to be financed through the IEPA program and establishes the Village's authority to enter into a loan agreement with the State of Illinois for an amount up to $4 million in eligible project costs. The ordinance describes the improvements, estimated project costs, and financing terms required by the IEPA loan program.

History

Initial Evaluation of Financing Options (2025)

In early 2025, Village staff began evaluating funding options for several significant water infrastructure projects, including the Maple Street Water Main Replacement, Joy Court Water Main Replacement, and Railroad Street Water Tank Rehabilitation. Staff determined that participation in the Illinois Environmental Protection Agency (IEPA) Public Water Supply Loan Program (PWSLP) represented one of the most cost-effective financing options available. Village representatives reviewed project eligibility, application requirements, timelines, and available financing opportunities with the IEPA subsequently.

Authorization of Engineering Services for IEPA Project Planning

On April 15, 2025, the Village Board considered and approved a Professional Services Agreement with Engineering Enterprises, Inc. (EEI) to prepare the documentation and Project

Plan necessary for participation in the IEPA Public Water Supply Loan Program. The purpose of the work was to advance the Maple Street and Joy Court Water Main Improvements, together with the Railroad Street Water Tank Rehabilitation, through the IEPA funding process.

IEPA Loan Program Discussion and Direction
On December 16, 2025, the Village Board received an update regarding the IEPA Public Water Supply Loan Program. During that discussion, staff reported that EEI had been engaged to prepare the Project Plan for submission to the IEPA. Staff further reported that, following discussions with IEPA personnel, the Village determined that the most favorable loan application strategy would be to pursue funding for the Maple Street and Joy Court Water Main Improvements and the Railroad Street Water Tank Rehabilitation rather than seeking funding associated with utility relocations required for the IL Route 47 widening project. The Board also reviewed the public notice requirements and next steps in the IEPA loan application process.

Development of Engineering Design
As the project advanced, funds were included in the FY2027 budget to complete design engineering for the Maple Street and Joy Court Water Main Replacement project. On August 18, 2026, the Village Board considered and approved a Professional Services Agreement with Engineering Enterprises, Inc. for design engineering services associated with the project. The agreement provided for preparation of plans and specifications necessary to advance the water main improvements toward construction and financing through the IEPA loan program.

Project Scope
The Maple Street project consists of replacing aging water main infrastructure, installing a new storm sewer system, reconstructing the roadway, and replacing sidewalks, driveway aprons, curb and gutter. The project extends from Main Street to the west end of Maple Street and addresses both aging utility infrastructure and longstanding drainage deficiencies. The Joy Court project consists of replacement of the existing water main and restoration of the roadway surface upon completion.

Preparation of IEPA Loan Documents
As part of the requirements for obtaining financing through the IEPA Public Water Supply Loan Program, the Village Board previously authorized the Village Administrator to execute loan-related documents on behalf of the Village. Subsequently, on August 19, 2025, the Board considered and approved a resolution authorizing the Village Administrator or designee to sign loan application documents required by the IEPA. The resolution specifically referenced the Maple Street and Joy Court Water Main Improvements and Railroad Street Water Tank Rehabilitation projects.

<u>Current Status</u>
The Village has:

1. Evaluated and selected the IEPA Public Water Supply Loan Program as its preferred financing mechanism.

2. Received initial planning approval of the Project Plan from IEPA.
3. Authorized engineering services to prepare the required Project Plan.
4. Completed discussions with IEPA regarding project eligibility and application strategy.
5. Authorized design engineering for the Maple Street and Joy Court Water Main Replacement project.
6. Authorized Village representatives to execute IEPA loan application and financing documents.
7. Prepared debt authorization documentation necessary to complete the IEPA loan process.

This sequence of actions reflects the Village's ongoing effort to secure low-interest IEPA financing for the replacement of aging water infrastructure on Maple Street and Joy Court while reducing the long-term cost to utility ratepayers.

COST

There is no cost for the ordinance, however the loan itself will require more approvals.

ATTACHMENTS

- An Ordinance authorizing the Village of Sugar Grove, Kane County, Illinois to borrow funds from the Public Water Supply Loan Program

RECOMMENDATION

Staff recommends approval of the attached Ordinance.

Village of Sugar Grove
Kane County, Illinois

Ordinance No.: 20261110 VB2

AN ORDINANCE AUTHORIZING THE VILLAGE OF SUGAR GROVE, KANE COUNTY, ILLINOIS TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM

Adopted by the

Village Board

of the

Village of Sugar Grove

November 10, 2026

Published in pamphlet form by
Authority of the Village Board
of the Village of Sugar Grove,
Kane County, November 10, 2026

_____ (seal)

Village Clerk

VILLAGE OF SUGAR GROVE
KANE COUNTY, ILLINOIS

ORDINANCE NO.: 20261110 VB2

AN ORDINANCE AUTHORIZING THE VILLAGE OF SUGAR GROVE, KANE COUNTY, ILLINOIS TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM

WHEREAS, the Village of Sugar Grove, Kane County, Illinois (the "Village"), is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Illinois Municipal Code, as amended (the "Code"), and for many years has owned and operated a municipally-owned waterworks system (the "System") in accordance with the provisions of Division 129 of Article 11 of the Code and the Local Government Debt Reform Act, 30 ILCS 350/1 (collectively, "the Act"), and

WHEREAS, the Village President and Board of Trustees of the Village (the "Board") have determined that it is advisable, necessary and in the best interests of public health, safety and welfare to improve the System, including the following:

- **MAPLE STREET AND JOY COURT WATER MAIN REPLACEMENT,** which includes:
    - **Maple Street Water Main**: The project consists of water main replacement and new storm sewer installation, which includes the reconstruction of Maple Street from Main Street to the West End. Project will include complete pavement reconstruction, all new sidewalk, driveway aprons and curb & gutter.
    - **Joy Court Water Main:** The project consists of replacing the water main on Joy Court and resurfacing the street upon completion.

WHEREAS, 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 Project"), all in accordance with the plans and specifications prepared by consulting engineers of the Village; which Project has a useful life of 50; and

WHEREAS, the estimated cost of construction and installation of the Project, including engineering, legal, financial, printing and publication costs, and other related expenses is $4,000,000, and there are insufficient funds on hand and lawfully available to pay these costs; and

WHEREAS, the loan 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 loan; and

WHEREAS, the principal and interest payment shall be payable semi-annually, and the loan shall mature in 30 years, which is within the period of useful life of the Project; and

WHEREAS, the costs are expected to be paid for with a loan to the Village from the Public Water Supply Loan Program through the Illinois Environmental Protection Agency, the loan to be repaid from the revenues of the System, and the loan is authorized to be accepted at this time pursuant to the Act; and

WHEREAS, in accordance with the provisions of the Act, the Village is authorized to borrow funds from the Public Water Supply Loan Program in the aggregate principal amount of $4,000,000.00 to provide funds to pay the costs of the Project; WHEREAS, the loan to the Village shall be made pursuant to a Loan Agreement, including certain terms and conditions, between the Village of Sugar Grove and the Illinois Environmental Protection Agency;

NOW THEREFORE, be it ordained by the Corporate Authorities of the Village of Sugar Grove, Kane County, 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
It is necessary and in the best interests of the Village 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 that funds be borrowed by the Village in an aggregate principal amount (which can include construction period interest financed over the term of the loan) not to exceed $4,000,000.00.

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 Beacon, a newspaper published and of general circulation in the Village, and if no petition, signed by electors numbering 10% or more of the registered voters in the Village (i.e., 674) asking that the question of improving the System as provided in this Ordinance and entering into the Loan Agreement therefore be submitted to the electors of the Village, is filed with the Village 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 Village 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 Corporate Authorities may adopt additional ordinances or proceedings supplementing or amending this Ordinance providing for entering into the Loan Agreement with the Illinois Environmental Protection Agency, prescribing all the details of the Loan Agreement, and providing for the collection, segregation and distribution of the revenues of the System, so long as the maximum amount of the 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 Act or other applicable law. 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 Village 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 Village to pay the principal and interest due to the Public Water Supply Loan Program without the written consent of the Illinois Environmental Protection Agency.

SECTION 5. LOAN NOT INDEBTEDNESS OF VILLAGE

Repayment of the loan to the Illinois Environmental Protection Agency by the Village pursuant to this Ordinance is to be solely from the revenue derived from the

revenues of the System, and the loan does not constitute an indebtedness of the Village within the meaning of any constitutional or statutory limitation.

SECTION 6. APPLICATION FOR LOAN

The Village Administrator is hereby authorized to make application to the Illinois Environmental Protection Agency for a loan through the Public Water Supply Loan Program, in accordance with the loan requirements set out in 35 Ill. Adm. Code 662.

SECTION 7. ACCEPTANCE OF LOAN AGREEMENT

The Corporate Authorities hereby authorize acceptance of the offer of a loan through the Public Water Supply Loan Program, including all terms and conditions of the Loan Agreement 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 project as approved by the Illinois Environmental Protection Agency in accordance with the terms and conditions of the Loan Agreement.

SECTION 8. OUTSTANDING BONDS

The Village has outstanding bonds that are payable from revenues of the system, but the outstanding bonds are not senior to, but on parity with, the loan authorized by this Ordinance.

SECTION 9. AUTHORIZATION OF VILLAGE PRESIDENT TO EXECUTE LOAN AGREEMENT

The Village President is hereby authorized and directed to execute the Loan Agreement with the Illinois Environmental Protection Agency. The Corporate Authorities may authorize by resolution a person other than the Village President for the sole purpose of authorizing or executing any documents associated with payment requests or reimbursements from the Illinois Environmental Protection Agency in connection with this loan.

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.

PRESENTED, PASSED AND APPROVED by the President and the Board of Trustees of the Village of Sugar Grove, Kane County, Illinois, on this **11th** day of **November 2026**.

_____
Sue Stillwell, Village President

_____
Tracey R. Conti, Village Clerk

BOARD VOTE:

	Aye	Nay	Absent	Abstain	Recuse
Trustee Heidi Lendi					
Trustee Matthew Bonnie					
Trustee Sean Michels					
Trustee Anthony Speciale					
Trustee Nora London					
Trustee Michael Roskopf					

EXHIBIT A

NOTICE OF INTENT TO BORROW FUNDS AND RIGHT TO FILE PETITION

NOTICE OF INTENT TO BORROW FUNDS AND RIGHT TO FILE PETITION NOTICE IS HEREBY GIVEN that, pursuant to Ordinance Number 20261110 VB2, adopted on November 10, 2026, the Village of Sugar Grove, Kane County, Illinois (the "Village"), intends to enter into a Loan Agreement with the Illinois Environmental Protection Agency in an aggregate principal amount not to exceed $4,000,000.00 and bearing annual interest at an amount not to exceed the maximum rate authorized by law at the time of execution of the Loan Agreement, for the purpose of paying the cost of certain improvement to the public water supply system of the Village of Sugar Grove. A complete copy of the Ordinance accompanies this notice.

NOTICE IS HEREBY FURTHER GIVEN that if a petition signed by 674 or more electors of the Village (being equal to 10% of the registered voters in the Village), requesting that the question of improving the public water supply system and entering into the Loan Agreement is submitted to the Village Clerk within 30 days after the publication of this Notice, the question of improving the public water supply system of the Village as provided in the Ordinance and Loan Agreement shall be submitted to the electors of the Village at the next election to be held under general election law on April 6, 2027. A petition form is available from the office of the Village Clerk.

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Tracey R. Conti, Village Clerk
Village of Sugar Grove, Kane County, Illinois

CERTIFICATION

I, Tracey Conti, do hereby certify that I am the duly qualified and acting Village Clerk of the Village of Sugar Grove. I do further certify that the above and foregoing, identified as Ordinance Number 20261110 VB2, is a true, complete and correct copy of an ordinance otherwise identified as AN ORDINANCE AUTHORIZING THE VILLAGE OF SUGAR GROVE, KANE COUNTY, ILLINOIS TO BORROW FUNDS FROM THE PUBLIC WATER SUPPLY LOAN PROGRAM, passed by the Village President and Board of Trustees of the Village of Sugar Grove on the 10th day of November, 2026, and approved by the Village President of the Village of Sugar Grove on the same said date, the original of which is part of the books and records within my control as Village Clerk of the Village of Sugar Grove.

Dated this November day of 10, 2026.

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Tracey R. Conti, Village Clerk
Village of Sugar Grove, Kane County, Illinois