



## Village of Oak Lawn

9446 S. Raymond Avenue, Oak Lawn, IL 60453

~~October 20, 2023~~ (Updated November 28, 2023)

To: Oak Lawn Regional Water System Community (Draft)

From: Village of Oak Lawn

Re: Changes to the Conforming Agreements (North, Southeast, Southwest):

Throughout the Summer of 2023 the Village of Oak Lawn has been negotiating with the Southeast Customers (Matteson, Country Club Hills, and Olympia Fields) to become members of the Regional Water System Water Sale, Purchase and Service Agreement Between the Village of Oak Lawn, Illinois, and Its Municipal Customers (i.e., “Conforming Agreement”).

As a result of these negotiations, the Village of Oak Lawn and the Southeast Customers have tentatively agreed to conditions to have them join the “Conforming Agreement”. Below briefly summarizes the key conditions for the Southeast Communities to join.

- After January 1, 2026, the use of the 2045 IDNR to allocate the costs of future identified capital projects. All current 2013 RWS Capital Improvement Project and the Southeast Redundancy Project costs will continue to be allocated based on the 2030 allocations in Exhibit E of the Conforming Agreement until they are completely paid off.
- All Conforming Agreement members will contribute up to \$10 million dollars based on the 2030 IDNR allocation for a potential construction cost to add redundancy to the Southeast Customers. The Southeast Customer would then contribute any remaining funding over \$10 million for the project, based on 2030 IDNR allocations in Exhibit E.
- Before January 31, 2024, the Southeast Customers will pay their share of the “Old Bond” interest and principal up to December 31, 2023. The Southeast customers will also pay their catch-up share of payments made on the debt for

the 2013 RWS Capital Improvement Project. Then the Southeast Customers will continue to pay their shares of all debt going forward starting in January of 2024.

Due to the negotiated items above and adding the Southeast Customers below summarizes the more material sections that will change for the North, Southwest, and be added to the new Southeast Conforming Agreement. The changes are based on the Second Amended version of the Conforming Agreement.

Chapman Cutler have provided updated revisions to all the agreements. I have captured all the material changes in red below.

<b>Section</b>	<b>Summary of Current Section</b>	<b>Edit / Change Made</b>
Exhibits	Lists Exhibits	Adding Exhibit D.1. Adds each Municipal Customers 2045 IDNR Information in Millions of Gallons.
Exhibits	Lists Exhibits	Adding Exhibit E.1. Uses each Municipal Customers 2045 IDNR Information in Millions of Gallons to calculate Proportionate Share of Capital Costs and Charges for New Projects started after January 1, 2026.
Preamble Section C.	Notes that the Village of Oak Lawn owns and operates the Water System and references that the Southeast Customers may or may not join the RWS in the future.	Deletes wording the Southeast Customers may become a member the RWS and notes they "are" part of the RWS. (Deletes "are" and says "will")
Preamble Section D.	Notes that the Village of Oak Lawn delivers Chicago Water to its municipalities and references that the	Deletes wording the Southeast Customers may or may not join the RWS and notes they "are" part of the RWS. (Deletes additional

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	Southeast Customers may or may not join the RWS in the future.	language on Southeast and the reference to Preamble H).
Preamble Section H	Describes how the Oak Lawn serves the RWS customers and Southeast Customers in a separate contract.	Adds references to the “New Southeast System Customer Agreement”. Deletes wording that references the Southeast Customers are outside of the Conforming Agreement. ( <i>For the Southeast Agreement it notes the Agreement may be referred to as “New Southeast System Customer Agreement”</i> )
Preamble Section I.	Describes the Status of Southeast Customers being outside the RWS	Deletes wording that the references the Southeast Customers are outside of the Conforming Agreement.
Preamble Section O.	States that RWS Customers have received from State of Illinois their IDNR allocations which are found in <i>Exhibit "D"</i> . The IDNR allocations in <i>Exhibit "D"</i> go through 2030.	Adding a sentence at the end to note <i>Exhibit "D.1"</i> includes the year 2045 IDNR Allocations. Deletes the last sentence in the first draft and adds in multiple references of Exhibit “D.1” and the use of the 2045 allocation.
Preamble Section P.	States that Oak Lawn has Home Rule Authority	Lists out all those communities in the RWS Agreement that have Home Rule authority. Including the Matteson and Country Club Hills.
Preamble Section S.	States that certain costs due to Oak Lawn is based on Exhibit K	Adds the Southeast Customer Agreement

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Section 1. "Available Capacity"	Defines the capacity the Oak Lawn Regional Water System can deliver Chicago Water to its customers, which includes handling daily peaking factors.	Need to delete "Existing Southeast Customer Contracts" and replace with New Southeast Customer Agreement. <b>Added minor deletion. (For Southeast Customer Agreements, recognizes both North and Southwest Agreements)</b>
Section 1. "Component Cost Share"	Describes how costs are shared by RWS customers based on 2030 IDNR rates.	Adding a sentence at the end of the definition that after January 1, 2026, the cost share calculation for any new projects will be based on the 2045 IDNR allocation. <b>Adds further description of the calculation.</b>
Section 1. "Current Year Allocation"	Defines the allocation of Chicago Water from IDNR for each given year and references <i>Exhibit "D"</i>	Adding reference to "Exhibit D-1".
<b>Section 1. "Municipal Customers"</b>	<b>Lists all the RWS municipal customers.</b>	<b>Adds language that the each of the Southeast Communities are part of the Oak Lawn Regional Water System</b>
Section 1. "New Southeast Customer Agreement"	Defines the agreement between the Village of Oak Lawn and the Southeast Customers. It also notes <i>"as and if executed and delivered on or before December 31, 2014"</i>	Removing the reference to the December 31, 2014, date.
Section 1. "Other Agreement"	Defines time Oak Lawn can enter into agreements with future customers. Has	Take out old language, "within 90 days to the approval of SW Agreement"

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	outdated language referencing when the Southwest Agreement was signed.	
Section 1. "Points of Delivery"	Describes the points of delivery is shown in Exhibit B	Deletes references to the Southeast Customers since they will now be part of the RWS.
Section 1. "Proportionate Share"	Defines the share of the Capital Costs and Charges under the Agreement	Adding a reference to "Exhibit E.1" Adds effective date upon agreement of the third amendment.
Section 1. "Southeast System Redundancy Project"	New definition	Added new definition for the Redundancy Project and references Section 13.E.
Section 1. "Southwest /North System Customer Agreement"	Defines the Southwest / North System Agreement	Deletes the effective date of the original agreement December 31, 2014.
Section 1. "System Project"	Notes is the 2013 Regional System Improvements	Adds description of projects, such as feasibility studies, engineering, legal, etc.
Section 1. "2013 Regional System Improvements	Describes the construction of the 2013 RWS Project	Adds wording to include the "Southeast System Redundancy Project".
Section 1. "2045 Allocation"	New Section	Added New Section describing the 2045 allocation and references Exhibit "D.1".

<b>Section</b>	<b>Summary of Current Section</b>	<b>Edit / Change Made</b>
Section 4.D.4 Bonds: Finance	Notes in the event Southeast customers join will use Exhibit E Proportionate share for its Proportionate Share.	Adds wording that the exception to Proportionate share is needed for the Redundancy Project set forth in Section 13 of the Agreement. The Redundancy Project is for the Southeast Customers and limits all RWS customer cost responsibility up to \$10 million, with Southeast Customers picking up the remaining cost. Also adds wording projects not identified or initiated prior to 2026 will use <i>Exhibit E.1</i> . <b>Chapman put the new wording into a new subsection. Additionally, deletes first sentence which notes “In the event that the SE customers join. Also adds an exception for the SE redundancy project.</b>
Section 4.D.5. Bonds: Finance	New Section	Defines any System Projects identified or initiated on or after January 1, 2026, the Proportionate Shares will be calculated based on Exhibit “E.1”. Corporate Consent is need for any bonds related to new projects after 2026, Feasibility studies need Executive Consent.
Section 6.A Water Supply	Municipal Customers agrees to purchase water from Oak Lawn. References that Oak Lawn can also serve the Southeast Customers.	Remove references about Southeast customers.

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Section 6.B Water Supply	Oak Lawn is willing to provide continuous water supply.	Adding reference to "Exhibit D-1".
Section 7.C. Certain Permitted Service and Connection	References eventual SE Customers joining the Conforming Agreement	Remove references about Southeast customers becoming "an eventual customer".
Section 11.A.4. Transfer of Property Rights	Requires the conveyance of Easements related to the Oak Lawn Regional Water System to Oak Lawn	Need to add the Southeast Customers who also will be required to convey easements.
Section 11.F. Transfer of Property Rights Chapman moved this to Section 13	<del>Section not included.</del>	<del>New Section: Describes the Southeast Customer Redundancy Project and cost responsibility. Also adding that Tinley Park agrees to allow a permanent 24-inch connection to the Tinley Park Branch System at approximately 183rd Street and Ridgeland Avenue. Chapman deleted this entire section and move to Section 13.</del>
Section 13. Section A. Coordination and Completion of the 2013 Regional System Improvements and Future Projects	Describes the 2013 Regional Project and how the RWS communities work together	Changes the estimated completion date of the 2013 Regional Project from December 31, 2025, to December 31, 2027

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<p>Section 13. Section F. Coordination and Completion of the 2013 Regional System Improvements and Future Projects (<i>For SE customers it is Section E.</i>)</p>	<p>New Section</p>	<p><b>New Section:</b> Describes the Southeast Customer Redundancy Project and cost responsibility. Also adding that Tinley Park agrees to allow a permanent 24-inch connection to the Tinley Park Branch System at approximately 183rd Street and Ridgeland Avenue. Also notes Oak Lawn will issue New Series Bonds to pay for the cost of the Redundancy Project. The RWS communities will be responsible for the first \$10 million. Any additional cost of the project above \$10 million will be the SE community's responsibility.</p>
<p>Section 21.A.2 Future Water Customers; Special Connection Fees</p>	<p>References eventual Southeast Customers joining the Conforming Agreement</p>	<p>Eliminate entire section, not needed</p>
<p>Section 21.A.3 (now 21.A.2)</p>	<p>With the elimination of A.2., A.3. becomes A.3. Section allows Oak Lawn to sell to new customers with the exception of the Southeast Customers.</p>	<p>Deletes wording that Southeast Communities are not considered new customers.</p>
<p>Section 21.B Future Water Customers; Special Connection Fees</p>	<p>Requires Oak Lawn to charge the Southeast Customers to pay for the Special Connection Fee if they do not join the Conforming Agreement.</p>	<p>Add sentence that Southeast customers agree to pay all allocations on Capital Costs and Charges due prior to January 1, 2024. <del>Deletes first sentence on charging the Southeast Customers a Special Connection Fee.</del> Also</p>



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		deletes original proposed sentence on Southeast Customers agreeing to pay all back due amounts prior to January 1, 2024. Adds wording that Southeast Customers will pay the Special Connection Fee prior to January 31, 2024.
Section 21.C Future Water Customers; To Pay Proportionate Shares	Requires each Southeast System Customer when they become a future water customers pay their Proportionate Share.	Takes out referencing Southeast customers being future water customers. Adds a reference to Exhibit "E.1" and Section 11 F, the Redundancy Project. Eliminates the entire last sentence in this section which states the Southeast Customers as future water customers.
Section 21.D Future Water Customers; To Pay Old Bonds Special Connection Fee	References eventual Southeast Customers joining the Conforming Agreement.	Adds Southeast Customers to paragraph and will pay their share of allocation of Old Bonds owed and accrued prior to January 1, 2024. Deletes reference as Southeast Customers becoming future customers. Adds sentence that Southeast Customers will pay the Old Bond Special Connection Fee prior to January 31, 2024.
Section 31.B. Substitution of More Favorable Provisions	All Regional Customers will be eligible for Favorable Contract Provisions received by other RWS Customers if it were to arise.	Add wording that the Southeast Customers are not getting any favorable provisions.
Section 41.A. Effective Date and Term of Agreement	Sets the initial date of the Conforming Agreement on December 31, 2014	Add paragraph that makes the Third Amendment will be in full force on January 1, 2024, provided that certain conditions

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		<p>are satisfied by January 31, 2024. It also requires all parties to submit signed copies to the Village of Oak Lawn. (<i>The New Southeast Agreement will be effective January 1, 2024, provided that certain conditions are satisfied by January 31, 2024.</i>)</p>
<p>Section 41.B. Effective Date and Term of Agreement</p>	<p>Notes the Term of the Agreement is 40 years as 2014 initial approval date.</p>	<p>Adds the specific date the Agreement ends, August 1, 2054.</p>
<p>Section 41.C. Effective Date and Term of Agreement</p>	<p>Describes steps for Termination and Renewal</p>	<p>Inserts language that parties agree to commence negotiations not less than 5 years before the expiration of the term. Additionally, if after the end of the Term, a party does not renew its agreement with the Oak Lawn Regional Water System, but still requires purchasing water from the System, that community will still be required to pay their proportionate share of debt incurred while a member of the System. Additionally, the community will pay a water rate equivalent to that year's wholesale water rate, plus 30% of the wholesale water rate. If a community leaves the Oak Lawn Regional Water System, the community will be required to cover the costs needed to completely disconnect from the System. <i>Chapman has edited the</i></p>

<b>Section</b>	<b>Summary of Current Section</b>	<b>Edit / Change Made</b>
		original additions to be more specific. No major change in requirements if leaving the RWS.
<i>Section 41.D. Effective Date and Term of Agreement (Section Completely Removed for Southeast Agreement)</i>	Allowed Regional Customers to partially terminate the agreement if the Oak Lawn did not follow through with certain parts of the 2013 Regional Construction Approvements	Added references to “original” Effective Date of the Agreement.
Exhibit K Payments Due to Oak Lawn for “Old Bonds” and Old Bonds Special Connection Fee	Defines requirements for paying for “Old Bonds”.	In multiple sections adds the term “Southeast Customers”.
Exhibit K Payments Due to Oak Lawn for “Old Bonds” and Old Bonds Special Connection Fee/ Part III. Section A	Notes in the “event” of the Southeast Customers Joining.	Deletes wording referencing the “event” of the Southeast Customers joining. Replaces with on the “Effective Date” of the 3 <sup>rd</sup> Amendment the Southeast customers agree to pay their respective Old Bonds Proportionate Share.
<i>Exhibit N Superseded Intergovernmental Agreements (Southeast Customers Only)</i>	<i>Provides a history of agreements for all Regional Customers</i>	<i>Deletes references and dates for the North and Southwest Agreements and only has the history for Southeast Customers.</i>

<b>Section</b>	<b>Summary of Current Section</b>	<b>Edit / Change Made</b>
Exhibit O "Financing Plan and Parameters Oak Lawn Regional Water System "New Series Bonds" for "2013 Regional System Improvements" Section III.A.	Defines Maximum Principal Amounts issued to pay the costs of 2013 RWS Project. Currently set at \$275,000,000	Need to increase Maximum Principal by \$20,000,000 to \$295,000,000. The increase gives coverage for a potential \$20,000,000 Southeast Redundancy project, where the RWS Conforming Communities will be obligated to cover \$10,000,000, with the remaining amount covered collectively by the Southeast Communities.
Exhibit O "Financing Plan and Parameters Oak Lawn Regional Water System "New Series Bonds" for "2013 Regional System Improvements" Section III.C.	Defines Maximum Principal Amounts of Bonds of all series, including any series of refunding Bonds, which may be outstanding at any one time shall not exceed \$297,000,000	Need to increase Maximum Bonds for all series by \$297,000,000 to \$317,000,000. The increase gives coverage for a potential \$20,000,000 Southeast Redundancy project, where the RWS Conforming Communities will be obligated to cover \$10,000,000, with the remaining amount covered collectively by the Southeast Communities.
Exhibit O "Financing Plan and Parameters Oak Lawn Regional Water System "New Series Bonds" for "2013 Regional System Improvements" Section VI.	Planned maximum annual debt service shall not exceed \$22,500,000	Need to increase maximum annual debt services by \$1,000,000 to \$23,500,000. The increase gives coverage for a potential \$20,000,000 Southeast Redundancy project, where the RWS Conforming Communities will be obligated to cover \$10,000,000, with the remaining amount covered collectively by the Southeast Communities. Assuming a \$20,000,000 bond at 20 years, debt may go up by \$1,000,000 year.

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Exhibit F(6) Allocation Rationale and Calculation Methodology (Electricity Costs)	Provides allocation and rationale and calculation methodology for the electricity costs.	Adding footnote that after January 1, 2026, the system will be modeled using the Year 2045 Average Day Demand Condition and Share of Actual Electricity Cost.

Note the Southeast Customer Agreement will include other minor name changes.

Please reference the redline versions of your respective Conforming Agreements for more details on the changes.

John Spatz  
RWS Consultant

Jerry Dillon  
Assistant Village Manager, Village of Oak Lawn