



Legislation Details (With Text)

File #: 2023-1003 **Version:** 0 **Name:** Oak Lawn Regional Water System - Changes to the Conforming Agreement, Third Amendment

Type: MOTION **Status:** PASSED

File created: 12/14/2023 **In control:** Board of Trustees

On agenda: 12/18/2023 **Final action:** 12/18/2023

Title: Oak Lawn Regional Water System - Changes to the Conforming Agreement, Third Amendment

Code sections:

Attachments: 1. Summary of Final Conforming Agreement Changes Memo (Dec 2023), 2. Summary of Conforming Agreement Changes Memo (Updated November 28).pdf, 3. Southeast Customer Water Agreement (Updated December 12), 4. Third Amended North Customer Water Agreement (Updated December 12), 5. Third Amended Southwest Water Agreement (Updated December 12), 6. CDM Smith BP5 Engineering Services (Not to Exceed) Summary, 7. Oak Lawn Regional Water System - 3rd Amendment

Date	Ver.	Action By	Action	Result
12/18/2023	0	Board of Trustees		
12/14/2023	0	Engineering Programs & Services	INTRODUCED TO BOARD	

Title
Oak Lawn Regional Water System - Changes to the Conforming Agreement, Third Amendment

History

In 1985, Village moved from well water to Lake Michigan water through a 36-inch water main from Oak Lawn that serves Village of Orland Park and twelve other communities. As referred to as “Spur 1”, this water main reduced cost, improved reliability, improved quality, increased quantity, and eliminated water softeners in the Village.

In 2012, the Regional Water System initiated the design and award of a redundant water pump station in Oak Lawn and water main to the twelve communities to provide a complete and parallel redundant water system. Referred as “Spur 2”, the water main is a separate route to the Village’s Main Pump Station versus Spur 1.

In order to commence the Spur 2 project, all member communities entered into a Regional Water System Water Sale, Purchase and Service Agreement between the Village of Oak Lawn and Certain of Municipal Customers (Conforming Agreement) that spelled out the obligations for the Oak Lawn Regional Water System (RWS). The RWS has recommended approval of the Third Amendment to the Conforming Agreement. A comprehensive listing of the proposed changes are attached to this item. The main impetus for this Third Amendment involves the addition of three new member communities.

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 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.

Other changes include:

- Due to the higher than expected construction cost bid for BP5, the maximum principal on bonds directly related to the construction of project is increased by \$20,000,000. All series bonds for the 2013 RWS Improvement Project overall is going up \$10,000,000. Finally, the maximum annual debt service needs

to be increased by \$500,000. These increases will allow enough financial buffer to complete financing of the currently planned 2013 Regional Water Improvements and the Southeast Redundancy Project. These items are further explained below.

- The maximum principal amount of Bonds issued to pay the costs of acquiring and constructing the Project, including the costs of all lands and rights in land and water, and other necessary or advisable capital expenditures related thereto, and all costs of engineering related to the Project, shall not exceed such principal amount as will produce not in excess of \$315,000,000 of proceeds. The previous maximum amount of Bonds was at \$295,000,000
- The maximum principal amount of Bonds of all series, including any series of refunding Bonds, which may be outstanding at any one time shall not exceed \$327,000,000. This amount was previously at \$317,000,000.
- Planned maximum annual debt service shall not exceed \$24,000,000. However, Bonds may become due resulting in greater debt service than that amount with the intention of refunding such Bonds (such obligations may have what is referred to as “bullet” maturities). The previous maximum annual debt was at \$23,500,000.

The RWS Managers’ Group recommended approval of these changes at their meeting on December 14, 2023. Additionally, the changes were reviewed by the Village’s Attorney.

Financial Impact

The financial impacts of the above changes will be paid by the communities’ party to the Agreement through their required financial contributions per the Conforming Agreement.

Recommended Action/Motion

I move to approve the Third Amendment to the Regional Water System Water Sale, Purchase and Service Agreement between the Village of Oak Lawn and Certain of its Municipal Customers;

AND

Authorize the Village President to execute all required documents subject to Village Attorney review.