
THE CITY OF ROCHELLE
Ogle County, Illinois

RESOLUTION
NO.

**A RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM
THE SOLID WASTE FUND TO FINANCE THE AIRPORT AND
TECH CENTER PROJECTS**

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City Council

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**CITY OF ROCHELLE
Ogle County, Illinois**

**RESOLUTION NO.
Date Passed:**

**A RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM
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WHEREAS, Section 7 of Article VII of the 1970 Constitution of the State of Illinois provides that a municipality that is not a home rule unit shall only have the powers granted to them by law and as such the City of Rochelle, Ogle County, Illinois being a non-home rule unit pursuant to the provisions of said Section 7 of Article VII, and may exercise only the powers expressly granted by law; and

WHEREAS, the Illinois General Assembly granted non-home rule municipalities broad authority to "pass all ordinances and make all rules and regulations proper or necessary, to carry into effect the powers granted to municipalities." 65 ILCS 5/1-2-1; and

WHEREAS, the City previously approved the 2026 City of Rochelle Budget as well as authorized Capital Improvements to the Rochelle Municipal Airport and the Tech Center ("the Projects"); and

WHEREAS, since the approval of these Projects interest rates have increased and remain elevated with continued volatility driven by broader economic uncertainty and current geopolitical conditions; and

WHEREAS, as a result of the increased interest rates, staff has evaluated alternative financing options and is recommending that the City utilize an interfund loan from the Solid Waste Fund to finance the Airport and Tech Center projects in place of issuing bonds for this portion of the financing of these projects; and

WHEREAS, the proposed terms of the interfund loan would be structured with a principal amount not to exceed \$3,300,000, bearing interest at a nominal rate of 1.5%, with a repayment term of five (5) years. The Airport portion of the interfund loan is expected to be partially repaid upon receipt of federal and State grant reimbursements, with the remaining balance supported by hangar lease revenues. The Tech Center portion of the interfund loan will be repaid through ongoing Tech Center operating revenues; and

WHEREAS, repayment of the Tech Center portion of the interfund loan may be structured to begin once the Tech Center demonstrates sufficient operating revenues and liquidity to support debt service without impacting ongoing operations; and

WHEREAS, based on the proposed structure, annual debt service on the interfund loan is expected to average approximately \$700,000 per year, of which approximately \$425,000 is attributable to the Airport project and approximately \$275,000 is attributable to the Tech Center project; and

WHEREAS, a portion of the Airport-related repayment may be accelerated upon receipt of federal and State reimbursements, further reducing outstanding balances and interest expense; and

WHEREAS, the Solid Waste Fund currently maintains a fund balance of \$5,302,761.05, with projected annual income of \$1,328,019 for budget year 2026, demonstrating adequate liquidity to support the proposed interfund loan; and

WHEREAS, total estimated issuance costs associated with bond financing were approximately \$140,774, including underwriting, legal, and advisory fees, of which approximately \$15,500 has already been incurred related to the City's S&P rating; and

WHEREAS, by utilizing an interfund loan in lieu of bond financing, the City would avoid approximately \$125,274 in additional issuance costs; and

WHEREAS, bonding analysis indicates that issuing bonds at an estimated interest rate of 3.75% would result in total interest payments of approximately \$974,437 over the life of the bonds; and

WHEREAS, by comparison, the proposed interfund loan at an interest rate of 1.5% over a five-year term is expected to result in total interest costs of approximately \$148,500, representing estimated interest savings of approximately \$825,000 relative to a bond issuance; and

WHEREAS, this financing approach provides the City with enhanced flexibility to manage cash flow, minimizes overall interest expense, avoids locking in higher long-term borrowing costs in the current interest rate environment, and preserves the City's future debt capacity for larger capital needs; and

WHEREAS, it has been determined by the Corporate Authorities of the City of Rochelle that it is in the best interests of the City and its residents to authorize the proposed interfund loan from the solid waste fund to finance the Airport and Tech Center Projects.

NOW THEREFORE BE IT RESOLVED by the Mayor and City Council of the City of Rochelle, Ogle County, Illinois, as follows:

SECTION ONE: The foregoing recitals shall be, and are hereby, incorporated into and made a part of this Resolution as if fully set forth in this

Section One.

SECTION TWO: That the Mayor and City Council of the City of Rochelle hereby authorize and approve an interfund loan from the Solid Waste Fund to finance the Airport and Tech Center Projects in a principal amount not to exceed \$3,300,000, bearing interest at a nominal rate of 1.5%, with a maximum repayment term of five (5) years. Loan proceeds shall be allocated between the Airport project and the Tech Center project in proportions determined by the Finance Director based on actual project expenditures. The Airport portion shall be repaid through a combination of federal and State grant reimbursements and ongoing hangar lease revenues, with accelerated repayment permitted upon receipt of reimbursements; and the Tech Center portion shall be repaid through ongoing Tech Center operating revenues, with repayment timing structured to begin when sufficient revenues and liquidity are available to support such payments without impairing operations. The loan shall be administered in a manner that ensures the Solid Waste Fund retains sufficient reserves to meet all operational, regulatory, and capital requirements. The City Manager, Finance Director, and City Attorney are hereby authorized to prepare, execute, and administer all necessary interfund loan agreements, repayment schedules, and related documentation consistent with this Resolution.

SECTION THREE: If any provision of this Resolution or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this Resolution is severable.

SECTION FOUR: Where the conditions imposed by any provisions of this Resolution are more restrictive than comparable provisions imposed by Resolution in any other local law, ordinance, resolution, rule or regulation, the regulations of this Resolution will govern.

SECTION FIVE: The City Clerk shall publish this Resolution in pamphlet form.

SECTION SIX: This Resolution shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law.

PASSED THIS 13th day of April 2026.

AYES:

NAYS:

ABSENT

ATTEST:

City Clerk

Mayor

STATE OF ILLINOIS)
)
COUNTY OF OGLE) SS.

CERTIFICATE

I, Rose Huéramo, City Clerk of the City of Rochelle, County of Ogle and State of Illinois, DO HEREBY CERTIFY that the foregoing is a true and correct copy of Resolution No. _____, “A RESOLUTION AUTHORIZING AN INTERFUND LOAN FROM THE SOLID WASTE FUND TO FINANCE THE AIRPORT AND TECH CENTER PROJECTS,” which was adopted by the Mayor and City Council of the City of Rochelle on April 13, 2026.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Rochelle this 13th day of April 2026.

CITY CLERK