

TITLE 35: ENVIRONMENTAL PROTECTION
SUBTITLE F: PUBLIC WATER SUPPLIES
CHAPTER II: ENVIRONMENTAL PROTECTION AGENCY

PART 662
PROCEDURES FOR ISSUING LOANS FROM THE
PUBLIC WATER SUPPLY LOAN PROGRAM

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AUTHORITY: Implementing and authorized by Sections 19.1 through 19.9 of the Illinois Environmental Protection Act [415 ILCS 5/19.1 through 19.9].

SOURCE: Emergency rule adopted at 21 Ill. Reg. 10091, effective July 17, 1997, for a maximum of 150 days; emergency expired on December 13, 1997; adopted at 22 Ill. Reg. 3782, effective February 10, 1998; amended at 24 Ill. Reg. 16245, effective November 1, 2000; emergency amendment at 33 Ill. Reg. 8674, effective June 2, 2009, for a maximum of 150 days; amended at 33 Ill. Reg. 15575, effective October 28, 2009; emergency amendment at 34 Ill. Reg. 8406, effective June 10, 2010, for a maximum of 150 days; emergency expired November 6, 2010; amended at 34 Ill. Reg. 17661, effective November 8, 2010.

SUBPART A: INTRODUCTION

Section 662.110 Purpose

The federal Safe Drinking Water Act Amendments of 1996 include a mechanism to provide capitalization grants to the states for the purpose of establishing drinking water revolving loan funds. 42 USC 300j-12 authorizes the Administrator of the United States Environmental

Protection Agency to enter into agreements with the states to establish these loan funds, and establishes specific requirements for the development and operation of the state loan programs. The Illinois General Assembly has created the Public Water Supply Loan Program (PWSLP), to be administered by the Illinois Environmental Protection Agency [415 ILCS 5/19.1 through 19.9]. This Part 662 sets out the procedures the Agency will use to operate the PWSLP, including the issuance of loans for the construction of public water supply facilities and the use of additional subsidization terms, including forgiveness of principal, negative interest rates, and grants to eligible applicants for the construction of drinking water facilities and other facilities that meet the federal green project reserve requirement.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.120 Administration

- a) The Public Water Supply Loan Program, an interest-bearing special fund, will be administered by the Agency as an instrumentality of the State of Illinois in accordance with the Operating and Capitalization Grant Agreements between the Agency and the USEPA in accordance with State and federal laws.
- b) Copies of forms that are required and sample language that can be used to satisfy the requirements of a PWSLP loan application can be obtained from the Illinois Environmental Protection Agency, Infrastructure Financial Assistance Section, 1021 North Grand Avenue East, Post Office Box 19276, Springfield, Illinois 62794-9276 and is also available at the Agency's website at <http://www.epa.state.il.us/water/forms.html#financial-assistance>.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.130 Definitions

- a) Unless specified otherwise, all terms shall have the meanings set forth in the Environmental Protection Act (Act) [415 ILCS 5] and the regulations adopted thereunder.

- b) For the purposes of this Part, the following definitions apply:

Addenda – Documents issued by the loan applicant after advertisement for bids, which modify or interpret the contract documents, drawings, and specifications, by additions, deletions, clarifications or corrections.

Agency – Illinois Environmental Protection Agency.

Billed Customers – The customers receiving a bill who are responsible for paying for water services.

Binding Commitment – A legal obligation between the Agency and a loan recipient to provide financial assistance from the Public Water Supply Loan Program to that loan recipient, specifying the terms and schedules under which assistance is provided. The loan agreement will be considered a binding commitment.

Building Cost – The cost of erection of construction contract line items. Building costs do not include preliminary planning, engineering, architectural, legal, fiscal, administrative or contingency costs.

Capitalization Grant – The actual federal funds received by the Agency for deposit into the PWSLP as a result of the capitalization grant agreement with the USEPA.

Capitalization Grant Agreement – The agreement entered into each federal fiscal year between the Agency and the USEPA for the purpose of providing a grant to capitalize the PWSLP and enable the Agency to provide assistance for PWSLP projects.

Change Order – A written order by the loan recipient to the contractor authorizing an addition, deletion or revision in the work within the general scope of the contract documents, or authorizing an adjustment in the contract price or contract time.

Construction – Any one or more of the following which is undertaken for a public purpose: preliminary planning to determine the feasibility of the public water supply facilities; engineering, architectural, legal, fiscal, or economic investigations or studies, surveys, designs, plans, working drawings, specifications, procedures or other necessary actions, erection, building, acquisition, alteration, remodeling, improvement or extension of public water supply facilities, or the inspection or supervision of any of the foregoing items.
[415 ILCS 5/19.2(d)]

Contract Documents – The contract, including but not limited to advertisement for bids, information for bidders, bid, bid bond agreement, payment bond, performance bond, notice of award, notice to proceed, change order, drawings, specifications, and addenda.

Dedicated Source of Revenue – The type of security and the basis of legal authorization that are dedicated by legislative enactment or other appropriate authority along with the applicable revenue source pledged for repayment and recorded in an account for the purpose of loan repayment to the PWSLP, which is sufficient to repay the principal and interest on the loan.

Design – All administrative, legal, and engineering tasks, subsequent to project

plan approval but prior to advertisement for bid proposal, associated with receiving approval of a loan application. This shall include the following: surveys, designs, plans, working drawings, specifications, soil investigations and any other tests or process determinations required to establish design criteria, and development of user charge systems.

Director – Director of the Illinois Environmental Protection Agency.

Energy Efficiency – The use of improved technologies and practices to reduce the energy consumption of drinking water projects, including projects to reduce energy consumption or produce clean energy used by a treatment works.

Environmentally Innovative Projects – Projects that demonstrate new and/or innovative approaches to managing water resources in a more sustainable way, including projects that achieve pollution prevention or pollutant removal with reduced cost and projects that foster adaptation of water protection programs and practices to climate change.

Facilities – Equipment or operating systems that are constructed, installed or established to serve the particular purpose of improving or augmenting sustainability for public water supplies and public water supply facilities in a watershed. Facilities may involve stand-alone projects or be involved as component pieces of public water supplies and public water supply projects. Facilities in the context of the Green Project Reserve will address green infrastructure, water and energy efficiency improvements and other environmentally innovative activities.

Fixed Loan Rate – The fixed loan rate shall be 1.25% for loans issued from funds provided under the PWSLP in federal fiscal years 2010 and 2011, extending through and including September 30, 2011. Thereafter, the fixed loan rate shall be determined on an annual basis by the procedures defined in Section 662.440 (Fixed Loan Rate) of this Part.

Fund – The Water Revolving Fund authorized by 415 ILCS 5/19.3, consisting of the Water Pollution Control Loan Program, the Public Water Supply Loan Program, and the Loan Support Program.

Green Infrastructure – Includes a wide array of practices at multiple scales that manage and treat stormwater and that maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains and wetlands, coupled with policies such as infill and redevelopment that reduces overall imperviousness in a watershed. On a local scale, green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, porous pavements and cisterns.

Green Project Reserve – The particular portion of a Capitalization Grant Agreement that is required to be set-aside or reserved, and that shall be used by the State for projects that address green infrastructure, water and energy efficiency improvements, and other environmentally innovative activities as directed by federal law.

Health Hazard Determination – A health hazard determination exists when concentrations of regulated contaminants, in a water supply, or concentrations of contaminants not otherwise regulated, exceed health effects standards published in U.S. Environmental Protection Agency (USEPA) Health Advisories, or by the Illinois Department of Public Health or by the Centers for Disease Control and Prevention or that otherwise pose an immediate threat to public health.

Initiation of Loan Repayment Period – The date in a loan agreement or amendment that establishes the beginning point of the loan repayment period.

Initiation of Operation – The date specified by the loan agreement on which use of the project began operation for the purposes that it was planned, designed and constructed.

Intended Use Plan – A plan which includes a description of the short and long term goals and objectives of the PWSLP, project categories, terms of financial assistance, communities and population benefitted. [415 ILCS 5/19.2(e)]

Interest Rate – Not less than one-half of the Fixed Loan Rate rounded to the nearest .01%.

Loan Agreement – The contractual agreement between the Agency and the local government unit or privately owned community water supply that contains the terms and conditions governing the loan issued from the PWSLP.

Loan Applicant – A local government unit or privately owned community water supply that has applied for a loan from the PWSLP for construction of public water supply facilities.

Loan Commitment Letter – The letter that is sent by the Agency to the loan applicant that reserves loan funds and identifies the requirements that must be satisfied prior to the execution of the loan agreement.

Loan Procedures – The procedures for issuing loans from the Public Water Supply Loan Program as set out in this Part 662.

Loan Recipient – A local government unit or privately owned community water supply that has been provided a loan for construction of public water supply

facilities from the PWSLP and that will own and be responsible for the operation and maintenance of the community water supply facility.

Loan Support Rate – Not more than one-half of the Fixed Loan Rate rounded to the nearest .01%.

Local Government Unit – A county, municipality, township, municipal or county sewerage or utility authority, sanitary district, public water district, improvement authority or any other political subdivision whose primary purpose is to construct, operate and maintain wastewater treatment facilities or public water supply facilities or both. [415 ILCS 5/19.2(g)]

Market Interest Rate – The mean interest rate of the 20 General Obligation Bond Buyer Index, from October 1 to September 30 of the preceding federal fiscal year rounded to the nearest .01%.

Maximum Contaminant Level (MCL) – The maximum permissible level of a contaminant in water that is delivered to any user of a public water system.

Operating Agreement – The agreement between the Agency and the USEPA that establishes the policies, procedures and activities for the application and receipt of federal capitalization grant funds for capitalization of the PWSLP.

Principal – All disbursements, including interest and loan support accrued on the disbursements, that will be financed at the time the repayment schedule period begins.

Privately Owned Community Water Supply – An investor-owned water utility, if under Illinois Commerce Commission regulation and operating as a separate and distinct water utility; a not-for-profit water corporation, if operating specifically as a water utility; and a mutually owned or cooperatively owned community water system, if operating as a separate water utility. [415 ILCS 5/19.2]

Project – The activities or tasks the Agency identifies in the loan agreement for which the loan recipient may expend loan funds.

Project Priority List – An ordered listing of projects developed in accordance with the priority system described in 35 Ill. Adm. Code 663: Subpart B (Procedures for Calculating the Loan Priority Index) that the Agency has determined are eligible to receive financial assistance from the PWSLP.

PWSLP – The Public Water Supply Loan Program as authorized by Section 19.2 of the Environmental Protection Act [415 ILCS 5/19.2].

Responsible Bid – A bid that demonstrates the apparent ability of the bidder to

successfully meet all the requirements specified in the contract documents. Information required to demonstrate responsibility may be corrected or submitted after bid opening.

Responsive Bid – A bid that complies with all meaningful or material aspects of the contract documents. The bid must constitute a definite and unqualified offer to meet the material requirements of the contract documents including any terms that affect price, quality, quantity or time of delivery, or are clearly identified in the contract documents to be complied with at the risk of bid rejection for non-responsiveness. Bid defects resulting in a non-responsive bid may not be corrected after the bid opening.

SDWA – The federal Safe Drinking Water Act, as amended (42 USC 300f).

Source of Revenue – The revenues of the system, including accounts receivable and the proceeds that are sufficient to repay the principal and interest on the loan.

Subagreement – A written agreement between the loan recipient and another party and any tier of agreement thereunder to furnish services, supplies, or equipment necessary to complete the project for which a loan was provided, including contracts for personal and professional services and purchase orders.

Treatment Technique Requirement – An enforceable procedure developed by USEPA when it is not economically or technologically feasible to ascertain the level of a contaminant. Public water supplies must follow this procedure and treat their drinking water supplies according to USEPA specifications to ensure the contaminant is controlled.

Useful Life – The estimated period during which a public water supply facility is intended to be operable.

USEPA – The United States Environmental Protection Agency.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.140 Incorporations by Reference

- a) The following California State University Sacramento School of Engineering (Office of Water Programs, 6000 J Street, Sacramento CA 95819-6025) publications are incorporated by reference:
 - 1) Small Water System Operation and Maintenance, Third Edition, 1995;
 - 2) Water Distribution System Operation and Maintenance, Third Edition, 1996;

- 3) Water Treatment Plant Operation, Volume I, Third Edition, 1996 and Volume II, Second Edition, 1995.
- b) This Part 662 incorporates no future editions or amendments.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

SUBPART B: FEDERAL REQUIREMENTS FOR THE PUBLIC WATER SUPPLY LOAN PROGRAM

Section 662.210 Uses of the Public Water Supply Loan Program

- a) *To accept and retain funds from grant awards, appropriations, transfers and payments of interest and principal;*
- b) *To make direct loans at or below market interest rates and to provide additional subsidization, including, but not limited to, forgiveness of principal, negative interest rates, and grants, to any eligible local government unit or to any eligible privately owned community water supply to finance the construction of public water supplies and projects that fulfill the federal State Revolving Fund grant requirements for a green project reserve;*
- c) *With respect to funds provided under the American Recovery and Reinvestment Act of 2009, to make direct loans at or below interest rates to any eligible local government unit or to any eligible privately owned community water supply, and to provide additional subsidization to any eligible local government unit or to any eligible privately owned community water supply, including, but not limited to, forgiveness of principal, negative interest rates, and grants;*
- d) *With respect to funds provided under the American Recovery and Reinvestment Act of 2009, to buy or refinance the debt obligation of a local government unit for costs incurred on or after October 1, 2008;*
- e) *With respect to the funds provided under the American Recovery and Reinvestment Act of 2009, to provide additional subsidization, including, but not limited to, forgiveness of principal, negative interest rates, and grants for a local government unit for costs incurred on or after October 1, 2008;*
- f) *To make direct loans at or below market interest rates and to provide additional subsidization, including, but not limited to, forgiveness of principal, negative interest rates, and grants, to any eligible local government unit or to any eligible privately owned community water supply to buy or refinance debt obligations for costs incurred on or after July 17, 1997 for construction of water supplies, and projects that fulfill federal State Revolving Fund grant requirements for a green*

project reserve;

- g) *To guarantee local obligations where such action would improve credit market access or reduce interest rates;*
- h) *As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State, if the proceeds of such bonds will be deposited in the PWSLP;*
- i) *To transfer funds to the Water Pollution Control Loan Program. [415 ILCS 5/19.3(d)]*

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.220 Agency Responsibilities Under the Federal Safe Drinking Water Act

The Agency will prepare an Intended Use Plan (IUP) and negotiate an Operating Agreement with USEPA, which will be the basis for the Capitalization Grant Agreement. These documents establish the procedures, activities and assurances for operation of the PWSLP, including but not limited to the following:

- a) Grant payments will be accepted in accordance with a payment schedule established jointly by the Agency and the USEPA;
- b) In satisfaction of the requirements of the Capitalization Grant Agreement, State match will be deposited into the PWSLP according to an agreed upon schedule;
- c) A listing and description of projects on the Project Priority List to be provided financial assistance, the terms of financial assistance and the size of the community served;
- d) The loan repayment period cannot exceed 20 years beyond the earlier of the initiation of operation date or the initiation of the loan repayment period;
- e) All repayments of loan principal and interest shall be deposited into the PWSLP;
- f) Biennial reporting to the USEPA on the Agency's activities under the federal Safe Drinking Water Act;
- g) A description of the criteria and methods used for distribution of funds; and
- h) A description of the financial status of the PWSLP.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.230 Green Project Reserve

Amounts required by the terms of the Capitalization Grant Agreement shall be for projects to address green infrastructure, water and energy efficiency improvements and environmentally innovative activities.

AGENCY NOTE: Loan applicants and other interested parties may obtain additional information on current Green Project Reserve amounts and guidance by accessing the Agency's website at: <http://www.epa.state.il.us/water/financial-assistance> or by telephone at 217/782-2027. This information will be added to this rule.

(Source: Added at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.240 Principal Forgiveness

All financial assistance from the PWSLP shall be in the form of low interest loans, with principal forgiveness terms used and applied as necessary to meet specific requirements of the federal Capitalization Grant Agreement. The availability, amounts, limitations and method of distribution for any principal forgiveness of the loan amount shall be determined by the Director of the Agency based upon USEPA requirements and the terms of the Capitalization Grant Agreement, economic conditions, status of the Fund and other relevant criteria.

AGENCY NOTE: Loan applicants and other interested parties may obtain additional information on current principal forgiveness terms by accessing the Agency's website at: <http://www.epa.state.il.us/water/financial-assistance> or by telephone at 217/782-2027. This information will be added to this rule.

(Source: Added at 34 Ill. Reg. 17661, effective November 8, 2010)

SUBPART C: LIABILITIES AND REMEDIES FOR FAILURE TO COMPLY WITH LOAN PROCEDURES

Section 662.310 Noncompliance with Loan Procedures

- a) In the event of noncompliance with any condition or obligation arising out of the loan, including any action that would jeopardize or compromise the source of revenue for repayment of the loan or security interest, the Director may take any necessary action as provided by law or by the loan agreement against the loan recipient including, but not limited to, one or more of the following actions:
 - 1) Commence legal action in a court of competent jurisdiction;
 - 2) Declare all amounts under the loan immediately due and payable, enforce any security, and recover all loan funds;

- 3) Terminate the loan pursuant to Section 662.330 (Termination) of this Subpart;
 - 4) Suspend all or part of the project work pursuant to Section 662.320 (Stop-Work Order) of this Subpart;
 - 5) Reduce the amount of the loan by the amount of misused funds; or
 - 6) Unilaterally adjust the fixed loan rate of the loan agreement to the current market interest rate.
- b) No action shall be taken under this Section without notice to the loan recipient.
- c) In determining whether to take action the Agency shall, at a minimum, consider mitigating or aggravating factors, including but not limited to the severity and number of the violations; whether the violation is a continuing one; whether the loan recipient can remedy the violation; and whether the loan recipient remains capable of complying with the approved project work.

(Source: Amended at 33 Ill. Reg. 15575, effective October 28, 2009)

Section 662.320 Stop-Work Order

- a) In the event of any violation of this Part 662 or non-compliance with the terms of the loan agreement, the Agency may, by written order, require the loan recipient to stop all or any part of the project work for a period of not more than 30 days after the date of the order, and for any further period to which the parties may agree. Any such order shall include a list of the project activities to which it applies. Upon receipt of a stop-work order, the loan recipient shall immediately comply with its terms and shall minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within 30 days after the date of the stop-work order, or within the period of any extension to which the parties have agreed, the Agency shall:
- 1) Cancel the stop-work order upon resolution of the violation or cause leading to that stop-work order; or
 - 2) Terminate the work covered by the stop-work order as provided in Section 662.330(a) of this Subpart.
- b) If a stop-work order is canceled or the period of the order or any extension thereof expires, the loan recipient shall resume work. An adjustment may be made in the loan period, the project period, the loan amount, or any combination of these, and the loan amended accordingly, if the loan recipient asserts a written claim for such an adjustment within 30 days after the end of the work stoppage.

- c) All costs that are incurred by the loan recipient after the receipt of a stop-work order or during any agreed to extension of the stop-work order period to which the Agency and the loan recipient have agreed, shall be deemed unallowable costs unless otherwise authorized by the Agency in writing or authorized under the loan procedures.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.330 Termination

- a) Loan Termination by the Agency

The Agency, by written notice to the loan recipient, may terminate the loan in whole or in part. Cause for termination shall include, but not be limited to, failure by the loan recipient to comply with the terms and conditions of the loan. Upon loan termination, the loan recipient shall refund any unexpended loan funds to the State of Illinois to be deposited in the PWSLP, except for such portion as may be required to pay the allowable costs of materials and equipment furnished or services rendered under an enforceable contract prior to the effective date of the termination.

- b) Project Termination by the Loan Recipient

A loan recipient who wishes to terminate a project for which the loan has been provided must submit a written request to the Agency that documents good cause for the proposed termination. If the Agency agrees that there is good cause for termination of all or any portion of the project, it shall enter into a termination agreement with the recipient or unilaterally terminate the loan. If the Agency finds that the loan recipient has terminated the project without good cause, it shall declare the loan in default, and all loan funds previously paid to the loan recipient, together with interest thereon, shall be returned to the State of Illinois in accordance with a schedule established by the Agency for deposit into the PWSLP. Good cause to terminate a loan project includes, but is not limited to:

- 1) Changes in economic circumstances within the loan recipient's service area; and
- 2) Information that the approved treatment technology will not perform as originally anticipated.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.340 Waiver of Procedures

- a) Except as provided in subsection (b) of this Section or otherwise required by law, the Director may waive any of the loan procedures, either in whole or in part, by a written statement to the loan applicant, either as a special condition of the loan or otherwise, provided the Director finds that the procedure or requirement to be waived is not necessary to insure the integrity of the project, will not reduce an applicant's ability to repay the loan to the Agency or will not, in general, weaken the financial position of the PWSLP. The waiver may be subject to such additional conditions the Director deems necessary.
- b) The following procedures will not be waived:
- 1) Section 662.410 (Project Priority Determination) of this Part
 - 2) Section 662.440 (Fixed Loan Rate) of this Part
 - 3) Section 662.510 (Loan Applicant's Responsibilities During Project Planning) of this Part
 - 4) Section 662.520 (State Environmental Review) of this Part
 - 5) Section 662.620(d)(3) (Wage Provisions) of this Part
 - 6) Section 662.620(d)(4) (Disadvantaged Business Enterprise Requirements) of this Part
 - 7) Section 662.620(d)(5) (Debarment and Suspension Certification) of this Part
 - 8) Section 662.630(a)(1) (Disadvantaged Business Enterprise Requirements) of this Part
 - 9) Section 662.630(a)(4) (Debarment and Suspension Certification) of this Part
 - 10) Section 662.740 (Operation and Maintenance of the Project) of this Part
 - 11) Section 662.910 (Operation, Maintenance and Replacement Revenue System) of this Part
 - 12) Section 662.930 (Dedicated Source of Revenue for Units of Local Government) of this Part
 - 13) Section 662.935 (Source of Revenue and Security for Privately Owned Community Water Supplies) of this Part.

- c) Notwithstanding subsections (b)(10) and (b)(11), Sections 662.740 and 662.910 of this Part can be waived for projects that fulfill federal State Revolving Fund grant requirements for the green project reserve.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

SUBPART D: PROCEDURES FOR ISSUANCE OF LOANS

Section 662.410 Project Priority Determination

- a) Financial assistance from the PWSLP will be provided for projects on the Project Priority List developed by the Agency pursuant to 35 Ill. Adm. Code 663.
- b) The Project Priority List sets out the priority for receipt of loans for each loan applicant. Priorities will be established in accordance with 35 Ill. Adm. Code 663 after the receipt by the Agency of both loan pre-applications pursuant to Section 662.420 (Pre-Applications for Financial Assistance and Identification of Projects to be Funded) of this Part and approved Project Planning pursuant to Section 662.510 (Loan Applicant's Responsibilities During Project Planning) and Section 662.520 (State Environmental Review) of this Part. For a project represented by loan pre-applications only, the Agency will provide limited priority scoring for inclusion of the project on the Project Priority List.
- c) Projects included on the Intended Use Plan will be selected from projects on the Project Priority List in priority order, provided the project has an approved Project Plan and is scheduled to initiate construction by March 31 of the subsequent federal fiscal year.
- d) **Cash Flow Demand Funding**
The available funds for a project may be decreased by the Agency to reflect the amount of funds needed to meet cash flow demands for that project during the current funding cycle or to accommodate the funding constraints of the PWSLP. Projects that receive adjustments to meet cash flow demands or to accommodate the funding constraints of the PWSLP may be afforded an opportunity for additional funding in future funding cycles as funds become available under the terms and interest rate available in that funding cycle.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.420 Pre-Applications for Financial Assistance and Identification of Projects to be Funded

- a) Every loan applicant shall submit to the Agency a signed and dated pre-application form that includes at a minimum the following items:

- 1) Legal name of applicant and eligibility status;
 - 2) Address;
 - 3) Authorized representative-name and title;
 - 4) Reason for project;
 - 5) Number of billed customers;
 - 6) Project description;
 - 7) Cost estimate; and
 - 8) Project schedule.
- b) Loan applicants seeking financial assistance, during any federal fiscal year commencing October 1, must file a new pre-application annually by the preceding March 31 to qualify for possible inclusion in the Intended Use Plan.
- c) A project with approved project planning may be added to the Project Priority List at any time by the submission of a pre-application.
- d) The Agency shall publish a list of the projects that are proposed for funding. These projects will be included in the Intended Use Plan.
- e) After January 1 of each year, the Agency may bypass projects on the Intended Use Plan that cannot meet the schedule to initiate construction by March 31 of that year. The Agency will evaluate projects in priority order and may offer loan commitments to other projects on the Project Priority List in accordance with Section 662.430 (Financial Assistance Application and Approval) of this Subpart.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.430 Financial Assistance Application and Approval

- a) In order to issue a loan commitment letter, the Agency must have received the following documents:
- 1) A completed Loan Application Form for financial assistance (Appendix B, Exhibit A), which will necessarily include the following certifications and authorizations with regard to the proposed project:
 - A) Loan Program Certifications;

- B) Certification Regarding Debarment, Suspension and Other Responsibility Matters;
 - C) Certification of Intent Regarding National Flood Insurance;
 - D) Certification Regarding Project Site, Rights-of-Way, Easements and Permits; and
 - E) Authorization of a Representative to Sign Loan Documents;
- 2) An approved project plan in accordance with Section 662.510 (Loan Applicant's Responsibilities During Project Planning) of this Part;
- 3) A completed Financial Information Checklist (Appendix B, Exhibit B), which will necessarily address the following requirements:
- A) An enacted ordinance authorizing the bonds, notes or other evidence of indebtedness to be delivered to the Agency;
 - B) Proof of publication of the ordinance and any notice required by State statute, when applicable;
 - C) When applicable, an approved operation, maintenance and replacement revenue system in accordance with Section 662.910 (Operation, Maintenance and Replacement Revenue System) of this Part;
 - D) Documentation to support the loan applicant's ability to repay the loan in accordance with Sections 662.620 (Financial Capability), 662.930 (Dedicated Source of Revenue for Local Government Units) and 662.935 (Source of Revenue and Security for Privately Owned Community Water Supplies) of this Part;
 - E) A legal opinion from the loan applicant's legal counsel with respect to the validity and enforceability of the loan applicant's obligations and the absences of conflicts with other agreements, bonds or ordinances; and
 - F) A Tax Exemption Certificate and Agreement;

AGENCY NOTE: Guidance for loan applicants on the satisfaction of financial requirements detailed in subsections (a)(3)(A) through (F) is provided in Appendix B, Exhibit B.

- 4) Design documents, including plans and specifications, with a construction permit or "authorization to construct" from the Agency, pursuant to the provisions of Sections 14 through 17 or Sections 39 and 40 of the Environmental Protection Act [415 ILCS 5/14 through 17, 39 and 40], whichever is applicable;
 - 5) A project completion schedule;
 - 6) When necessary, an executed inter-governmental agreement necessary for project implementation;
 - 7) An executed contract for design and construction related work in accordance with Section 662.630 (Contracts for Personal and Professional Services) of this Part if financing is being requested for these specific costs;
 - 8) An EPA Form 4700-4, Compliance Report; and
 - 9) Any other executed legal agreements necessary for project implementation.
- b) In addition to the items identified in subsection (a), the Agency must have received a completed Bid Certification Forms (Appendix B, Exhibit C) and all other relevant attachments before it will issue the Loan Agreement. Key elements of the bid package that are required by the Bid Certifications Form include the following items:
- 1) A certified copy of the published bid advertisement or advertisements;
 - 2) The bid tabulations and selected bidder's proposal, along with a summary of any addenda issued by the loan applicant, if applicable;
 - 3) An analysis of the bids and recommendations for the award of the bids;
 - 4) The notice of the applicant's intent to award;
 - 5) A summary of the evidence that the contractor and engineer have met the disadvantaged business enterprise requirements pursuant to 40 CFR 33; and
 - 6) Certification from the loan applicant that all other bid requirements have been satisfied, including bid bond requirements, certifications and other legal documents required by State and federal law.

AGENCY NOTE: Guidance for loan applicants on the satisfaction of disadvantaged business enterprise requirements detailed in subsection (b)(5) can be found on the Agency's website at:
<http://www.epa.state.il.us/water/forms.html#financial-assistance>.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.440 Fixed Loan Rate

- a) The fixed loan rate is comprised of an interest rate and a loan support rate. The fixed loan rate charged for a PWSLP loan shall be a simple annual rate at one-half the market interest rate.
- b) Notwithstanding subsection (a), for federal fiscal years 2010 and 2011, extending through and including September 30, 2011, the fixed loan rate charged for all loans from the PWSLP shall be a simple annual rate of 1.25%.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.450 Refinancing

- a) Design costs set forth in Section 662.460 (Limitation on Design Cost) of this Subpart, and bidding costs related to eligible construction contracts incurred prior to the award of the loan agreement, are eligible for refinancing.
- b) Costs under a construction contract executed prior to the award of the loan agreement shall be eligible for refinancing only when the following conditions apply:
 - 1) The project is necessary to correct a health hazard determination, or the project is under an enforceable order to correct maximum contaminant level or treatment technique requirement violations, or project costs are associated with drilling and testing wells for source water quantity and quality; and
 - 2) The project costs in subsection (b)(1) were incurred and construction was initiated after July 17, 1997; and
 - 3) The loan applicant has received written approval from the Agency prior to the award of the construction contract.
- c) Project costs refinanced shall receive the terms and interest rate available for the federal fiscal year that the loan agreement is issued.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.460 Limitation on Design Cost

Allowable costs for design of the loan project will be limited to the actual cost incurred for design up to a maximum percentage of the allowable as bid construction cost.

- a) For allowable as bid construction costs of \$500,000 or less, the design will be funded up to 15%;
- b) For allowable as bid construction costs of \$500,001 to \$2,000,000, the design will be funded up to 12%;
- c) For allowable as bid construction costs of \$2,000,001 to \$5,000,000, the design will be funded up to 10%;
- d) For allowable as bid construction costs of \$5,000,001 to \$10,000,000, the design will be funded up to 8%; and
- e) For allowable as bid construction costs of more than \$10,000,000, the design will be funded up to 7%.

Section 662.470 Limitation on Loan Assistance

- a) For each of federal fiscal years 2010 and 2011 extending through and including September 30, 2011, the amount of financial assistance from the PWSLP to a loan applicant cannot exceed total eligible project costs or \$10,000,000, whichever is less. Loan applicants with multiple projects will be limited by the aggregate amount of their projects in relation to these limitations.
- b) For federal fiscal years 2012 and beyond, the Director of the Agency shall establish the annual limitations on loan assistance prior to the beginning of each federal fiscal year by considering the status of the Fund, capitalization grant amounts, economic conditions and requirements established by USEPA.

AGENCY NOTE: Loan applicants and other interested parties will be provided access to the Director's draft decision, which will be provided on the Agency's website followed by a public hearing with a comment period before a final decision is rendered. The information will be provided at <http://www.epa.state.il.us/water/financial-assistance> or by telephone at 217/782-2027 and will be added to this rule.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.480 Loans to Privately Owned Community Water Supplies

Loans to privately owned community water supplies as defined in Section 662.130 (Definitions) of this Part, shall be limited as follows:

- a) For the time period November 1, 2000 to November 1, 2002, eligible privately owned community water supplies with 1,000 billed customers or greater can receive a loan from the Public Water Supply Loan Program.
- b) After November 1, 2002, eligible privately owned community water supplies with 500 billed customers or greater can receive a loan from the Public Water Supply Loan Program.
- c) After November 1, 2005, eligible privately owned community water supplies with 100 billed customers or greater can receive a loan from the Public Water Supply Loan Program.

(Source: Added at 24 Ill. Reg. 16245, effective November 1, 2000)

SUBPART E: PROJECT PLANNING REQUIREMENTS FOR LOAN PROJECTS

Section 662.510 Loan Applicant's Responsibilities During Project Planning

- a) The loan applicant shall provide project planning, which shall consist of plans and studies that are directly related to the construction of public water supply facilities and/or other facilities that fulfill federal State Revolving Fund grant requirements for the green project reserve, to maintain compliance with applicable State and federal requirements as specified in 35 Ill. Adm. Code: Subtitle F and the federal Safe Drinking Water Act, while recognizing social, environmental, and economic conditions. The planning shall provide documentation on the need for the facilities for which loan assistance is being requested.
- b) If any information required to be furnished as part of a project plan has been developed separately, it shall be furnished and incorporated by reference into the project plan. Planning previously or collaterally accomplished under local, State or federal programs may be utilized to the extent applicable.
- c) The project plan shall be submitted to the Agency for approval. Where applicable, the applicant shall also submit drafts of any legally enforceable agreements or demonstrations of legal authority necessary to plan implementation.
- d) The project plan may include more than one construction project and may provide the basis for several subsequent projects. The Agency shall review any project plan that has previously served as the basis for a loan, to determine if changes have occurred that require amendment of the plan for the subsequent project. If substantial changes have occurred that warrant revision or amendment of the plan

as specified in Section 662.520 of this Subpart, the loan applicant shall revise or amend and resubmit it for Agency approval in accordance with Section 662.520(a) and (b).

- e) A project plan shall include the following elements in sufficient detail to, at minimum, comply with all applicable construction permit supporting data requirements of 35 Ill. Adm. Code 652.104:
 - 1) A complete description of the public water supply system or other system, identification of any existing violations of federal or State public water supply regulations, and identification of the needs to be addressed by the proposed project.
 - 2) A discussion of the technical, financial, managerial and environmental considerations that form the basis for the applicant's selection of the recommended project. When appropriate to the project scope, the following issues must be addressed:
 - A) The relationship of the nature, size and capacity of the selected alternative to the needs to be served, including reserve capacity;
 - B) A discussion of the operational requirements of the selected alternative and provisions for disposal of waste by-products in accordance with State requirements;
 - C) An inventory of the relative environmental impacts of the selected alternative and a discussion of the measures that would be required during design and construction to mitigate or minimize negative environmental impacts; and
 - D) Adequate basis of design information for the selected alternative to confirm the reasonability of cost estimates.
 - 3) A detailed description of the alternative selected for loan assistance, including preliminary engineering data, complete cost estimates for design and construction, one or more 8.5 by 11 inch sites maps locating areas of construction and/or indirect impacts, and a projected schedule for completion. The engineering data shall include, to the extent appropriate, flow diagrams, unit process descriptions, detention times, flow rates, unit capacities, etc., sufficient to demonstrate the project proposed will be designed in accordance with 35 Ill. Adm. Code 651 through 654.
 - 4) Any required comments or approvals from relevant federal, State, interstate, regional or local agencies, including, at a minimum, comments from the Illinois Historic Preservation Agency and the Illinois Department

of Natural Resources.

- 5) An implementation plan for the proposed recommendations, including necessary financial arrangements for operating the facility and repayment of the proposed loan amount, as well as the impact of these costs on the system users.
- 6) Information sufficient to support a determination as to whether the project may qualify as water efficiency, energy efficiency, green infrastructure or environmental innovation.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.520 State Environmental Review

- a) Prior to making a final determination on the acceptability of any project plan, the Agency shall undertake an environmental review. The Agency may categorically exclude certain classes of projects from environmental review when, by virtue of their limited scope, the projects have no potential for negative environmental impacts.
- b) The Agency shall not begin its environmental review until it has determined that the project plan conforms to the requirements of Section 662.510 (Loan Applicant's Responsibilities During Project Planning) of this Subpart, and that, based on the information available, all reasonable measures have been taken in the planning to avoid and mitigate negative environmental impacts.
- c) The scope of the Agency's environmental review shall include, but not be limited to, an assessment of the impacts of both the loan funded project and the overall planning on rare and endangered species, historic and cultural resources, prime agricultural land, air and water quality, recreational areas, wetlands, floodplains and other sensitive environmental areas. The review shall also assess the direct and indirect impacts of construction.
- d) For all projects requiring an environmental review, the Agency will assess the environmental impacts of the proposed project and prepare a written Preliminary Environmental Impacts Determination (PEID). The public will be given an opportunity to comment on the project plan and the Agency's environmental impacts assessment.
- e) The PEID shall be mailed to the loan applicant and other interested parties, inviting public comment. The loan applicant shall hold a public hearing on the plan and the Agency's PEID for the purpose of obtaining public comments. The public hearing shall be held within 60 days after the receipt of the Agency's PEID or within an alternative time period that is justified by the loan applicant and

approved by the Agency. The loan applicant shall allow an additional 10 days from the date of the public hearing for the submission of written comments from the public.

- f) The time and place of the public hearing shall be conspicuously and adequately announced at least 10 days before the hearing. In addition, the Agency's PEID document shall be displayed at a convenient local site sufficiently prior to the hearing to obtain a level of public participation appropriate to the scope and impacts of the proposed project.
- g) The loan applicant shall provide the Agency with an accurate summary of all public comments received, together with any proposed amendments to the plan made in response to these comments.
- h) Upon receipt of this public hearing summary and after the expiration of the 10 day written comment period, the Agency shall issue:
 - 1) An unconditional approval of the plan (original or as amended); or
 - 2) A conditional approval of the plan with special conditions; or
 - 3) A disapproval of the plan based on evidence of significant negative environmental impacts for which appropriate mitigative measures have not been identified; or
 - 4) A determination of the need for an Environmental Impact Statement (EIS) under the National Environmental Policy Act (42 USC 4332). The Agency may change its disapproval to approval or conditional approval based on the recommendations of the EIS.
- i) For projects categorically excluded from the environmental review process, the Agency shall provide to the applicant a Notice of Intent to Issue a Categorical Exclusion. The applicant shall publish the Agency Notice of Intent in a newspaper of local record, and provide public access to the planning documents and the Agency Notice of Intent and allow 10 days for written public comment. If no valid objection is raised to the Categorical Exclusion, the Agency shall issue an unconditional approval of the project plan. Should valid concerns be raised over potential environmental impacts, the Agency shall proceed with an environmental review under this Section 662.520 or issue a conditional approval where the applicant incorporates mitigative measures that would clearly resolve the environmental concerns.
- j) Agency approval of a project plan shall be valid for purposes of loan funding for a period of 5 years, after which time the plan must be updated and resubmitted to the Agency for review and approval. The Agency shall prepare a revised environmental review and provide an opportunity for public comment.

- k) At any time within 5 years from the date of project plan approval, the Agency may rescind its approval and require the planning to be amended, if there are changes to the scope of proposed construction or significant alterations to planning area conditions or underlying assumptions that might alter previous conclusions regarding environmental impacts or cost analyses. For projects where the amended planning would result in substantial changes in environmental or economic impacts, the Agency may require public comment prior to granting approval of the amended plan.
- l) Additions to the project scope or changes to the location of proposed construction activity shall require an amendment to an approved project plan. Where the Agency determines that the proposed changes will not alter the previous environmental impacts findings, it will approve planning amendments by letter. In other cases, additional environmental review and public comment may be required.
- m) Agency project planning determinations made in accordance with subsections (h) and (i) shall be subject to the provisions of the Illinois Administrative Procedure Act [5 ILCS 100].

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

SUBPART F: REQUIREMENTS APPLICABLE TO SUBAGREEMENTS

Section 662.610 Requirements for Subagreements

The intent of this Subpart is to provide for maximum open and free competition in the procurement of materials, goods and services for the construction of projects funded from the PWSLP. Any procurement method, except as allowed under this Part, that significantly minimizes open and free competition will be prohibited. The following procedures shall apply to subagreements:

- a) **Local Preference**
Local laws, ordinances, regulations or procedures that are designed to or operate to give local or in-state bidders or proposers preference over other bidders or proposers shall not be used in evaluating bids or proposals for subagreements under PWSLP loans.
- b) **Profits**
Only fair and reasonable profits may be earned by contractors in subagreements under PWSLP loans. Profit included in a formally advertised, competitively bid, fixed price construction contract awarded pursuant to Section 662.620 (Construction Contracts) of this Subpart is presumed to be reasonable. If a subagreement is not competitively bid, the loan recipient shall submit to the

Agency its basis for determination of reasonable profit.

- c) **Loan Recipient Responsibility**

The loan recipient shall be responsible for the administration and successful accomplishment of the project for which PWSLP loan assistance is provided. The loan recipient shall be responsible for the settlement and satisfaction of all contractual and administrative issues arising out of subagreements, including, but not limited to, issuance of invitations for bids or requests for proposals, selection of contractors, award of contracts, protests of award, claims, disputes, and other procurement matters. With the prior written consent of the Agency, these functions may be performed for the loan recipient by an individual or firm retained for that purpose. Such an individual or firm shall be deemed the loan recipient's agent, and shall be subject to all the provisions of the loan agreement, including this Part 662, that apply to the loan recipient.
- d) **Privity of Contract**

Neither the Agency nor the State of Illinois shall be a party to any subagreement (including contracts or subcontracts), or to any solicitation or request for proposals thereunder.
- e) **Subagreements shall:**
 - 1) Be directly related to the accomplishment of the loan recipient's approved work program;
 - 2) Be in the form of an executed written agreement (except for small purchases of \$25,000 or less);
 - 3) Be for monetary or in-kind consideration; and
 - 4) Not be in the nature of a grant or gift.
- f) **Documentation**
 - 1) Procurement records and files for purchases in excess of \$25,000 shall include the following:
 - A) The basis for contractor selection;
 - B) The justification for lack of competition if competition appropriate to the type of project work to be performed is required but not obtained; and
 - C) The basis for award cost or price.

- 2) Procurement documentation as described in subsection (f)(1) shall be retained by the loan recipient or contractors for the period required by Section 662.820 (Audit and Records) of this Part.
- g) Subagreements shall only be awarded to persons or organizations that:
- 1) Have adequate financial resources for performance;
 - 2) Have the necessary experience, organization, technical qualifications, and facilities, or a firm commitment, arrangement, or ability to obtain these requirements;
 - 3) Have the staffing sufficient to comply with the proposed or required completion schedule for the project;
 - 4) Have a satisfactory record of integrity, judgment and performance;
 - 5) Have an adequate financial management system and audit procedure that is consistent with auditing standards generally accepted in the United States of America;
 - 6) Maintain a standard of procurement in accordance with this Part 662;
 - 7) Maintain a property management system that provides adequate procedures for the acquisition, maintenance, safeguarding and disposition of all property; and
 - 8) Conform to the civil rights, equal employment opportunity (Appendix A, Exhibit D) and labor law requirements of this Part 662.
- h) Fraud and Other Unlawful or Corrupt Practices
- 1) The obtaining and administration of loans from the PWSLP, and of subagreements awarded by loan recipients, shall be free from bribery, graft, kickbacks, and other corrupt practices. The loan recipient shall bear the primary responsibility for prevention and detection of such conduct and for cooperation with appropriate authorities in the prosecution of any such conduct.
 - 2) The loan recipient shall effectively pursue available State or local legal and administrative remedies, and take appropriate remedial action with respect to any allegations or evidence of illegality or corrupt practices that are brought to its attention. The loan recipient shall advise the Agency immediately when any such allegation or evidence comes to its attention, and shall periodically advise the Agency of the status and ultimate

disposition of any matter.

i) Negotiation of Subagreements

All subagreements greater than \$25,000 shall be awarded by formal advertising unless the loan recipient determines, and the Agency concurs, that it is impracticable and infeasible to use formal advertising. Negotiated contracts must be competitively awarded to the maximum practicable extent and not be in conflict with other State statutes. Procurements may be negotiated by the loan recipient, if approved by the Agency, for the following reasons:

- 1) Public exigency, as evidenced by governmental declaration, will not permit the delay incident to advertising (e.g., an emergency procurement); or
- 2) The materials or services to be procured are available from only one person or firm; or
- 3) The procurement is for personal or professional services, or for any services to be rendered by an educational institution; or
- 4) No responsive, responsible bids at acceptable price levels have been received after formal advertising; or
- 5) The procurement is for material or services where the prices are established by law; for technical items or equipment requiring standardization and interchangeability of parts with existing equipment; for experimental, developmental or research work; for highly perishable materials; for resale; or for technical or specialized supplies requiring substantial initial investment for manufacture.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.620 Construction Contracts

The following procedures shall apply to construction contracts (subagreements) awarded by loan recipients for the construction phase only. They shall not apply to personal and professional service contracts.

- a) The contract documents to be submitted to the Agency shall require a bid bond or cashier's check for not less than 5% of the bid amount, executed contract, performance and payment bonds for the bid amount, certificate of insurance with loan recipient added as additional insured and the notice to proceed.
- b) Each contract shall be awarded after formal advertising, unless negotiation is permitted under Section 662.610(i) (Negotiation of Subagreements) of this

Subpart. Formal advertising shall be in accordance with the following:

- 1) Evidence of advertising
The loan recipient shall submit to the Agency a certified copy of the bid advertisement that notifies the bidders that the procurement will be subject to regulations contained in the procedures for issuing loans from the PWSLP as set out in this Part 662, the Davis-Bacon Act (40 USC 276a through 276a-5) as defined by the U.S. Department of Labor, the Employment of Illinois Workers on Public Works Act [30 ILCS 570], and Executive Order No. 11246, as amended (Appendix A, Exhibit D).
- 2) Adequate bidding documents
Bidding documents (invitations for bid) shall be made available by the loan recipient and shall be furnished upon request in a timely manner. A complete set of bidding documents shall be maintained by the loan recipient and shall be available for inspection and copying by any party. The bidding documents shall include:
 - A) A complete statement of the work to be performed, including necessary drawings and specifications, and the required completion schedule (Drawings and specifications may be made available for inspection instead of being furnished.);
 - B) The terms and conditions of the contract to be awarded;
 - C) A clear explanation of the method of bidding, the method of evaluation of bid prices, and the basis and method for award of the contract;
 - D) The statement that any contract awarded in response to the bid is expected to be funded in part by a loan from the PWSLP, and that neither the State of Illinois nor any of its departments, agencies or employees is or will be a party to this bidding or any resulting contract;
 - E) Responsibility requirements or criteria that will be used in evaluating bidders, provided that an experience requirement or performance bond may not be used unless adequately justified by the loan applicant;
 - F) A copy of subsections (b)(2)(G) and (H) shall be included in the proposal form to be used by bidders and shall constitute a representation and certification to be considered as a part of their bid;

- G) By submission of the bid each bidder certifies, and in the case of a joint bid each party thereto certifies as to his or her own organization, that in connection with the bid:
- i) The prices in the bid have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to the prices with any other bidder or with any competitor;
 - ii) Unless otherwise required by law, the prices quoted in the bid have not knowingly been directly or indirectly disclosed to any other bidder or to any competitor prior to opening; and
 - iii) No attempt has been made or will be made by the bidder to induce any other person or firm to submit or withhold a bid for the purpose of restricting competition. Also, each bidder shall submit a certification regarding compliance with Article 33E of the Illinois Criminal Code of 1961 [720 ILCS 5/33E]; and

H) Each person signing the bid shall certify that:

- i) He or she is the person in the bidder's organization responsible for the decision as to the prices being bid and that he or she has not participated, and will not participate, in any action contrary to subsection (b)(2)(G); or
- ii) He or she is not the person in the bidder's organization responsible for the decision as to the prices being bid, but that he or she has been authorized to act as agent certifying that such persons have not participated, and will not participate, in any action contrary to subsection (b)(2)(G), and as their agent shall so certify. He or she shall also certify that he or she has not participated, and will not participate, in any action contrary to subsection (b)(2)(G).

3) Addenda to bidding documents

If the loan applicant wishes to amend any part of the bidding documents (including drawings and specifications) during the period when bids are being prepared, it shall send written addenda to all firms who have obtained bidding documents, in time to be considered prior to the bid opening time. When appropriate, the period for submission of bids shall be extended. All addenda to the bidding documents should be submitted to the Agency for approval prior to the bid opening.

- 4) Award to the low, responsive, responsible bidder
 - A) After bids are opened, they shall be evaluated by the loan applicant in accordance with the methods and criteria set out in the bidding documents. Items that shall be submitted to the Agency include a bid tabulation, the loan applicant's or its agent's analysis of bids and recommendation for the award and the loan applicant's letter of intent to award or the official minutes of board approval.
 - B) The loan applicant may reserve the right to reject all bids if it has documented sound business reasons. Unless all bids are rejected, award shall be made to the low, responsive, responsible bidder after the bid evaluation has been submitted to the Agency and written notice of Agency approval has been received by the loan applicant.
 - C) If the award is intended to be made to a firm that did not submit the lowest bid, prior to any award, the loan applicant shall submit to the Agency a written statement, explaining why each lower bidder was deemed not responsive or not responsible.

c) Negotiations of Contract Amendments (Change Orders)

- 1) Loan recipient responsibility
The loan recipient shall be responsible for negotiation of construction contract change orders. This function may be performed by the loan recipient directly or, if authorized, by its consulting engineer. During negotiations the loan recipient shall:
 - A) Make sure that the contractor has a clear understanding of the scope and extent of work and other essential requirements;
 - B) Assure that the contractor demonstrates that he or she will make available or will obtain the necessary personnel, equipment and materials to accomplish the work within the required time; and
 - C) Maintain a summary of all negotiations and the engineer's independent cost estimate.
- 2) Changes in contract price or time
The contract price or time may be changed only by a change order. When negotiations are required, they shall be conducted in accordance with subsection (c).

- 3) For each change order the contractor shall submit to the loan recipient for review sufficient cost and pricing data to enable the loan recipient to ascertain the necessity and reasonableness of costs and amounts proposed, and the allowability and eligibility of costs proposed.
- 4) Agency review
For each change order, the loan recipient shall submit to the Agency for approval the following documentation:
 - A) A description of the changed work;
 - B) The contractor's proposal itemizing the cost and time to complete the changed work;
 - C) The recipient's or engineer's estimate of the cost and time to complete the changes;
 - D) Two copies of the executed change order with justification including, but not limited to, the need for the proposed work and the technical solution; and
 - E) The summary of negotiations and resolution between the engineer's independent cost estimate and the contractor's proposal.
- d) Required Construction Contract Provisions
Each construction contract shall include the following provisions:
 - 1) Audit; access to records
 - A) The contractor shall maintain books, records, documents and other evidence directly pertinent to performance on loan work in accordance with Generally Accepted Accounting Principles. The contractor shall also maintain the financial information and data used by the contractor in the preparation or support of any cost submissions required under subsection (c), (Negotiation of Contract Amendments (Change Orders)) and a copy of the cost summary submitted to the owner. The Illinois Auditor General, the owner, the Agency, or any of their authorized representatives shall have access to the books, records, documents, and other evidence for purposes of inspection, audit, and copying. The contractor shall provide facilities for access and inspection.
 - B) For a formally advertised, competitively awarded, fixed price contract, the contractor shall include access to records as specified in subsection (d)(1)(A) for all negotiated change orders and

contract amendments in excess of \$25,000 that affect the contract price. In the case of all other prime contracts, the contractor shall agree to include access to records as specified above in all his or her contracts and all tier subcontracts or change orders in excess of \$25,000 that are directly related to project performance.

- C) Audits shall be in accordance with auditing standards generally accepted in the United States of America.
- D) The contractor shall agree to the disclosure of all information and reports resulting from access to records pursuant to subsection (d)(1)(A). Where the audit concerns the contractor, the auditing agency shall afford the contractor an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report shall include the written comments, if any, of the audited parties.
- E) The records required by subsection (d)(1)(A) shall be maintained and made available during performance of the work under the loan agreement and for 3 years after the date of final loan audit. In addition, records that relate to any dispute or litigation or the settlement of claims arising out of any performance, costs or items to which an audit exception has been taken, shall be maintained and made available for 3 years after resolution of such dispute, appeal, litigation, claim, or exception.
- F) The right of access will generally be exercised with respect to financial records under:
 - i) Negotiated prime contracts;
 - ii) Negotiated change orders or contract amendments in excess of \$25,000 affecting the price of any formally advertised, competitively awarded, fixed price contract; and
 - iii) Subcontracts or purchase orders under any contract other than a formally advertised, competitively awarded, fixed price contract.
- G) The right of access will generally not be exercised with respect to a prime contract, subcontract, or purchase order awarded after effective price competition. In any event, the right of access shall be exercised under any type of contract or subcontract:
 - i) With respect to records pertaining directly to contract

performance, excluding any financial records of the contractor; and

- ii) If there is any indication that fraud, gross abuse, or corrupt practices may be involved in the award or performance of the contract or subcontract.

2) Covenant against contingent fees

The contractor shall warrant that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warranty, the owner shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

3) Wage provisions

The contractor shall pay prevailing wages in accordance with the Davis-Bacon Act (40 USC 276a through 276a-5) as defined by the U.S. Department of Labor.

4) Disadvantaged business enterprise requirements

The contractor shall provide evidence, including but not limited to a copy of the advertisement or advertisements and the record of negotiation that it has taken affirmative steps in accordance with 40 CFR 33, to assure that disadvantaged business enterprises are used when possible as sources of supplies, equipment, construction and services consistent with the provisions of the Agency's Operating Agreement with USEPA.

5) Debarment and suspension provisions

The contract shall require the successful bidders to submit a "Certification Regarding Debarment, Suspension and Other Responsibility Matters" (EPA Form 5700-49) showing compliance with federal Executive Order 12549 (Appendix A, Exhibit C).

6) Nonsegregated facilities provisions

The successful bidder shall be required to submit a certification of nonsegregated facilities as prescribed in 18 USC 1001.

e) Subcontracts under Construction Contracts

The award or execution of all subcontracts by a prime contractor and the procurement and negotiation procedures used by the prime contractor shall comply with the following:

- 1) All applicable provisions of federal, State and local law;

- 2) All provisions of this Part 662 regarding fraud and other unlawful or corrupt practices;
 - 3) All provisions of this Part 662 with respect to access to facilities, records and audit of records.
 - 4) All provisions of subsection (d)(5) that require a "Certification Regarding Debarment, Suspension and Other Responsibility Matters" (EPA Form 5700-49) showing compliance with federal Executive Order 12549 (Appendix A, Exhibit C).
- f) **Contractor Bankruptcy**
In the event of a contractor bankruptcy, the loan recipient shall notify the Agency and shall keep the Agency advised of any negotiations with the bonding company, including any proposed settlement. The Agency may participate in those negotiations and will advise the loan recipient of the impact of any proposed settlement to the loan agreement. The loan recipient shall be responsible for assuring that every appropriate procedure and incidental legal requirement is observed in advertising for bids and re-awarding a construction contract.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.630 Contracts for Personal and Professional Services

All subagreements for personal and professional services for design or construction expected to exceed \$25,000 in the aggregate shall include the following subagreement provisions:

- a) Subagreements for personal and professional construction services shall include:
 - 1) Evidence, such as, but not limited to, a copy of the advertisement or advertisements and the record of negotiation in accordance with 40 CFR 33, that affirmative steps have been taken to assure that disadvantaged business enterprises are used when possible as sources of supplies, equipment, construction, and services consistent with the provisions of the Agency's Operating Agreement with USEPA;
 - 2) An audit and access to records clause that provides as follows:
 - A) Subsections (a)(2)(B) through (E) shall be included in all contracts and all subcontracts directly related to project services that are in excess of \$25,000.
 - B) Books, records, documents and other evidence directly pertinent to performance of PWSLP loan work under this agreement shall be

maintained in accordance with Generally Accepted Accounting Principles. The Agency or any of its authorized representatives shall have access to the books, records, documents and other evidence for the purpose of inspection, audit and copying. Facilities shall be provided for access and inspection.

- C) Audits conducted pursuant to this provision shall be in accordance with auditing standards generally accepted in the United States of America.
 - D) All information and reports resulting from access to records pursuant to subsection (a)(2)(B) shall be disclosed to the Agency. The auditing agency shall afford the engineer an opportunity for an audit exit conference and an opportunity to comment on the pertinent portions of the draft audit report. The final audit report shall include the written comments, if any, of the audited parties.
 - E) Records under subsection (a)(2)(B) shall be maintained and made available during performance of project services under this agreement and for three years after the final loan closing. In addition, those records that relate to any dispute pursuant to Section 662.650 (Disputes) of this Subpart or litigation or the settlement of claims arising out of project performance or costs or items to which an audit exception has been taken, shall be maintained and made available for three years after the resolution of the appeal, litigation, claim or exception;
- 3) A "covenant against contingent fees" clause as follows:
"The professional services contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bonafide employees. For breach or violation of this warranty, the loan recipient shall have the right to annul this agreement without liability or in its discretion to deduct from the contract price or consideration or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee";
 - 4) A "Certification Regarding Debarment, Suspension, and Other Responsibility Matters" (EPA Form 5700-49) showing compliance with federal Executive Order 12549 (Appendix A, Exhibit C);
 - 5) A description of the scope and extent of the project work;
 - 6) The schedule for performance and completion of the contract work including, where appropriate, dates for completion of significant project

tasks; and

- 7) A method of compensation.
- b) Subagreements for personal and professional design services shall include the subagreement provisions contained in subsections (a)(2) through (a)(4). In addition, the subagreements shall be accompanied by a statement regarding the use of disadvantaged business enterprises during the design service phase.
- c) If, at the time of contract execution, any of the elements required in this Section 662.630 cannot be defined adequately for later tasks, those tasks shall not be included in the contract at that time.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.640 Compliance with Procurement Requirements for Construction Contracts

a) Loan Recipient Responsibility

The loan recipient shall be responsible for selecting the low, responsive, and responsible bidder or other contractor in accordance with applicable requirements of State, federal, and local laws and ordinances, as well as for the specific requirements of the loan agreement directly affecting procurement. The loan recipient shall also be responsible for the initial resolution of complaints based upon alleged violations. Any complaints made to the Agency concerning any alleged violation of law in the procurement of construction services or materials for a project involving construction work will be referred to the loan recipient for resolution. The loan recipient shall promptly determine each complaint on its merits, and shall allow the complainant and any other party who may be adversely affected to state in writing or at a conference the basis for their views concerning the proposed procurement. The loan recipient shall promptly furnish to the complainant and to other affected parties, by certified mail, a written summary of its determination, substantiated by an engineering or legal opinion providing a justification for its determination.

b) Time Limitations

Complaints should be made as early as possible during the procurement process, preferably prior to the bid opening, to avoid disruption of the procurement process. The complaint shall be mailed (certified mail, return receipt requested), or otherwise delivered, no later than 5 working days after the complainant becomes aware of an alleged violation. If there is no agreement between the parties within 7 days following the loan applicant's response, unless all bids are rejected, the matter shall be resolved in accordance with subsection (c).

c) Remedies

All claims, counter-claims, disputes and other matters in question between the recipient and the contractor arising out of, or relating to, a subagreement or its breach shall be decided by arbitration if the parties agree, or in a court of competent jurisdiction within the State.

d) Deferral of Procurement Action

If the determination of a complaint by the loan recipient is adverse to the complainant, the loan recipient shall defer issuance of its solicitation or award or notice to proceed under the contract (as appropriate) for 7 days after mailing or delivery of the determination. If the determination (whether made by the loan recipient, the arbitrator or the court) is favorable to the complainant, the terms of the solicitation shall be revised or the contract shall be awarded, as appropriate, in accordance with the determination.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.650 Disputes

- a) Only the loan recipient may appeal to the Agency in its own name and for its own benefit, under this provision, with respect to its subagreements. Neither a contractor nor a subcontractor may prosecute an appeal under the disputes provision of a loan in its own name or interest.
- b) Any dispute arising under this loan that is not disposed of by agreement shall be decided by the Director or his or her authorized representative, who shall render a decision in writing and mail or otherwise furnish it to the loan recipient. The decision of the Director shall be in accordance with this Part 662 and shall be final and conclusive.
- c) The disputes clause shall not preclude the Director from considering questions of law in any decision.

Section 662.660 Indemnity

The loan recipient shall assume the entire risk, responsibility and liability for all loss or damage to property owned by the loan recipient, the Agency or by third persons, and for any injury to or death of any persons (including employees of the loan recipient) caused by, arising out of, or occurring in connection with the execution of any work, contract or subcontract arising out of the PWSLP loan. The loan recipient shall indemnify, save harmless and defend the State of Illinois and the Agency from all claims for loss, damage, injury or death, whether caused by the negligence of the State of Illinois, the Agency, their agents or employees or otherwise, consistent with the provisions of Section 1 of the Construction Contract Indemnification for Negligence Act

[740 ILCS 35/1]. The loan recipient shall require that all its contractors and subcontractors agree in writing that they will look solely to the loan recipient for performance of the contract or satisfaction of all claims arising thereunder

Section 662.670 Covenant Against Contingent Fees

The loan recipient shall warrant that no person or agency has been employed or retained to solicit or secure a PWSLP loan upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For breach or violation of this warranty, the Agency shall have the right to annul the loan in accordance with Section 662.310 (Noncompliance With Loan Procedures) of this Part or to deduct from the loan, or otherwise recover, the full amount of the commission, percentage, brokerage or contingent fee.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

SUBPART G: REQUIREMENTS APPLICABLE TO CONSTRUCTION INITIATION, CHANGES, COMPLETION AND OPERATION OF PROJECT

Section 662.710 Construction Initiation

Upon approval by the Agency of the loan applicant's financial assistance application in accordance with Section 662.430 (Financial Assistance Application and Approval) of this Part, and subject to the availability of funds, the Agency will issue the loan agreement and authorize the initiation of construction.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.720 Project Changes

- a) Prior approval of the Agency is required for any project change that may:
 - 1) Increase the amount of loan funds needed to complete the project;
 - 2) Alter the design or scope of the project;
 - 3) Extend any contract or loan completion date for the project;
 - 4) Alter the location, size, capacity or quality of any major item of equipment; or
 - 5) Alter the scope of the project by changing the methodologies or personnel to be used as agreed to at the time the loan was issued.
- b) The Agency will approve project changes that it determines are cost-effective and within the overall scope of the loan project based on approved project planning.

- c) The loan recipient shall promptly notify the Agency, in writing, of all project changes. Failure to give timely notice of proposed project changes, or action by the loan recipient that is not consistent with the Agency's determination on such changes, may result in:
 - 1) Disallowance of loan participation for costs incurred that are attributable to the change; and
 - 2) Termination of the loan.

Section 662.730 Construction Engineering

The loan recipient shall provide construction engineering and project monitoring to assure that the construction substantially conforms with the approved plans and specifications.

Section 662.740 Operation and Maintenance of the Project

In order for the Agency to approve the final inspection for the project, the loan recipient must certify that it has a certified operator and that it has provided the following training and operation and maintenance documents:

- a) Training pertaining to the proper operation and maintenance of the equipment and process units included in the project.
- b) An operation and maintenance reference library that includes, but is not limited to, the following:
 - 1) Manufacturer's literature, shop drawings and warranties;
 - 2) The plans of record with valve indices for the equipment and process units included in the project; and
 - 3) A maintenance schedule for the equipment and process units included in the project.
- c) Training pertaining to the general operation of public water supply facilities or distribution systems, consisting of an operator self-study course such as, but not limited to, "Water Treatment Plant Operation," Volumes I and II, or "Small Water System Operation and Maintenance," or "Water Distribution System Operation and Maintenance," California State University, Sacramento.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.750 Final Inspection

The loan recipient shall notify the Agency in writing within 30 days after the completion of project construction and shall submit the final change order, along with the contractor's final costs, to the Agency. The plans of record shall be forwarded to the appropriate Agency regional office. The Agency shall schedule the final inspection within 60 days after the receipt of the notice of completion, provided that all necessary change orders have been submitted and approved.

SUBPART H: REQUIREMENTS APPLICABLE TO ACCESS, AUDITING AND RECORDS

Section 662.810 Access

- a) The Agency and its designated representatives shall have access, during normal business hours and at any other time during which work is being performed, to the premises where any portion of the work for which the PWSLP loan was provided is being performed. After final loan closing, Agency personnel or any authorized Agency representative shall have access to the project records as defined in Section 662.820 (Audit and Records) of this Subpart and to the project site during normal business hours, to the full extent of the loan recipient's right to access.
- b) Every contract entered into by the loan recipient for construction work, and every subagreement, shall provide Agency representatives with access to the work. The contractor or subcontractor shall provide facilities for access and inspection. The contract or subagreement shall also provide that the Agency or any authorized representative shall have access to any books, documents, papers and records that are pertinent to the project for the purpose of making audit, examination, excerpts and transcriptions.
- c) Failure by the loan recipient or any of its contractors or subcontractors to provide access after 10 days written notice from the Agency shall be cause for termination of the loan pursuant to Section 662.330 (Termination) of this Part, and refund to the State of Illinois for deposit into the PWSLP any unexpended loan funds. In addition, any loan recipient, contractor or subcontractor found in noncompliance with this Section 662.810 shall repay any loan funds previously spent.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.820 Audit and Records

- a) The loan recipient shall maintain books, records, documents, reports, and other evidentiary material in accordance with Generally Accepted Accounting Principles.
- b) For purposes of this Section 662.820 "records" shall include, but not be limited to:

- 1) Documentation of the receipt and disposition by the loan recipient of all financial assistance received for the project, including both State financial assistance and any matching share or cost sharing; and
 - 2) Documentation of the costs charged to the project, including all direct and indirect costs of whatever nature incurred for the performance of the project for which the loan has been provided.
- c) The loan recipient's facilities, or any facilities engaged in the performance of the PWSLP loan project, and the loan recipient's records shall be subject to inspection and audit by the Agency or its authorized representative, at the times specified in Section 662.810 (Access) of this Subpart.
- d) The loan recipient shall preserve and make its records available to the Agency or its authorized representative for the following periods:
- 1) For all costs associated with design and construction, for 3 years after final loan closing;
 - 2) For all other accounting records concerning the loan, for 3 years from the date of the transaction; and
 - 3) For any longer period required by law or by subsections (e) and (f).
- e) If the loan is completely or partially terminated, the records relating to the terminated work shall be preserved and made available for 3 years after any resulting final termination settlement.
- f) Records that relate to appeals under the "Disputes" clause, litigation or the settlement of claims arising out of the performance of the PWSLP loan project, or to project costs and expenses to which exception has been taken by the Agency or its authorized representatives, shall be retained until the appeals, litigation, claims, or exceptions have been completed.
- g) Failure of the loan recipient or its contractors or subcontractors to make records available to the Agency as required by Section 662.810 (Access) of this Subpart after 10 days written notice shall be cause for termination of the loan pursuant to Section 662.330 (Termination) of this Part and for refund to the State of Illinois for deposit into the PWSLP of any unexpended loan funds. In addition, any loan recipient, contractor or subcontractor found in noncompliance with this Section 662.820 shall repay any loan funds previously spent.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.830 Single Audit Act

A local government unit or a privately owned community water supply having not-for-profit status shall comply with the provisions of the Single Audit Act of 1996 (31 USC 7501 et seq.).

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

SUBPART I: FINANCIAL AND MANAGERIAL CAPACITY

Section 662.910 Operation, Maintenance and Replacement Revenue System

- a) In order for the loan agreement to be issued, the Agency must have approved the loan applicant's source of revenue for operation, maintenance, and replacement (OM&R) costs. The source of revenue must be enacted and enforceable, if appropriate, before the first loan disbursement can be made.
- b) The Agency shall approve the OM&R revenue system in accordance with the following criteria:
 - 1) For the first year of operation of new facilities, operation, maintenance and replacement costs shall be based upon past experience or some other rational method that can be demonstrated to be applicable.
 - 2) The loan recipient shall review annually and revise periodically the revenue source to reflect actual water works operation, maintenance, and replacement costs. The Agency may request a report on the status of the projected costs, actual costs, revenue generated and fund balances at any time.
 - 3) The revenue source shall generate sufficient revenue to offset the cost for operation, maintenance and replacement required to be provided by the loan recipient for all water supplies or facilities as authorized under this Part.
 - 4) If the project is for a regional community water supply facility that distributes water to other public water supplies, appropriate municipal ordinances, intergovernmental or service agreements or other appropriate authorizations must be submitted.
- c) Upon approval of a loan recipient's OM&R revenue source, the implementation and maintenance of the source shall become a condition of the loan subject to Section 662.310 (Noncompliance with Loan Procedures) of this Part.
- d) The Agency or its authorized representative shall have access to all books, documents, papers, and records of the loan recipient for the purpose of making

audit, examination, excerpts, and transcriptions in order to ensure compliance with subsection (b).

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.920 Financial Capability

- a) The loan applicant shall demonstrate to the Agency that it has the necessary legal, financial, managerial and technical capability to:
 - 1) Construct, operate and maintain the project for the life of the facility;
 - 2) Retire the loan, including the execution of any necessary legally enforceable agreements and any enactments necessary to recover adequate capital costs to repay the loan; and
 - 3) Meet any covenants and requirements in the loan agreement.
- b) To demonstrate financial, managerial and technical capability, the loan applicant shall, at a minimum, show that:
 - 1) It is empowered under law to own, operate and maintain the facility to be constructed under the loan;
 - 2) It has the necessary easements, titles, permits and legally enforceable agreements for loan project implementation, as identified in the project plan; and
 - 3) It has or will have the necessary qualified personnel to operate and maintain the facility.
- c) The financial capability demonstration shall be submitted to the Agency for approval and shall contain detailed project costs, existing and proposed operation, maintenance and replacement costs, existing and proposed local capital costs and, upon request of the Agency, historical information over the past 3 years consisting of audited annual financial statements, tax returns, Illinois Commerce Commission annual reports, bond ratings, number of billed customers and tax rate levies.
- d) The Agency may suggest mitigative measures to improve the loan applicant's financial capability to undertake the project, including but not limited to acquisition of grant funding, reduction of project costs, additional or different sources of revenues, efforts to reduce the number of delinquent billed customers and changes to existing financial practices that may threaten generation of adequate revenues.

- e) The Agency may require a loan term of less than the 20 year maximum. In evaluating the appropriateness of alternative loan terms, the Agency shall consider such factors as the scope of the proposed project, the impacts of alternative loan terms on user fees, and the overall cost of the project.
- f) The Agency may also utilize available credit reporting services.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.930 Dedicated Source of Revenue for Local Government Units

- a) A source of revenue shall be dedicated and pledged to make the loan repayments. Prior to loan approval, the Agency shall review the proposed dedicated and pledged revenue source to assure that it will generate revenues adequate to make the loan repayments and will provide a continuing source of revenue adequate to make loan repayments for the term of the loan. If the source of revenue is pledged in a subordinate position to a revenue bond ordinance, the covenants regarding coverage and reserve for the revenue source shall be equivalent to those in the revenue bond ordinance. At a minimum, the reserve account shall be equal to the annual principal and interest payment funded within 2 years after the loan award.
- b) The necessary legislative enactments to dedicate and pledge the source of revenue must be in place before the Agency can make the first loan disbursement.
- c) The loan recipient shall maintain a separate account in its books to record the dedicated revenues for loan repayment.
- d) The loan recipient shall, for the term of the loan, review and adjust the dedicated source of revenue as necessary to provide adequate funds for the repayment of the loan. The recipient shall timely notify the Agency of all proposed changes to the dedicated source of revenue.
- e) Upon request, the loan recipient shall submit to the Agency a statement on the status of the account required by subsection (c) of this Section that contains the status of the dedicated revenue account, including the projected revenues, actual revenues fund balance, debt service obligations and other requirements of the loan agreement. The Agency's review will be based on, but not limited to, ensuring that the dedicated source of revenue is legally authorized, generates sufficient revenue and is otherwise in accordance with this Part 662.
- f) In the event that the actual revenues fall short of the amount required to retire the loan, the Agency shall require the loan recipient to re-examine the dedicated revenue source and restructure it as necessary.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.935 Source of Revenue and Security for Privately Owned Community Water Supplies

- a) The loan applicant must provide a detailed demonstration that there is an adequate source of revenue to repay the principal and interest due on the loan. The loan applicant must also demonstrate that there is adequate security for the full amount of the loan. This shall include, but is not limited to, the following:
 - 1) The audited financial statements and tax returns required under Section 662.920 of this Subpart and the calculation of the ratios set forth in the Risk Management Association (RMA) Annual Statement Studies for the North American Industry Classification System (NAICS) #221310. The statements must show a positive cash flow for all 3 years. 50% of the ratios must fall in the upper 2 quartiles when compared to the RMA Annual Statement Studies for NAICS #221310.
 - 2) Any rate increase required to assure that adequate revenues will be generated to make the loan repayments must be adopted in a legally binding manner prior to the first loan disbursement. When applicable, approval of the rate increase by the Illinois Commerce Commission will be required.
 - 3) Appropriate legal documents will be provided to enable the Agency to perfect its security interest in the revenues of the system and other personal properties offered as security by filing the necessary information under the Uniform Commercial Code.
 - 4) The loan applicant must submit a legal description and current appraisal by a licensed appraiser of real property to be used for collateral. The mortgage must be executed prior to the issuance of the loan.
 - 5) Approval from the Illinois Commerce Commission to incur debt, if applicable.
- b) The loan recipient must maintain a separate accounting in its books to record the funds available for loan repayment.
- c) The loan recipient must, for the term of the loan, review and adjust the source of revenue as necessary to provide adequate funds for the repayment of the loan. The loan recipient must timely notify the Agency of, and submit to the Agency for approval, all proposed changes to the source of revenue.

- d) Upon request, the loan recipient shall submit to the Agency the status of the funds available for repayment of the loan, including the projected revenues, actual revenues fund balance, debt service obligations and other requirements of the loan agreement. The Agency's review will be based on, but not limited to, ensuring that the source of revenue generates sufficient revenue and is otherwise in accordance with this Part 662.
- e) In the event that the actual revenues fall short of the amount required to retire the loan, the Agency shall require the loan recipient to re-examine the revenue source and restructure it as necessary.

(Source: Amended at 33 Ill. Reg. 15575, effective October 28, 2009)

Section 662.940 Floodplain Insurance

- a) If the loan project includes insurable structures that will be located within a designated floodplain area as defined in the National Flood Insurance Act of 1968 (42 USC 4001-4127), the loan recipient shall furnish written evidence that it is participating in the National Flood Insurance Program or that the construction areas have received official exclusion from the flood insurance requirements by the Federal Emergency Management Agency.
- b) The loan recipient (or the construction contractor, as appropriate) shall acquire any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended, and maintain the insurance for the entire useful life of the insurable structures.
- c) The amount of insurance required shall be the lesser of the total project cost, excluding facilities that are uninsurable under the National Flood Insurance Program, or the maximum limit of coverage made available to the loan recipient under the National Flood Insurance Act of 1968.
- d) The required insurance premium for the period of construction shall be an allowable project cost under Section 662.1010 (Determination of Allowable Costs) of this Part.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

SUBPART J: REQUIREMENTS APPLICABLE TO LOAN DISBURSEMENTS

Section 662.1010 Determination of Allowable Costs

The loan recipient shall be paid, upon request, in accordance with Section 662.1030 (Disbursement of Loan Funds) of this Subpart, for all costs that are within the scope of the approved project, not to exceed the total amount of the loan, and that are determined to be

allowable in accordance with the following criteria:

a) Allowable Project Costs

All reasonable and necessary costs directly attributable to the design and construction of an eligible, loan assisted public water supply project, that are not excluded from loan funding by legislation or non-waivable regulations.

Categories of necessary costs include, but are not limited to, the following:

- 1) The direct purchase of materials, equipment and personal services specifically necessary for the completion of a loan funded project;
- 2) Professional and consultant services contracts necessary for design, bidding, and construction of a loan funded project, except as elsewhere limited by this Part 662;
- 3) Costs under approved construction contracts; and
- 4) Costs for premiums for required flood insurance during the project construction period.

b) Ineligible Costs

Categories of costs that are ineligible for loan assistance, and are not subject to the "reasonable and necessary" test of allowability include, but are not limited to, the following:

- 1) Costs for preparing a project planning document;
- 2) Costs outside the scope of the approved project plan;
- 3) Site acquisition, including easement compensation;
- 4) Construction of any facilities that do not clearly fall within the definition of a community water supply facility as contained in the federal Safe Drinking Water Act or do not qualify in meeting the federal green project reserve requirements;
- 5) Costs of projects whose main purpose is fire protection or servicing future growth.

c) Disputes Concerning Allowable Costs

The loan recipient shall seek to resolve any questions relating to cost allowability or allocation at the earliest opportunity. Final determinations by the Director concerning the allowability of costs shall be conclusive.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.1020 Use of Loan Funds and Payment of Unallowable Costs

- a) Loan funds shall be expended solely for approved allowable costs incurred in the design and construction of the project.
- b) The loan recipient shall agree to pay the unallowable costs associated with the project, as well as all allowable costs that exceed the amount of the loan, and shall construct the project or cause it to be constructed to final completion in accordance with the plans and specifications and on the schedule approved by the Agency.
- c) The loan recipient shall commit itself to complete the construction of the project.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.1030 Disbursement of Loan Funds

- a) Disbursements are subject to the appropriation of funds by the General Assembly and the availability of cash deposited into the PWSLP from drawdowns from the USEPA Automated Clearing House, State matching funds, repayments of existing loans, interest earnings on money in the PWSLP, and money deposited into the PWSLP from other sources.
- b) Disbursements shall be made as follows:
 - 1) After the receipt of a fully executed loan agreement, disbursement requests must be sent directly to the Agency. Actual disbursements shall be processed in accordance with the loan agreement.
 - 2) Disbursements will be processed based on costs incurred that are due and payable as evidenced by invoices. The Agency may withhold any disbursement for a violation of the loan agreement conditions.
- c) The loan recipient shall make prompt payment to the contractor.
- d) The State share of any refunds, rebates, credits or other amounts (including any interest) accruing to or received by the loan recipient with respect to the project that are properly allocable to costs for which loan funds have been disbursed must be paid, minus any reasonable expenses incurred in securing these funds, to the State of Illinois for deposit in the PWSLP.
- e) Before the final principal amount of the loan can be established:

- 1) The Agency shall conduct a final inspection and a project review to insure that all applicable loan conditions have been satisfied; and
 - 2) The loan recipient must submit to the Agency a final waiver from the contractor and a Certification of Payment that all bills have been paid.
- f) The loan recipient must also submit a release, discharging the State of Illinois, its officers, agents and employees from all liabilities, obligations and claims arising out of the project work or under the loan, subject only to such exceptions which may be specified in the release.
- g) Any use of loan funds at variance with this Part 662 shall result in repayment of those loan funds to the State of Illinois for deposit into the PWSLP.

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

SUBPART K: PROCEDURES FOR LOAN REPAYMENT AND DELINQUENT REPAYMENT

Section 662.1110 Loan Repayment to the Agency

Loan repayment to the Agency shall be in accordance with the loan repayment provisions contained in the loan agreement.

- a) Loan repayments shall commence not later than 6 months after the initiation of the loan repayment period and shall be due semi-annually for local government units and other loan recipients meeting the federal green project reserve requirement and quarterly for privately owned community water supplies unless the Agency determines that the source of revenue justifies an alternative repayment plan.
- b) After the initiation of the loan repayment period date in the loan agreement, the Agency shall set a principal amount and give the loan recipient an interim repayment schedule.
- c) After a final cost review of the project, the Agency shall establish the final principal amount and give the loan recipient a final repayment schedule.

(Source: Amended at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.1120 Delinquent Loan Repayments

- a) *If a repayment is not made according to the repayment schedule, the loan recipient shall notify the Agency in writing within 15 days after the repayment due date. The notification shall state the reasons the repayment was not timely*

tendered and the circumstances under which the late repayment will be satisfied, and shall contain binding commitments to assure future repayments. After receipt of this notification, the Agency shall accept the plan or take action in accordance with subsection (b).

- b) *If a loan recipient fails to comply with subsection (a), the Agency shall promptly issue a notice of delinquency to the loan recipient and require a written response within 15 days. The notice of delinquency shall require the loan recipient to revise its rates, fees and charges to meet its obligations or to take other specified actions as may be appropriate to remedy the delinquency and to assure future repayments.*

- c) *In the event that the loan recipient fails to timely or adequately respond to a notice of delinquency, or fails to meet any obligations pursuant to subsections (a) and (b), the Agency shall pursue the collection of the amounts past due, the outstanding loan balance and the costs incurred thereby, either pursuant to the Illinois State Collection Act of 1986 [30 ILCS 210] or by any other lawful means including the taking of title by foreclosure or otherwise to any project or other property pledged, mortgaged, encumbered or otherwise available as security or collateral. [415 ILCS 5/19.6]*

(Source: Amended at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.APPENDIX A Executive Orders

Section 662.EXHIBIT A Executive Order 11625 (Repealed)

(Source: Repealed at 33 Ill. Reg. 15575, effective October 28, 2009)

Section 662.APPENDIX A Executive Orders

Section 662.EXHIBIT B Executive Order 12138 (Repealed)

(Source: Repealed at 33 Ill. Reg. 15575, effective October 28, 2009)

Section 662.APPENDIX A Executive Orders

Section 662.EXHIBIT C Executive Order 12549

February 18, 1986, 51 F.R. 6370

DEBARMENT AND SUSPENSION

By the authority vested in me as President by the Constitution and laws of the United States of America, and in order to curb fraud, waste, and abuse in Federal programs, increase agency

accountability, and ensure consistency among agency regulations concerning debarment and suspension of participants in Federal programs, it is hereby ordered that:

Section 1.

- a) To the extent permitted by law and subject to the limitations in Section 1(c), Executive departments and agencies shall participate in a system for debarment and suspension from programs and activities involving Federal financial and nonfinancial assistance and benefits. Debarment or suspension of a participant in a program by one agency shall have government-wide effect.
- b) Activities covered by this Order include but are not limited to: grants, cooperative agreements, contracts of assistance, loans, and loan guarantees.
- c) This Order does not cover procurement programs and activities, direct Federal statutory entitlements or mandatory awards, direct awards to foreign governments or public international organizations, benefits to an individual as a personal entitlement, or Federal employment.

Section 2. To the extent permitted by law, Executive departments and agencies shall:

- a) Follow government-wide criteria and government-wide minimum due process procedures when they act to debar or suspend participants in affected programs.
- b) Send to the agency designated pursuant to Section 5 identifying information concerning debarred and suspended participants in affected programs, participants who have agreed to exclusion from participation, and participants declared ineligible under applicable law, including Executive Orders. This information shall be included in the list to be maintained pursuant to Section 5.
- c) Not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended or otherwise excluded (to the extent specified in the exclusion agreement) that party from participation in an affected program. An agency may grant an exception permitting a debarred, suspended, or excluded party to participate in a particular transaction upon a written determination by the agency head or authorized designee stating the reason(s) for deviating from this Presidential policy. However, I intend that exceptions to this policy should be granted only infrequently.

Section 3. Executive departments and agencies shall issue regulations governing their implementation of this Order that shall be consistent with the guidelines issued under Section 6. Proposed regulations shall be submitted to the Office of Management and Budget for review within four months of the date of the guidelines issued under Section 6. The Director of the Office of Management and Budget may return for reconsideration proposed regulations that the

Director believes are inconsistent with the guidelines. Final regulations shall be published within twelve months of the date of the guidelines.

Section 4. There is hereby constituted the Interagency Committee on Debarment and Suspension, which shall monitor implementation of this Order. The Committee shall consist of representatives of agencies designated by the Director of the Office of Management and Budget.

Section 5. The Director of the Office of Management and Budget shall designate a Federal agency to perform the following functions: maintain a current list of all individuals and organizations excluded from program participation under this Order, periodically distribute the list to Federal agencies, and study the feasibility of automating the list; coordinate with the lead agency responsible for government-wide debarment and suspension of contractors; chair the Interagency Committee established by Section 4; and report periodically to the Director on implementation of this Order, with the first report due within two years of the date of the Order.

Section 6. The Director of the Office of Management and Budget is authorized to issue guidelines to Executive departments and agencies that govern which programs and activities are covered by this Order, prescribe government-wide criteria and government-wide minimum due process procedures, and set forth other related details for the effective administration of the guidelines.

Section 7. The Director of the Office of Management and Budget shall report to the President within three years of the date of this Order on Federal agency compliance with the Order, including the number of exceptions made under Section 2(c), and shall make such recommendations as are appropriate further to curb fraud, waste, and abuse.

THE WHITE HOUSE
RONALD REAGAN

February 18, 1986.

Section 662.APPENDIX A Executive Orders

Section 662.EXHIBIT D Executive Order 11246

**EQUAL EMPLOYMENT OPPORTUNITY
EXECUTIVE ORDER 11246, AS AMENDED**

Executive Order 11246 – Equal Employment Opportunity

Under and by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

Part I – Nondiscrimination in Government Employment

Part II – Nondiscrimination in Employment by Government Contractors and Subcontractors

Subpart A – Duties of the Secretary of Labor

SEC. 201. The Secretary of Labor shall be responsible for the administration and enforcement of Parts II and III of this Order. The Secretary shall adopt such rules and regulations and issue such orders as are deemed necessary and appropriate to achieve the purposes of Parts II and III of this Order.

Subpart B – Contractors' Agreements

SEC. 202. Except in contracts exempted in accordance with Section 204 of this Order, all Government contracting agencies shall include in every Government contract hereafter entered into the following provisions:

During the performance of this contract, the contractor agrees as follows:

- 1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
- 2) The contractor will, in all solicitations or advancements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- 3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- 4) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

- 5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- 6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept. 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- 7) The contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

SEC. 203. Each contractor having a contract containing the provisions prescribed in Section 202 shall file, and shall cause each of his subcontractors to file, Compliance Reports with the contracting agency or the Secretary of Labor as may be directed. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Secretary of Labor may prescribe.

- a) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this Order, or any preceding similar Executive order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.
- b) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or an agency referring workers or providing or supervising apprenticeship or training for such workers,

the Compliance Report shall include such information as to such labor union's or agency's practices and policies affecting compliance as the Secretary of Labor may prescribe: Provided, That to the extent such information is within the exclusive possession of a labor union or an agency referring workers or providing or supervising apprenticeship or training and such labor union or agency shall refuse to furnish such information to the contractor, the contractor shall so certify to the Secretary of Labor as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

- c) The Secretary of Labor may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent on behalf of any labor union or any agency referring workers or providing or supervising apprenticeship or other training, with which the bidder or prospective contractor deals, with supporting information, to the effect that the signer's practices and policies do not discriminate on the grounds of race, color, religion, sex or national origin, and that the signer either will affirmatively cooperate in the implementation of the policy and provisions of this Order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union, or the agency shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement and such additional factual material as the Secretary of Labor may require.

SEC. 204. The Secretary of Labor may, when he/she deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including any or all of the provisions of Section 202 of this Order in any specific contract, subcontract, or purchase order. The Secretary of Labor may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (1) whenever work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (2) for standard commercial supplies or raw materials; (3) involving less than specified amounts of money or specified numbers of workers; or (4) to the extent that they involve subcontracts below a specified tier. The Secretary of Labor may also provide, by rule, regulation, or order, for the exemption of facilities of a contractor which are in all respects separate and distinct from activities of the contractor related to the performance of the contract: Provided, That such an exemption will not interfere with or impede the effectuation of the purposes of this Order: And provided further, That in the absence of such an exemption, all facilities shall be covered by the provisions of this Order.

Subpart C – Powers and Duties of the Secretary of Labor and the Contracting Agencies

SEC. 205. The Secretary of Labor shall be responsible for securing compliance by all Government contractors and subcontractors with this Order and any implementing rules or regulations. All contracting agencies shall comply with the terms of this Order and any

implementing rules, regulations, or orders of the Secretary of Labor. Contracting agencies shall cooperate with the Secretary of Labor and shall furnish such information and assistance as the Secretary may require.

SEC. 206. The Secretary of Labor may investigate the employment practices of any Government contractor or subcontractor to determine whether or not the contractual provisions specified in Section 202 of this Order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Secretary of Labor.

- a) The Secretary of Labor may receive and investigate complaints by employees or prospective employees of a Government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in Section 202 of this Order.

SEC. 207. The Secretary of Labor shall use his/her best efforts, directly and through interested Federal, State, and local agencies, contractors, and all other available instrumentalities to cause any labor union engaged in work under Government contracts or any agency referring workers or providing or supervising apprenticeship or training for or in the course of such work to cooperate in the implementation of the purposes of this Order. The Secretary of Labor shall, in appropriate cases, notify the Equal Employment Opportunity Commission, the Department of Justice, or other appropriate Federal agencies whenever it has reason to believe that the practices of any such labor organization or agency violate Title VI or Title VII of the Civil Rights Act of 1964 or other provision of Federal law.

SEC. 208. The Secretary of Labor, or any agency, officer, or employee in the executive branch of the Government designated by rule, regulation, or order of the Secretary, may hold such hearings, public or private, as the Secretary may deem advisable for compliance, enforcement, or educational purposes.

- a) The Secretary of Labor may hold, or cause to be held, hearings in accordance with Subsection of this Section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this Order. No order for debarment of any contractor from further Government contracts under Section 209(6) shall be made without affording the contractor an opportunity for a hearing.

Subpart D – Sanctions and Penalties

SEC. 209. In accordance with such rules, regulations, or orders as the Secretary of Labor may issue or adopt, the Secretary may:

- 1) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this Order or of the rules, regulations, and orders of the Secretary of Labor.

- 2) Recommend to the Department of Justice that, in cases in which there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in Section 202 of this Order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals, or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the provisions of this Order.
- 3) Recommend to the Equal Employment Opportunity Commission or the Department of Justice that appropriate proceedings be instituted under Title VII of the Civil Rights Act of 1964.
- 4) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Secretary of Labor as the case may be.
- 5) After consulting with the contracting agency, direct the contracting agency to cancel, terminate, suspend, or cause to be cancelled, terminated, or suspended, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with equal employment opportunity provisions of the contract. Contracts may be cancelled, terminated, or suspended absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the Secretary of Labor.
- 6) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any noncomplying contractor, until such contractor has satisfied the Secretary of Labor that such contractor has established and will carry out personnel and employment policies in compliance with the provisions of this Order.
- 7) Pursuant to rules and regulations prescribed by the Secretary of Labor, the Secretary shall make reasonable efforts, within a reasonable time limitation, to secure compliance with the contract provisions of this Order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under subsection (a)(2) of this Section, or before a contract shall be cancelled or terminated in whole or in part under subsection (a)(5) of this Section.

SEC. 210. Whenever the Secretary of Labor makes a determination under Section 209, the Secretary shall promptly notify the appropriate agency. The agency shall take the action directed by the Secretary and shall report the results of the action it has taken to the Secretary of Labor within such time as the Secretary shall specify. If the contracting agency fails to take the action directed within thirty days, the Secretary may take the action directly.

SEC. 211. If the Secretary shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily

complied with the provisions of this Order or submits a program for compliance acceptable to the Secretary of Labor.

SEC. 212. When a contract has been cancelled or terminated under Section 209(a)(5) or a contractor has been debarred from further Government contracts under Section 209(a)(6) of this Order, because of noncompliance with the contract provisions specified in Section 202 of this Order, the Secretary of Labor shall promptly notify the Comptroller General of the United States.

Subpart E – Certificates of Merit

SEC. 213. The Secretary of Labor may provide for issuance of a United States Government Certificate of Merit to employers or labor unions, or other agencies which are or may hereafter be engaged in work under Government contracts, if the Secretary is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading, and other practices and policies of the labor union or other agency conform to the purposes and provisions of this Order.

SEC. 214. Any Certificate of Merit may at any time be suspended or revoked by the Secretary of Labor if the holder thereof, in the judgment of the Secretary, has failed to comply with the provisions of this Order.

SEC. 215. The Secretary of Labor may provide for the exemption of any employer, labor union, or other agency from any reporting requirements imposed under or pursuant to this Order if such employer, labor union, or other agency has been awarded a Certificate of Merit which has not been suspended or revoked.

Part III – Nondiscrimination Provisions in Federally Assisted Construction Contracts

SEC. 301. Each executive department and agency, which administers a program involving Federal financial assistance shall require as a condition for the approval of any grant, contract, loan, insurance, or guarantee thereunder, which may involve a construction contract, that the applicant for Federal assistance undertake and agree to incorporate, or cause to be incorporated, into all construction contracts paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to such grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the provisions prescribed for Government contracts by Section 202 of this Order or such modification thereof, preserving in substance the contractor's obligations thereunder, as may be approved by the Secretary of Labor, together with such additional provisions as the Secretary deems appropriate to establish and protect the interest of the United States in the enforcement of those obligations. Each such applicant shall also undertake and agree (1) to assist and cooperate actively with the Secretary of Labor in obtaining the compliance of contractors and subcontractors with those contract provisions and with the rules, regulations and relevant orders of the Secretary, (2) to obtain and to furnish to the Secretary of Labor such information as the Secretary may require for the supervision of such compliance, (3) to carry out sanctions and penalties for violation of such obligations imposed

upon contractors and subcontractors by the Secretary of Labor pursuant to Part II, Subpart D, of this Order, and (4) to refrain from entering into any contract subject to this Order, or extension or other modification of such a contract with a contractor debarred from Government contracts under Part II, Subpart D, of this Order.

SEC. 302. "Construction contract" as used in this Order means any contract for the construction, rehabilitation, alteration, conversion, extension, or repair of buildings, highways, or other improvements to real property.

- a) The provisions of Part II of this Order shall apply to such construction contracts, and for purposes of such application the administering department or agency shall be considered the contracting agency referred to therein.
- b) The term "applicant" as used in this Order means an applicant for Federal assistance or, as determined by agency regulation, other program participant, with respect to whom an application for any grant, contract, loan, insurance, or guarantee is not finally acted upon prior to the effective date of this Part, and it includes such an applicant after he/she becomes a recipient of such Federal assistance.

SEC. 303. The Secretary of Labor shall be responsible for obtaining the compliance of such applicants with their undertakings under this Order. Each administering department and agency is directed to cooperate with the Secretary of Labor and to furnish the Secretary such information and assistance as the Secretary may require in the performance of the Secretary's functions under this Order.

- a) In the event an applicant fails and refuses to comply with the applicant's undertakings pursuant to this Order, the Secretary of Labor may, after consulting with the administering department or agency, take any or all of the following actions: (1) direct any administering department or agency to cancel, terminate, or suspend in whole or in part the agreement, contract or other arrangement with such applicant with respect to which the failure or refusal occurred; (2) direct any administering department or agency to refrain from extending any further assistance to the applicant under the program with respect to which the failure or refusal occurred until satisfactory assurance of future compliance has been received by the Secretary of Labor from such applicant; and (3) refer the case to the Department of Justice or the Equal Employment Opportunity Commission for appropriate law enforcement or other proceedings.
- b) In no case shall action be taken with respect to an applicant pursuant to clause (1) or (2) of subsection (b) without notice and opportunity for hearing.

SEC. 304. Any executive department or agency which imposes by rule, regulation, or order requirements of nondiscrimination in employment, other than requirements imposed pursuant to this Order, may delegate to the Secretary of Labor by agreement such responsibilities with

respect to compliance standards, reports, and procedures as would tend to bring the administration of such requirements into conformity with the administration of requirements imposed under this Order: Provided, That actions to effect compliance by recipients of Federal financial assistance with requirements imposed pursuant to Title VI of the Civil Rights Act of 1964 shall be taken in conformity with the procedures and limitations prescribed in Section 602 thereof and the regulations of the administering department or agency issued thereunder.

Part IV – Miscellaneous

SEC. 401. The Secretary of Labor may delegate to any officer, agency, or employee in the Executive branch of the Government, any function or duty of the Secretary under Parts II and III of this Order.

[Sec. 401 amended by EO 12086 of Oct. 5, 1978, 43 FR 46501, 3 CFR, 1978 Comp. p. 230]

SEC. 402. The Secretary of Labor shall provide administrative support for the execution of the program known as the "Plans for Progress."

SEC. 403. Executive Orders Nos. 10590 (January 19, 1955), 10722 (August 5, 1957), 10925 (March 6, 1961), 11114 (June 22, 1963), and 11162 (July 28, 1964), are hereby superseded and the President's Committee on Equal Employment Opportunity established by Executive Order No. 10925 is hereby abolished. All records and property in the custody of the Committee shall be transferred to the Office of Personnel Management and the Secretary of Labor, as appropriate.

- a) Nothing in this Order shall be deemed to relieve any person of any obligation assumed or imposed under or pursuant to any Executive Order superseded by this Order. All rules, regulations, orders, instructions, designations, and other directives issued by the President's Committee on Equal Employment Opportunity and those issued by the heads of various departments or agencies under or pursuant to any of the Executive orders superseded by this Order, shall, to the extent that they are not inconsistent with this Order, remain in full force and effect unless and until revoked or superseded by appropriate authority. References in such directives to provisions of the superseded orders shall be deemed to be references to the comparable provisions of this Order.

[Sec. 403 amended by EO 12107 of Dec. 28, 1978, 44 FR 1055, 3 CFR, 1978 Comp., p. 264]

SEC. 404. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this Order and of the rules and regulations of the Secretary of Labor.

SEC. 405. This Order shall become effective thirty days after the date of this Order.

(Source: Added at 24 Ill. Reg. 16245, effective November 1, 2000)

Section 662.APPENDIX B Loan Application Documents

Section 662.EXHIBIT A Loan Application Form

Applicant Information

L17# _____

1. Legal Name of Applicant: _____

2. Applicant Address: _____

Project Description: _____

Federal Employer Identification Number (FEIN)*: _____

* Submit FEIN Certification (Attached)

3. Authorized Representative:

Name: _____ Title: _____

Phone: _____ Email: _____

4. Engineer:

Name: _____ Firm: _____

Address: _____ Phone: _____

_____ Email: _____

5. Attorney:

Name: _____ Firm: _____

Address: _____ Phone: _____

_____ Email: _____

6. Include detailed construction cost estimate in bid format as part of this application and summarize below:

Construction	\$
Legal/Financial	\$
Design Engineering	\$

Construction Engineering	\$
Other	\$
Contingency	\$
	<hr/>
Total	\$

7. Amount requested for loan \$ _____

8. Loan repayment period requested (maximum term is 20 years): _____

20 Years

Other (_____ number of years)

9. List any other proposed sources of funding in addition to loan request:

Source: _____ Amount: _____

Date Available: _____

10. Project Schedule (Indicate "complete" or anticipated date of completion as appropriate)

a) Approved Project Planning: _____

b) Plans and Specifications completed and submitted to Illinois EPA: _____

c) Illinois EPA Permit issued: _____

d) Approved Operation, Maintenance and Replacement Revenue System and Dedicated Source of Revenue: _____

e) Advertise for Bids: _____

f) Initiation of Construction: _____

g) Completion of Construction: _____

Loan Program Certifications

- Whereas, the application provisions for loans from the Public Water Supply Loan Program require that the loan applicant provide the following certifications and assurances:

The loan applicant hereby agrees to pay all project costs not covered by the loan. If the project costs provided by the applicant exceed the lesser of 5% of the total project cost or \$100,000, please provide the following information:

Amount to be provided by applicant \$ _____

Source of funds _____

- The loan applicant hereby certifies that it has analyzed the costs and the financial impacts of the proposed project and that it has the legal, institutional, managerial and financial capability to insure adequate building, operation, maintenance and replacement of the proposed project.
- The loan applicant hereby certifies that no unlawful or corrupt practice has taken place in the planning or design of the proposed project.
- The loan applicant hereby certifies that it has complied with all applicable State and federal statutory and regulatory requirements in regard to the proposed project.
- The loan applicant hereby certifies that it is not barred from being awarded a contract or subcontract under Section 10.1 of the Illinois Purchasing Act.

Certification Regarding Debarment, Suspension and Other Responsibility Matters

The prospective participant certifies, to the best of its knowledge and belief, that it and its principals:

- a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- b) Have not, within a three year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State or local) transaction or contract under a public transaction; violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property.
- c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, State or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- d) Have not, within a three-year period preceding this application/proposal, had one or more public transactions (federal, State or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC 1001, a false statement may result in fine of up to \$10,000 or imprisonment for up to 5 years, or both.

INTENT REGARDING NATIONAL FLOOD INSURANCE

Whereas application provisions for loans from the Public Water Supply Loan Program require compliance with the National Flood Insurance Act of 1968, as amended, and

Whereas the costs of securing and maintaining flood insurance are eligible for loan participation during the approved construction period, and

Whereas failure to secure flood insurance for eligible construction located in designated flood hazard areas will cause this construction to become ineligible for loan funds:

Now therefore, be it resolved that the _____ of _____ will cooperate and coordinate with the National Flood Insurance Program to acquire and maintain any flood insurance made available for Project L17# _____ for the entire useful life of the insurable construction pursuant to the National Flood Insurance Act of 1968, as amended, and that it will secure said flood insurance for each insurable structure, as soon as said insurance is available, and will notify the Illinois Environmental Protection Agency in writing that the National Flood Insurance requirement has been satisfied.

**CERTIFICATION REGARDING PROJECT SITE,
RIGHTS-OF-WAY, EASEMENTS, AND PERMITS**

1. The applicant has investigated and ascertained the location of the site or sites, rights-of-way, and easements being provided for the facilities in its application for loan assistance. In my opinion, the applicant has a sufficient legal interest in the site or sites, rights-of-way, and easements to permit the building of such facilities thereon and to permit the operation and maintenance of such facilities thereon during the estimated life of the facility by the applicant after the completion of construction.
2. The loan applicant has complied with the provisions of 49 CFR 24 as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended (42 USC 4601 et seq.).
3. The loan applicant has obtained all the necessary permits as indicated below:

<u>Type of Permit</u>	<u>Permit Number</u>	<u>Date Issued</u>
Army Corps of Eng. 404	_____	_____
IL Dept. of Trans.	_____	_____
County Highway	_____	_____

Other _____

AUTHORIZATION OF A REPRESENTATIVE TO SIGN LOAN DOCUMENTS

Whereas, application provisions for loans from the Public Water Supply Loan Program require that the _____ (name of applicant) of _____ (address) authorize a representative to sign the loan application forms and supporting documents; therefore, be it resolved by the _____ (name of applicant) of _____ (address) that _____ (name or title) is hereby authorized to sign all loan application forms and documents.

I, _____ hereby verify that the above information is, to the best of my knowledge, true and correct.

Date: _____ Signed by: _____

(Authorized Representative)

Title: _____

Attested by: _____

TAXPAYER IDENTIFICATION NUMBER

I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).
 - *If you are an individual, enter your name and SSN as it appears on your Social Security Card.*
 - *If you are a sole proprietor, enter the owner's name on the name line followed by the name of the business and the owner's SSN or EIN.*
 - *If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's name on the name line and the d/b/a on the business name line and enter the owner's SSN or EIN.*
 - *If the LLC is a corporation or partnership, enter the entity's business name and EIN and for corporations, attach IRS acceptance letter (CP261 or CP277).*
 - *For all other entities, enter the name of the entity as used to apply for the entity's EIN and the EIN.*

Name: _____

Business Name: _____

Taxpayer Identification Number: _____

Social Security Number: _____

or

Employer Identification Number _____

Legal Status (*check one*):

- | | |
|---|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Sole Proprietor | <input type="checkbox"/> Nonresident alien |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Estate or trust |
| <input type="checkbox"/> Legal Services Corporation | <input type="checkbox"/> Pharmacy (Non-Corp.) |

- | | |
|---|---|
| <input type="checkbox"/> Tax-exempt | <input type="checkbox"/> Pharmacy/Funeral Home/Cemetery (Corp.) |
| <input type="checkbox"/> Corporation providing or billing medical and/or health care services | <input type="checkbox"/> Limited Liability Company (select applicable tax classification) |
| <input type="checkbox"/> Corporation NOT providing or billing medical and/or health care services | <input type="checkbox"/> D = disregarded entity |
| | <input type="checkbox"/> C = corporation |
| | <input type="checkbox"/> P = partnership |

Signature: _____ Date: _____

(Source: Added at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.APPENDIX B Loan Application Documents

Section 662.EXHIBIT B Program Financial Requirements

Loan Applicant: _____

Loan Number: _____

Please answer or submit information indicated, as appropriate.

A. Dedicated Source of Revenue

1. Home Rule Non-Home Rule
2. Type of loan instrument
 - a. General Obligation Debt
 - b. Alternate (double barreled) bonds with property tax levy that pledges an alternate revenue source of _____
 - c. Water Sewer Combined System Revenues – Senior Lien
 - d. Water Sewer Combined System Revenues – Subordinate Lien
3. Authority of applicant to issue debt
 - a. Home rule powers
 - b. Specific authorizing statute: _____ ILCS _____
 - c. Other (specify) _____
4. Please submit a copy of the certified ordinance authorizing the debt to be incurred, along with existing ordinances if a subordinate lien is proposed. If this is a subordinate

lien, the certified ordinance authorizing debt must have provisions for equivalent accounts and coverage.

5. Please submit a signed legal opinion with respect to the validity and enforceability of the applicant's obligations (the bond ordinance) and the absence of conflicts with other agreements, bonds or ordinances.
6. Please submit a detailed demonstration that the dedicated source of revenue will provide adequate revenues to repay the loan in accordance with the terms of the loan agreement, including meeting any covenants and requirements in the loan agreement.

Please complete **EITHER** Section B. or Section C., as appropriate:

B. Water Revenue System (complete tasks if an Agency approved water revenue system IS NOT in place)

1. Please submit a detailed Operation, Maintenance and Replacement (OM&R) budget.
2. Please provide calculations to demonstrate how the rates and surcharges are calculated. The rates should be expressed in cost per unit of usage, i.e., per 1,000 gallons, per 100 cubic feet, as appropriate).
3. Please submit copies of certified water use and water rate ordinances.

C. Supplemental Review (complete tasks if an Agency approved water revenue system IS in place)

1. Please provide a statement certifying that the water use and water rate ordinances originally approved are in place and being enforced. The certification should also address the following questions:
 - a. Is an annual review of the Water Revenue System and water/other service charges being performed?
 - b. Is the Water Revenue System generating sufficient revenue to recover the Operation, Maintenance and Replacement (OM&R) Costs?
 - c. Will this project result in substantial changes to the costs for Operation, Maintenance and Replacement?

Include ordinance numbers and effective dates, and please reference any amendments made to the ordinances since their approval.

2. If the project will result in substantial changes in costs for Operation, Maintenance and Replacement, please submit a proposed budget for the first year OM&R costs and a review of water/other service charges, along with necessary revisions to the rate ordinance when appropriate.

D. Tax Exemption Certificate and Agreement

1. Please provide a signed copy of the Tax Exemption Certificate and Agreement. This document can be accessed on the Agency's website at:
<http://www.epa.state.il.us/water/forms.html#financial-assistance> or by telephone at 217/782-2027.
2. Are other entities substantially benefiting (greater than 5%) from the project?
 Yes No

Please submit copies of any applicable service agreements with substantial beneficiaries.

I hereby certify that the above information is, to the best of my knowledge, true and accurate.

(Authorized Representative)

(Date)

Financial Information Requirements

Prior to the issuance of a loan agreement, the loan applicant must provide detailed and sufficient information to allow the Agency to determine that the applicant (1) is financially capable, (2) has pledged a Dedicated Source of Revenue that is adequate to retire the debt and meet any covenants and requirements in the loan agreement, and (3) has established a Water Use and Water Revenue System, when applicable, that will generate adequate revenues to repay the loan and accommodate costs for operation, maintenance and replacement of the facilities to be constructed.

These financial information requirements can generally be accomplished by completing the Financial Information Checklist above, which will necessarily involve the enactment of an ordinance or other legal instrument authorizing the debt to be incurred, and the development and enactment of an ordinance or other legal instrument establishing a Water Use System and Water Revenue System, when applicable. If a Water Revenue System has been previously approved by the Agency, evidence will be required to assure that the system has been adequately maintained, is being enforced and will continue to produce adequate revenues.

This brief summary of PWSLP loan rules, Agency review procedures, and information that must be submitted for the Agency's review is being provided along with the Financial Information Checklist above to provide guidance for potential loan recipients.

Financial Capability

The Agency will require the loan applicant to demonstrate that it has the legal, financial, managerial and institutional capability to retire the loan and to construct, operate and maintain the project for the life of the facilities to be constructed. The applicant must also demonstrate the ability to meet any covenants contained in the loan agreement.

The Agency's Financial Capability review will be conducted using items submitted as part of the loan application, including our review of the Dedicated Source of Revenue and the Water Revenue System as detailed below. If the Agency is unable to make a Financial Capability determination based on the loan application, the submission of additional financial data, including audited financial statements, may be required.

Dedicated Source of Revenue

The Agency will require that a specific source(s) of revenue be dedicated and pledged to make the loan repayments. Prior to the Agency's approval of the dedicated source(s) of revenue, the applicant must demonstrate that the pledged revenue source(s) will generate adequate revenues to make loan repayments for the term of the loan. The term of the loan will be specified in the loan agreement, but shall not exceed 20 years from the initiation of operation date contained in the loan agreement. Additional points that must be considered during the development of the dedicated source of revenue are:

- The dedicated source of revenue is usually pledged by the loan applicant in the form of an adopted ordinance that pledges a specific and dedicated source of revenue for repayment of the loan. The adopted ordinance will in most cases pledge a very stable source of revenue, such as revenues of the system, in the form of a revenue bond. General obligation and alternate bond ordinances are also acceptable. The loan applicant will be responsible for meeting all publication requirements, including publication of the Notice of Intent to Borrow Funds and Right to File a Petition, when applicable.
- In the case of revenue bonds, the Agency will require that debt service coverage requirements for the IEPA loan be equal to any outstanding senior debt that is payable from revenues of the system, or from other revenues that are pledged for repayment of the loan. If a Water Revenue System is used, the rate ordinance and the rates must be adopted prior to first disbursement on the loan. State law requires a 1.25 x coverage test for alternate bonds, and parity revenue bonds must also meet the covenants made to outstanding investors.
- The Agency will require the loan applicant to furnish a legal opinion verifying the legality and acceptability of the ordinance and other elements of the debt instrument selected for repayment of the loan. This opinion will necessarily address the validity and enforceability

of the loan recipient's obligations and the absence of conflicts with other agreements, bonds or ordinances. Retention of bond counsel is optional.

Water Revenue System

The Agency will require the loan applicant to establish a Water Revenue System, or alternative revenue collection system that will generate adequate revenues to make loan repayments for the term of the loan and to accommodate costs for operation, maintenance and replacement of the facilities to be constructed. The establishment of a Water Revenue System is generally accomplished by the development and enactment of an ordinance establishing a Water Use and Water Revenue Rate System to govern terms and charges for use of the system. If alternative revenue sources (not system revenues) will be dedicated to the project, other appropriate legal instruments will be required to secure a revenue stream and ensure debt service on the loan.

If the applicant has a previously approved Water Revenue System, the Agency will review the system to ascertain that the system was enacted and has been maintained in accordance with the previous approval and that it will continue to produce adequate revenues for the proposed project.

(Source: Added at 34 Ill. Reg. 17661, effective November 8, 2010)

Section 662.APPENDIX B Loan Application Documents

Section 662.EXHIBIT C Bid Certifications Form

Loan Applicant: _____

Loan Number: _____

Please answer or submit information indicated, as appropriate.

1. Please submit evidence of advertising, including a certified copy of the bid advertisement that notifies the bidders that the procurement will be subject to regulations contained in the procedures for issuing loans from the PWSLP as set out in this Part 662, the Davis-Bacon Act (40 USC 276a through 276a-5) as defined by the U.S. Department of Labor, the Employment of Illinois Workers on Public Works Act [30 ILCS 570], the Disadvantaged Business Enterprise program requirements (40 CFR 33) and Executive Order 11246, as amended (Appendix A, Exhibit D) (reference Section 662.620(b)(1)).
 - a. The advertisement was placed in the: _____ newspaper*

* "Key" newspaper required (reference DBE Guidance at:
<http://www.epa.state.il.us/water/forms.html#financial-assistance>)
 - b. The advertisement was placed on: _____

_____ (date)

- c. The date of bid opening is: _____
 - d. Bid holding period is: _____ days
2. Please submit the bid tabulation and the selected bidder's proposal (bid form only) reflecting any addenda issued during the bidding period (reference Section 662.620(b)).
- a. Number of bids received: _____
 - b. Low/High range for base bids: _____ to _____
 - c. Is the loan recipient awarding to the lowest responsive, responsible bidder?
 Yes No
If not, please submit justification disqualifying the apparent lowest bidder (reference Section 662.620(b)(4)(C)).
 - d. Are there appeals or protests? Please answer yes or no: _____
3. Please list and provide a summary of any addenda issued during the bidding period. The summary should reflect any change to major equipment or suppliers in the proposal and any alternates (deductive/additive) to be used in the project. Please include a statement that applicable addenda and alternates (deductive/additive) have been approved by the Agency's Permit Section.
4. Please submit the consultant's analysis of bids and recommendation for award (reference Section 662.620(b)(2)(c)).
5. Please submit the loan applicant's letter of intent to award or the official minutes of board approval for the award (reference Section 662.620(b)(4)(A)).
6. Please submit a summary of the evidence that the contractor and engineer have met the disadvantaged business enterprise requirements pursuant to 40 CFR 33. Guidance for loan applicants on DBE requirements can be found on the Agency's website at <http://www.epa.state.il.us/water/forms.html#financial-assistance>. At a minimum, the loan applicant shall submit completed and signed copies of Forms 6100-3 (DBE Subcontractor Performance Form) and 6100-4 (DBE Subcontractor Utilization Form) if DBE inquiries are received on the project.
7. Bid Certifications – By submission of these bids and by certification provided hereunder, the loan applicant certifies that, to the best of its knowledge and belief, it and its principals have read and understand the various requirements pertaining to bids as embodied in these loan rules and that the specific certifications detailed below are provided by submission of these bids.

8. Contractor Certifications – Completed copies of three additional certifications must be executed by the selected contractor and submitted by the loan applicant, including a Certification of Non-Segregated Facilities, a Bidder Certification in Compliance with Article 33E to the "Criminal Code of 1961" and a Certification Regarding Debarment, Suspension and Other Responsibility Matters. Forms acceptable for this purpose are provided in this package below.

Bid Certifications

- The loan applicant hereby certifies that the bidding documents include: a complete statement of the work to be performed, including necessary drawings and a required completion schedule; the terms and conditions of the contract to be awarded; a clear explanation of the method of bidding, the method for evaluation of bid prices and the basis and method for award of the contract; a statement that any contract awarded in response to the bid is expected to be funded in part by a loan from the PWSLP, and that neither the State of Illinois nor any of its departments, agencies or employees is or will be a party to this bidding or any resulting contract; and a summary of responsibility requirements or criteria that may be used in evaluating bidders, provided that an experience requirement or performance bond may not be used unless adequately justified by the loan recipient.
- The loan applicant hereby certifies that the certifications contained in Section 662.620(b)(2)(G) and (H) are included in the proposal form to be used by bidders and shall constitute a representation and certification to be considered as a part of their bid.
- The loan applicant hereby certifies that the proposal is consistent with approved specifications in terms of quantity, description and eligibility.
- The loan applicant hereby certifies that any addenda issued during the bidding period were distributed to all prospective bidders and approved by the Agency.
- The loan applicant hereby certifies that a bid bond or cashier's check for not less than five percent (5%) of the bid amount and signed power of attorney is provided (reference Section 662.620(a)).
- The loan applicant hereby certifies that any change to major equipment or suppliers on the proposal has been approved by the Agency (Permit Section), that alternates (deductive/additive) taken have been approved by the Agency (Permit Section) and that an approved Permit # _____ is in place for the project.

- The loan applicant hereby certifies that a list of all subcontractors being utilized on the project will be maintained in the project file and made available for inspection upon request. The subcontractors list should include a name, address and telephone number for all subcontractors being used.

I hereby certify that the above information, including all certifications provided to comply with the procedures for issuing loans from the PWSLP, is, to the best of my knowledge, true and accurate.

(Authorized Representative)

(Date)

Contractor Certifications

U.S. ENVIRONMENTAL PROTECTION AGENCY

CERTIFICATION OF NONSEGREGATED FACILITIES

(Applicable to federally assisted construction contracts and related subcontracts exceeding \$10,000 that are not exempt from the Equal Opportunity clause.)

The federally assisted construction contractor certifies that he or she does not maintain or provide for his or her employees any segregated facilities at any of his or her establishments, and that he or she does not permit his or her employees to perform their services at any location, under his or her control, where segregated facilities are maintained. The federally assisted construction contractor certifies further that he or she will not maintain or provide for his or her employees any segregated facilities at any of his or her establishments, and that he or she will not permit his or her employees to perform their services at any location, under his or her control, where segregated facilities are maintained. The federally assisted construction contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees that are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom or otherwise. The federally assisted construction contractor agrees that (except when he or she has obtained identical certifications from proposed subcontractors for specific time periods) he or she will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 that are not exempt from the provisions of the Equal Opportunity clause, and that he or she will retain such certification in his or her files.

Signature

Date

Name and Title of Signer (Please type)

Firm Name

NOTE: The penalty for making false statements in offers is prescribed in 18 USC 1001.

Bidder Certification
In Compliance with Article 33E to the
Criminal Code of 1961

I, _____, do hereby certify that:
Name

1. I am _____ of the _____
Position Firm
and have authority to execute this certification on behalf of the firm.
2. This firm is not barred from bidding on this contract as a result of a violation of either Section 33E-3, Bid-rigging, or Section 33E-4, Bid Rotating, as set forth in Article 33E to the Criminal Code of 1961.

Name of Firm _____

Signature _____

Title _____

Date _____

Corporate Seal (when appropriate)

On this _____ day of _____, 20____, before me appeared
_____ to me personally known, who, being
(Name)

duly sworn, did execute the foregoing affidavit, and did state that he or she was properly
authorized by _____ to execute the affidavit and did so
(Name of Firm)
as his or her free act and deed.

(Notary Public)

(Commission Expires)

Notary Seal

EPA Project Control #: _____

United States Environmental Protection Agency
Washington DC 20460

Certification Regarding Debarment, Suspension and Other Responsibility Matters

The prospective participant certifies, to the best of its knowledge and belief, that it and its principals:

- a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- b) Have not, within a three year period preceding this proposal, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State or local) transaction or contract under a public transaction; violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, State or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and

- d) Have not, within a three-year period preceding this application/proposal, had one or more public transactions (federal, State or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC 1001, a false statement may result in fine of up to \$10,000 or imprisonment for up to 5 years, or both.

(Typed Name & Title of Authorized Representative)

(Signature of Authorized Representative)

(Date)

_____ I am unable to certify the above statements. My explanation is attached.

(Source: Added at 34 Ill. Reg. 17661, effective November 8, 2010)