

Northern Lake County Water Special Service Area Planning Group



September 15, 2023

To: Chair Sandy Hart and Members of the Lake County Board

CC: Planning Group Members:

Austin McFarlane, Director, Lake County Public Works
Michael Strong, Village Administrator, Lake Villa
Clay Johnson, Village Administrator, Lindenhurst
Patrice Sutton, Director, Finance and Administrative Services
Anthony Miceli, Speer Financial
Barbara A. Adams, Joint Counsel, Donahue & Rose, P.C.

From: William Balling, Administrator, WRB LLC
Northern Lake County Water Special Service Area Planning Group

Re: Early Redemption of the \$7,000,000 Special Service Area Number 16
Unlimited Ad Valorem Special Tax Bonds, Series 2013

Executive Summary: The three members of the Northern Lake County Water Special Service Area Planning Group ("SSA Planning Group") – Lake County, Lake Villa and Lindenhurst – are pleased to recommend to the County Board that the outstanding balance of the above-described Bonds be paid off as of December 30, 2023. This is a full fifteen years ahead of schedule, which will result in a savings to the payers of property taxes within this Special Services Area of \$3,565,500 in interest.

Background: In 2008, the County of Lake and a group of northern Lake County municipalities began working together to address the uncertainty regarding future water supply, with the goal of obtaining Lake Michigan water. In 2013, the County water systems of Fox Lake Hills and Grandwood Park and the Villages of Lake Villa and Lindenhurst joined together to obtain Lake Michigan water from the Central Lake County Joint Action Water Agency (CLCJAWA). The County and Villages worked under the umbrella of two memorandums of understanding that established working groups to manage the project and the construction of the necessary water system improvements to bring CLCJAWA to these four water systems. The County, Lake Villa and Lindenhurst entered into an Admissions Agreement with CLCJAWA to become members of CLCJAWA and purchase Lake Michigan water; under that Agreement, the County, Lake Villa and Lindenhurst agreed to pay for the necessary water system improvements.

While each party contributed some of its own funds, the majority of the financing for the improvements was provided through an innovative use of the special service area law. Special Service Area Number 16 was created by the County with both Villages' consent, and included the territory served by the County's Fox Lake Hills and Grandwood Park water systems and territory

in Lake Villa and Lindenhurst. It was anticipated that a total principal amount of bonds up to \$46,000,000 could be required to complete the improvements. Two sets of bonds were approved: the Series 2013 Bonds (\$7,000,000), which provided an initial infusion of capital for the design of improvements, land acquisition and other related costs; and four “drawdown” bonds, each of which was issued to support the tax levy for one of the four low-interest loans from the IEPA’s water revolving fund (a total of approximately \$32,000,000).

Of the original \$7,000,000 borrowed via the Series 2013 Bonds, \$4,750,000 remains outstanding at an interest rate of 5.0%, payable December 1, 2037 and December 1, 2038. However, there is an opportunity to redeem (or defease) these Bonds and pay off that balance commencing December 30, 2023. A review of the SSA 16 funds on hand was performed with financial advice from Speer Financial and confirmation from the County’s Finance and Administrative Services Department that sufficient funds are available to redeem the Bonds on December 30, 2023.

Recommendation: The SSA Planning Group recommends that the County (1) redeem the balance of these Bonds as of December 30, 2023; (2) approve the proposed Ordinance authorizing the County to enter into an Escrow Agreement with Amalgamated Bank (trustee of the bonds) to deposit the necessary funds to redeem the outstanding Bonds and accrued interest (\$4,815,729.62) and pay the associated transaction costs to complete the redemption (bond counsel fees, financial advisor fees and bank escrow fees for a total of \$20,050).

If you have any questions, I can be reached at (847) 863-7101.