

**Item #10:**

**Village Trustee Acuna**

**C. Lake Michigan Water Planning Group Meeting – April 14, 2010**

**NORTH - WEST LAKE COUNTY LAKE MICHIGAN  
WATER PLANNING GROUP**

**LAKE COUNTY PUBLIC WORKS OFFICE**

**MEETING AGENDA**

**April 14, 2010, 10:00 AM**

1. Review of previous meeting minutes – February 18, 2010 (revised minutes attached)
2. Lake Michigan Water Allocation Hearings Debriefing
  - A. Review of the March 11-12, 2010 hearings and status of final submittals
  - B. Review of revised Power Point presentation reflecting data submitted in the hearings and new members (copy attached)
3. Next Steps and Schedule
  - A. Draft North-West Lake County JAWA Agreement: When do members want to involve their attorneys in legal review of the latest draft? (updated draft will be circulated before the meeting)
  - B. Draft Agreement of proposed JAWA and Lake County Public Water District: Initial meeting scheduled with the District Board April 27, 2010 (draft previously circulated)
  - C. Project Management Consulting Services: Review of revised proposal.
  - D. Interim funding needs and possible amendment of existing MOU
  - E. Schedule (copy attached)
  - F. Other
4. Financing Options
  - A. Discussion of options for financing the project: the pros and cons of General Obligation Bonds and Special Service Area Bonds (see attached background materials from Barbara Chevalier of Speer Financial and notes of a meeting with Tim McGree of Chapman & Cutler)
  - B. Discussion of educational materials for public officials of the members
5. Next meeting date

Meeting Date: April 14, 2010

 Notes Date: April 19, 2010

 Place: Lake County Public Works Department Office

 Notes By: Frank Tiefert Project #: 4535

 Subject: North-West Lake County Lake Michigan Water Planning Group

Attendees:	Present	cc:	Present	cc:
	<input checked="" type="checkbox"/>	Barbara Adams, Holland & Knight	<input checked="" type="checkbox"/>	Jim Maiworm, Village of Hawthorn Woods
	<input type="checkbox"/>	Al Albrecht, Lake County PWD	<input type="checkbox"/>	Art Malm, Lake County PW
	<input type="checkbox"/>	Moses Amidei, Village of Wadsworth	<input checked="" type="checkbox"/>	Kevin McCanna, Speer Financial
	<input type="checkbox"/>	Bill Balling, Lake County	<input checked="" type="checkbox"/>	Glenn McCollum, Village of Lake Villa
	<input type="checkbox"/>	Roger Baske, Old Mill Creek	<input type="checkbox"/>	Amy McEwan, Lake County
	<input checked="" type="checkbox"/>	Robert G. Block, Village of Long Grove	<input checked="" type="checkbox"/>	Tim McGree, Chapman and Cutler
	<input type="checkbox"/>	Jim Bowles, Village of Lake Villa	<input type="checkbox"/>	Pam Newton, Village of Hawthorn Woods
	<input type="checkbox"/>	Barry Burton, Lake County	<input type="checkbox"/>	Dustin Nilsen, Village of Antioch
	<input checked="" type="checkbox"/>	Barbara Chevalier, Speer Financial	<input checked="" type="checkbox"/>	Phil Perna, Lake County PW
	<input type="checkbox"/>	Robert Doeringsfeld, Applied Technologies	<input type="checkbox"/>	Keith Peterson, Village of Fox Lake
	<input type="checkbox"/>	Robert Duprey, Village of Lake Zurich	<input type="checkbox"/>	Dan Quick, Village of Wauconda
	<input type="checkbox"/>	Victor Filippini, Village of Long Grove	<input checked="" type="checkbox"/>	Bud Reed, Manhard Consulting, Village of Volo
	<input type="checkbox"/>	Matt Formica, Village of Lindenhurst	<input type="checkbox"/>	Nancy J. Schuerr, Village of Fox Lake
	<input checked="" type="checkbox"/>	David Geary, Village of Wauconda	<input checked="" type="checkbox"/>	Jim Smith, Applied Technologies
	<input checked="" type="checkbox"/>	Karen Harms, Village of Lake Villa	<input type="checkbox"/>	Tim Smith, Old Mill Creek
	<input checked="" type="checkbox"/>	David Heyden, Village of Lake Zurich	<input type="checkbox"/>	Peter Stoehr, Village of Volo
	<input type="checkbox"/>	Jim Keim, Village of Antioch	<input checked="" type="checkbox"/>	Larry Thomas, Baxter and Woodman
	<input type="checkbox"/>	Jennie Khoen, Lake County	<input checked="" type="checkbox"/>	Frank Tiefert, Applied Technologies
	<input checked="" type="checkbox"/>	Peter Kolb, Lake County PW	<input type="checkbox"/>	Gerold L. Topcik, Lake County PWD
	<input checked="" type="checkbox"/>	Chris Liveris, Village of Antioch	<input checked="" type="checkbox"/>	Wes Welsh, Village of Lindenhurst
	<input checked="" type="checkbox"/>	David Lothspeich, Village of Long Grove	<input type="checkbox"/>	Donald White, Lake County PWD
			<input type="checkbox"/>	Gordon White, Lake County PW

The following meeting notes set forth our understanding of the discussions and decisions made at this meeting. If you have any questions, additions, or comments, please contact the writer immediately. If we do not hear from you, we will assume that our understandings are the same. We are proceeding based on the contents of these meeting notes.

1. There were no corrections noted to the previous meeting minutes.
2. Peter Kolb noted that the IDNR hearings went very well, and his opinion is that the likelihood of receiving Lake Michigan allocations was very high.

3. Frank Tiefert spoke with Dan Injerd last Friday. The IDNR review is waiting for the hearing transcripts. Barbara Adams said that she has just received the transcripts and they will be sent to the IDNR as soon as they are copied.
4. An updated the power point presentation was distributed before the meeting. Barbara Chevalier noted corrections needed for values in Table 6, and will provide the corrections to Frank.
5. Peter Kolb presented a recent newspaper article (copy attached) regarding the Waukesha, Wisconsin efforts to obtain Lake Michigan water.
6. Barbara Adams discussed the draft JAWA agreement, which was distributed prior to the meeting. She asked if the communities wanted to start review of the draft agreement by their attorneys. Dave Geary suggested delaying attorney expenses until the outcome of the allocation applications is more certain. Following discussion, it was decided to send the draft agreements to the communities, and the communities can decide when they want to start their reviews.
7. Peter Kolb noted that the money that the members had pooled under the Memorandum of Understanding (MOU) has been spent, and presented a budget for the group (copy attached). Hopefully, each of the members have budgeted the agreed upon \$50,000. These funds are for interim expenses until the JAWA is formed. The interim organization was discussed, using either a new MOU or an amendment to the existing MOU. Amending the existing MOU was selected, with agreement planned to occur after receipt of the allocations. The money could be an up front single payment (with prorated reimbursements as might be needed), or possibly installments over a period of time. Barbara Adams will draft an amendment for discussion by the group.
8. The Lake County Public Water District (LCPWD) site was discussed during the hearings as the location for the Planning Group's proposed treatment facility. Peter Kolb presented a figure showing the site, and noted that our cost estimates included a sum of \$1.0 million to purchase space on the site from the LCPWD. Also, a draft agreement between the proposed JAWA and the LCPWD was distributed at the last Planning Group meeting. Peter Kolb and a small group will be attending the next Water District board meeting on April 27<sup>th</sup> to listen to their comments on the framework of the draft agreement and key issues.
9. The possibility of retaining a project manager for the Planning Group was discussed at the last meeting, and a proposal from Mr. Bill Balling was reviewed at that time. Mr. Balling has submitted an amendment to his proposal, with his fees reduced (copy attached). Also at the last meeting, it was suggested that Mr. Ike Magalis be contacted to see if he would be interested in providing project management services. Peter Kolb reported that he contacted Mr. Magalis, and that Mr. Magalis suggested that Mr. Balling be considered. Dave Heyden asked if we need to solicit competitive proposals for project management services. State law does not require competitive proposals for this type of services. Dave Geary supported obtaining a project manager. It was decided to invite Mr. Balling to the next meeting to provide the members with an opportunity to meet Mr. Balling and ask questions.

10. The project schedule was distributed before the meeting (copy attached). The schedule was briefly discussed. It is uncertain when decisions on the Lake Michigan allocations are expected, but it could be as late as the end of June. The MOU amendment should be ready for approval by all as soon as allocation decisions are received.
11. Funding and finances were discussed, using notes from Barbara Chevalier that were distributed before the meeting (copy attached), as well as guidance from Tim McGree.

General Obligation (GO) bonds are the strongest security:

- Require a referendum.
- Based on a large equalized assessed evaluation (EAV) of about \$4.2 billion.
- Payable from property taxes.
- Lowest borrowing cost.
- Can be issued by the JAWA.
- Project at risk if referendum fails.

Community Special Service Area (SSA) bonds:

- Used for financing a project that benefits a portion of a community.
- Issued by a municipality or a county.
- Cannot be issued by the JAWA.
- No referendum unless a petition is filed signed by 51% of the property owners and 51% of the electorate.
- Not applicable for this project because for each of the municipalities, the entire municipality is involved, not just a portion of the community.

County SSA bond:

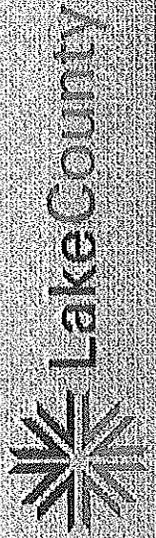
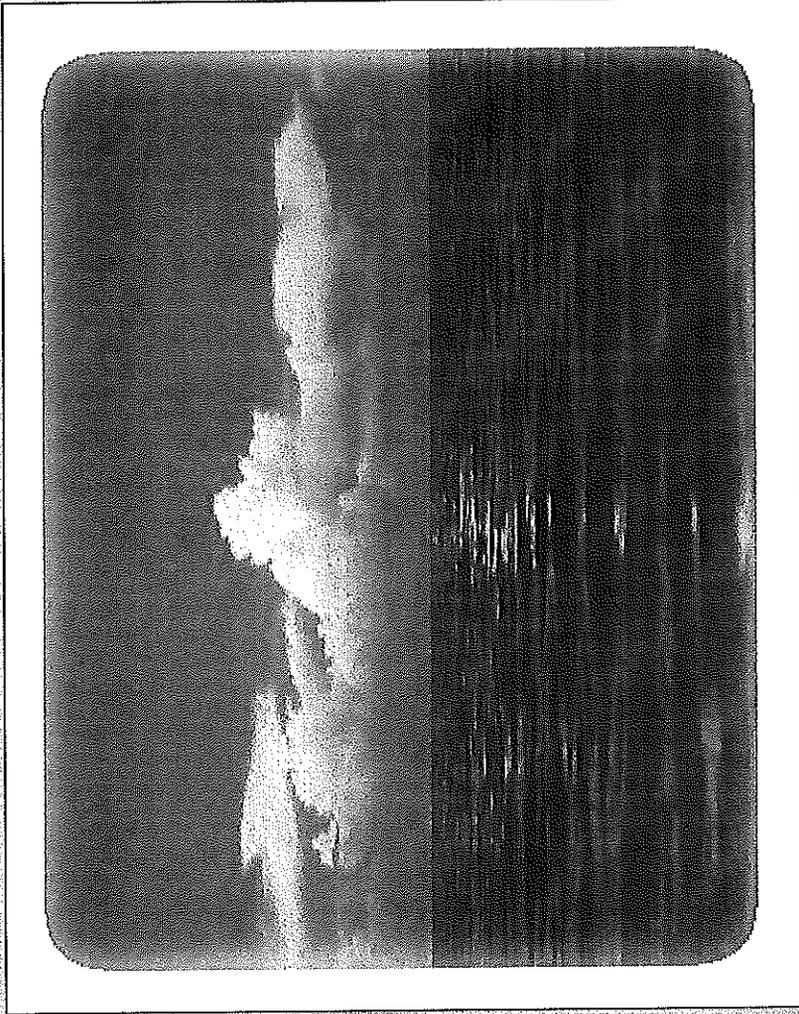
- Used for financing a project that benefits a portion of the county.
- Issued by the county.
- Approval of municipalities required.
- Cannot be issued by the JAWA.
- No referendum unless a petition is filed signed by 51% of the property owners and 51% of the electorate (almost never happens when more than 5,000 signatures are necessary).
- Applicable to this project because the JAWA is a special area within the county.
- Area must be contiguous. This project would probably require three or four SSA's.
- With the large EAV in this area, the SSA bond rates will be good. If GO Bond rates are 5% to 6%, the SSA bond rates would be 6% to 7%.

Variations:

- SSA bond rates could be less if the county backs the SSA bonds with a GO Alternate Bond.
- SSA financing could be a SSA tax rate rather than a SSA bond. The SSA tax rate could then be used to issue a GO Alternate bond, financed by the tax rate income. The GO Alternate bond could be issued by the JAWA.

- The state legislature may be amenable to special legislation if it is needed. For example, it could act to allow the formation of a “Lake County non-contiguous SSA.”
12. A meeting for the elected officials of the member communities was discussed. The meeting date was tentatively set for Wednesday, June 30<sup>th</sup>, 2010, at 7:00 PM. The purpose of the meeting will be:
- Present funding options
  - Discuss the JAWA organization and agreement
  - Discuss the MOU amendment
13. The next Planning Group meeting is planned for 10:00 AM, Wednesday, May 19, 2010, at the Lake County Public Works office, 650 W. Winchester Road, Libertyville.

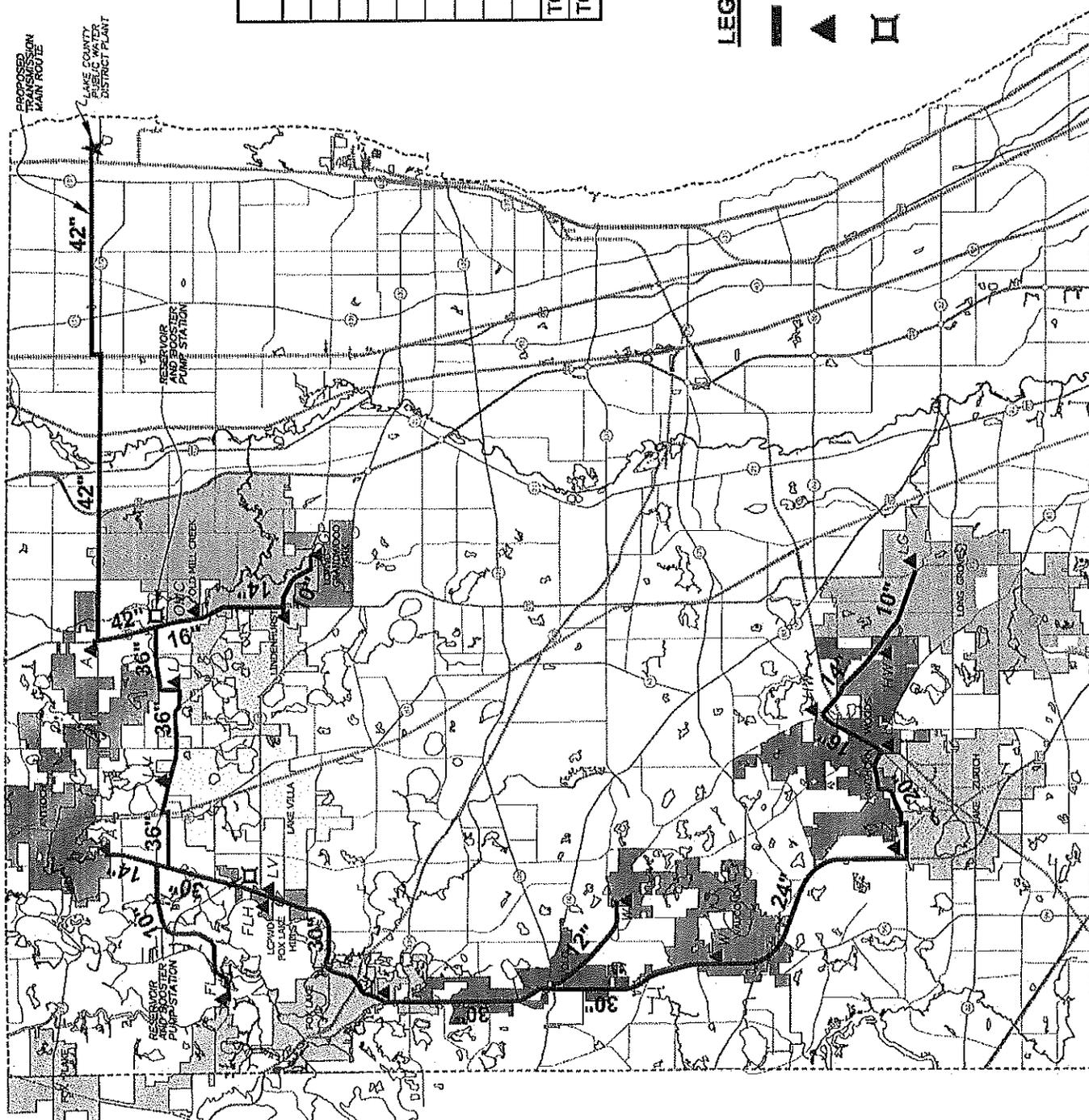
# Lake Michigan Water Study



Lake County



Applied Technologies  
Engineers - Architects



PIPE (INCHES)	LENGTH (FEET)
42	64,000
36	30,000
30	53,000
24	20,000
18	26,000
16	18,000
14	18,000
12	13,000
10	58,000
<b>TOTAL (FEET)</b>	<b>300,000</b>
<b>TOTAL (MILES)</b>	<b>57</b>

**LEGEND**

- TRANSMISSION MAIN ROUTE
- ▲ COMMUNITY CONNECTION POINTS
- RESERVOIR BOOSTER PUMP STATION

**TABLE 1**  
**Present**  
**Population and**  
**Average Water**  
**Demand**  
**Year 2010**

Communities	Population	Daily Average Water Demand (mgd)	Average Per Capita Water Demand (gpcd)
Antioch	14,000	1.44	103
Fox Lake	8,077 *	0.87	108
Fox Lake Hills	2,500	0.18	72
Grandwood Park	5,455	0.44	81
Hawthorn Woods	0 *	-	-
Lake Villa	9,050	0.68	75
Lake Zurich	20,326	2.11	104
Lindenhurst	15,497	1.19	77
Long Grove	500 *	0.045	90
Old Mill Creek	0 *	-	-
Volo	2,290	0.21	92
Wauconda	13,592	1.39	102
<b>Total</b>	<b>91,287</b>	<b>8.56</b>	
<b>Average</b>			<b>94</b>

\* Population figures for Fox Lake and Long Grove include only those residents who are connected to the municipal water supply. Hawthorn Woods and Old Mill Creek do not presently have municipal water systems, thus their connected population is zero.

**TABLE 2**  
**Future**  
**Population and**  
**Average Water**  
**Demand**  
**Year 2030**

<b>Communities</b>	<b>Population</b>	<b>Daily Average Water Demand (mgd)</b>	<b>Average Per Capita Water Demand (gpcd)</b>
Antioch	30,594	2.91	95
Fox Lake	12,589	1.27	101
Fox Lake Hills	2,750	0.19	69
Grandwood Park	5,973	0.45	75
Hawthorn Woods	15,951	1.36	85
Lake Villa	16,546	1.16	70
Lake Zurich	30,100	2.94	98
Lindenhurst	19,843	1.43	72
Long Grove	10,846	0.92	85
Old Mill Creek	5,237	0.45	85
Volo	13,686	1.41	103
Wauconda	25,653	2.42	94
<b>Total</b>	<b>189,768</b>	<b>16.91</b>	
<b>Average</b>			<b>89</b>

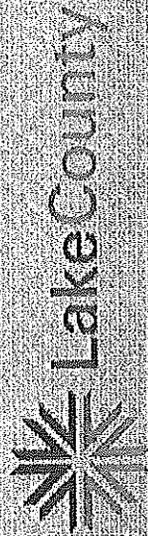
**TABLE 3**  
**Future Average**  
**and Maximum**  
**Water Demands**  
*Year 2030*

<b>Communities</b>	<b>Daily Average Water Demand (mgd)</b>	<b>Maximum to Average Day Ratio</b>	<b>Maximum Day Water Demand (mgd)</b>
Antioch	2.91	1.75	5.09
Fox Lake	1.27	1.75	2.22
Fox Lake Hills	0.19	1.75	0.33
Grandwood Park	0.45	1.75	0.79
Hawthorn Woods	1.36	1.75	2.38
Lake Villa	1.16	1.75	2.03
Lake Zurich	2.94	1.75	5.15
Lindenhurst	1.43	1.75	2.50
Long Grove	0.92	1.75	1.61
Old Mill Creek	0.45	1.75	0.79
Volo	1.41	1.75	2.47
Wauconda	2.42	1.75	4.24
<b>Total</b>	<b>16.91</b>		<b>29.60</b>

**TABLE 4**  
**Population and Water Demand Projections**

<b>Year</b>	<b>Population</b>	<b>Daily Average Water Demand (mgd)</b>	<b>Maximum Day Water Demand (mgd)</b>
2010	91,287	8.56	14.98
2030	189,768	16.91	29.60
2045 *	220,315	18.73	32.78

\* The population and water demand growth estimates are based on a lowered population growth rate of 1% per annum between the years 2030 and 2045, and a reduced water demand of 85 gpcd in 2045.



**Applied Technologies**  
 Engineers - Architects

**TABLE 5**  
**Total Estimated Project Cost**

August 2008



ITEM	COST
<b>Pipeline System From Plant to Customers</b>	
300,000 Feet of Water Transmission Mains Ranging in size from 10 to 42 inch Diameter	\$ 120,000,000
Tunnels Under Highways and Railroads	\$ 3,800,000
Pavement Restoration and Landscaping	\$ 8,500,000
Easements and Land Acquisition	\$ 1,200,000
Remote Reservoirs and Booster Pump Stations	\$ 3,000,000
<b>Sub-Total: Piping and Remote Storage and Pumping</b>	<b>\$ 136,500,000</b>
<b>Main Treatment &amp; Pumping Facilities</b>	
Low Lift Pumping Station and Raw Water Transmission Main	\$ 7,500,000
Water Treatment Plant	\$ 22,500,000
Main Pump Station and Reservoir	\$ 9,000,000
<b>Sub-Total: Treatment Facilities, Pumping Facilities and Storage</b>	<b>\$ 39,000,000</b>
Total Estimate Construction Cost	\$ 175,500,000
Undeveloped Design Details @ 10%	\$ 17,600,000
Construction Contingencies @ 15%	\$ 26,300,000
Sub-Total	\$ 219,400,000
Professional Services @ 15%	\$ 32,900,000
<b>Total Estimated Project Cost</b>	<b>\$ 252,300,000</b>

**TABLE 6**  
**Wholesale Water Rate Summary**

APRIL 2008

Special Service Area Bonds	Water Revenue Bonds	Annual Tax on \$300,000 Home	Year 2015 Water Rate (\$/1,000 gal)	Annual Home Water Bill <sup>(1)</sup>	Total Annual Residential Charge
\$126,142,500	\$126,142,500	\$176	\$2.69	\$245	\$421

(1) Based on an annual consumption of 91,250 gallons.



**Any questions?**



**NORTH-WEST LAKE MICHIGAN WATER PLANNING GROUP**

**PROJECT FUNDING 4/14/10**

**Member Expenditures To Date (Per Member):**

• Feasibility Study	\$8,000.00
• Application for Allocation Permit	\$24,900.00
• Legal Assistance on Draft JAWA Agreement	\$5,000.00
• Addition Engineering Assistance	<u>\$9,990.00</u>
	\$47,890.00

**Projected FY 2010 Expenditures – Prior to Referendum (Total):**

• Legal Assistance	\$100,000.00
• Engineering Assistance	\$150,000.00
• Project Management	\$100,000.00
• Public Education Expenses	<u>\$150,000.00</u>
	\$500,000.00

**Projected FY 2010 Expenditures – Prior to Referendum (Per Member):**

- $\$500,000.00 \div 10 \text{ members} = \$50,000.00$

(Estimated as \$50,000.00 per member not including Long Grove)

# NORTHERN LAKE COUNTY LAKE MICHIGAN WATER PLANNING GROUP

## PROJECT SCHEDULE

February 16, 2010

- January 13 &14, 2010 – IDNR Pre-Hearings
- March 11 & 12, 2010 – IDNR Official Hearing
- May 2010 – IDNR Decision on Allocation Requests
- July 2010 – Communities Execute JAWA Agreement, Establish NWLCJAWA Organization, Commit to Interim Project Funding
- August 2010 – Determine SSA or Referendum Funding Issue
- October 2010 – March 2011 - Hold Public Meetings, Execute Public Education Campaign
- April 5, 2011 – Referendum Question Before Voters or SSA Establishment

## **NORTH-WEST LAKE COUNTY WATER PLANNING GROUP**

### **Financing Option Pros and Cons**

#### **I. General Obligation Bonds – Referendum Authorized**

**Pros:**

Demonstrates broad consensus and community support  
Payable from ad valorem taxes levied on a single defined area with a large equalized assessed valuation based on the total JAWA service area  
Strongest security  
Lowest borrowing costs

**Cons:**

Referendum authorization is needed, which could be compromised by non-project considerations  
If referendum fails the project collapses

#### **II. Community Special Service Areas**

**Pros:**

No vote required by populace.  
Back door referendum (Petition) of 51% of property owners needed to stop it.  
Lesser probability of successful petition drive than referendum failure

**Cons:**

Higher borrowing costs  
Several special service areas might increase probability of successful petition drive in smaller areas  
Greater need to explain purpose as special service areas are sometimes negatively affiliated with subdivision financing  
More difficult to sell in bond market than referendum authorized GO Bonds

#### **III. County Special Service Areas**

**Pros:**

No vote required by populace.  
Back door referendum (Petition) of 51% of property owners needed to stop it.  
Lesser probability of successful petition drive than referendum failure  
Smaller number of County special service areas (one or two) would be easier to manage and easier to sell in the bond market  
Smaller number of SSAs would make a successful petition drive more difficult

**Cons:**

Higher borrowing costs  
Greater need to explain purpose as special service areas are sometimes negatively affiliated with subdivision financing  
More difficult to sell in bond market than referendum authorized GO Bonds

## North Lake County JAWA – Borrowing Option Discussion

July 23, 2007

### Special Service Area Bonds And General Obligation Alternate Bonds

A summary of a meeting with Timothy V. McGree, Esq. of Chapman and Cutler, who has broad experience as bond counsel with Illinois joint action water agencies, to discuss the issues related to the combination of financing vehicles such as special service area (SSA) bonds and/or general obligation alternate bonds in addition to water revenue bonds to finance the North Lake County Joint Action Water Agency Project is as follows:

#### Special Service Area Bonds

1. SSA bonds would be issued by the County with the consent of each member community.
2. Since the boundaries must be contiguous but not contain non-benefiting properties, it would seem to be most practical to have multiple SSAs, perhaps four, rather than one large SSA.
3. Each SSA must have a fixed boundary, although for internal sub-areas that are not served, there could be designated territory that is excluded located within the SSA that would be like the holes in Swiss cheese.
4. Each SSA needs to have a known financial obligation; there would be no cross-collateralization among SSAs.
5. Each SSA would require the following: (a) establish a boundary, (b) legal description, (c) map, (d) cost allocation and (e) legal process such as hearings and passage of the required legal documents and ordinances. The legal description describes the boundary and will need to site street locations, if possible.
6. Fox Lake would need to establish a separate SSA for the property in the Village located in McHenry County as Lake County can only form SSAs within its own territory.
7. Equity issue – Three alternative criteria for maintaining equity are equalized assessed valuation, water usage and capital need. However, first a decision will be needed as to whether all customers should be treated equitably, or if some should pay more because of cost of service.

Special Service Area Bonds (Continued)

7. Equity issue (Continued)

With respect to the equalized assessed valuation criteria, the annual debt service and non-debt service SSA taxes would be used to equalize the rate. The SSA tax could be used to adjust among SSAs due to different rates of growth of individual SSAs in the future. Extending higher SSA tax levies in higher growth areas to be used to abate taxes in the lower growth areas is one vehicle to address the issue of equity between SSAs. The Agency could make a policy issue of establishing the tax and evaluating the need to extend the tax at specified intervals such as every five years. Mandating a periodic study could also be codified in the water supply contracts. Or equity may be related to water used in each area and a balancing of charges. Finally, it may be that there should not be equal rates, as some areas cost more to serve due to additional equipment and utility charges.

8. Trust Certificates - A tax exempt pass-through trust could be established. The bonds of each SSA would be placed in the trust and certificates of participation of the trust would be issued. This would dilute the bondholder risk of default that could occur in one SSA.

Alternate Bonds

1. The County could issue alternate bonds and use SSA non-debt service taxes levies for coverage. The SSA tax receipts representing the 25% coverage factor could then be passed through to the enterprise fund for use in paying debt service on the revenue bonds, providing special water supply services or operating the system.
2. Alternatively, the County could provide coverage from a designated County revenue source.

Concept Plan

It is probably advisable to establish a concept plan for the North Lake County Joint Action Water Agency outlining for example, but not limited to, the following:

1. Budget
2. Steps to establishment
3. Joint use of facilities agreement
4. Organization
5. Method of financing - Allocation of revenue bonds and SSA bonds
6. Approach to allocating costs
7. Taxes to equalize
8. Supply contracts

Page Three

Other Necessary Steps

1. Village board votes
2. Organizing agency
3. Negotiate SSAs, descriptions, procedures, value assigned to each
4. Successful water supply contracts between agency and members
5. Water contract with Lake County Public Water District
6. Lake Michigan water allocations

Meeting Date: February 18, 2010

 Notes Date: Revised: April 8, 2010

 Place: Lake County Public Works Department Office

 Notes By: Frank Tiefert Project #: 4535

 Subject: Lake Michigan Water Allocation Applications

Attendees:	Present	cc:	Present	cc:
	<input type="checkbox"/>	Ed Acuna, Village of Long Grove	<input type="checkbox"/>	Bob Long, Village of Antioch
	<input checked="" type="checkbox"/>	Barbara Adams, Holland & Knight	<input type="checkbox"/>	Rudy Magna, Village of Wauconda
	<input checked="" type="checkbox"/>	Al Albrecht, Lake County PWD	<input type="checkbox"/>	Al Maiden, Village of Wauconda
	<input type="checkbox"/>	Moses Amidei, Village of Wadsworth	<input checked="" type="checkbox"/>	Jim Maiworm, Village of Hawthorn Woods
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	<input checked="" type="checkbox"/>	Robert G. Block, Village of Long Grove	<input type="checkbox"/>	Amy McEwan, Lake County
	<input type="checkbox"/>	John Boldt, Village of Fox Lake	<input type="checkbox"/>	Greg Murrey, Village of Fox Lake
	<input type="checkbox"/>	Jim Bowles, Village of Lake Villa	<input checked="" type="checkbox"/>	Pam Newton, Village of Hawthorn Woods
	<input type="checkbox"/>	Suzanne Branding, Village of Lake Zurich	<input type="checkbox"/>	Dustin Nilsen, Village of Antioch
	<input type="checkbox"/>	Ken Buchardt, Village of Volo	<input checked="" type="checkbox"/>	Phil Perna, Lake County PW
	<input type="checkbox"/>	Barry Burton, Lake County	<input checked="" type="checkbox"/>	Kelth Peterson, Village of Fox Lake
	<input checked="" type="checkbox"/>	Barbara Chevallier, Speer Financial	<input type="checkbox"/>	Paul Phillips, Village of Fox Lake
	<input type="checkbox"/>	Robert Doeringsfeld, Applied Technologies	<input checked="" type="checkbox"/>	Dan Quick, Village of Wauconda
	<input type="checkbox"/>	Robert Duprey, Village of Lake Zurich	<input type="checkbox"/>	Bud Reed, Manhard Consulting, Village of Volo
	<input type="checkbox"/>	Mark Eddington, Village of Long Grove	<input type="checkbox"/>	Glenn Ryback, Village of Wadsworth
	<input checked="" type="checkbox"/>	Victor Filippini, Village of Long Grove	<input type="checkbox"/>	Maria Rodriguez, Village of Long Grove
	<input checked="" type="checkbox"/>	Mike Fogarti, Old Mill Creek	<input type="checkbox"/>	Burnell Russell, Village of Volo
	<input type="checkbox"/>	Matt Formica, Village of Lindenhurst	<input type="checkbox"/>	Nancy J. Schuerr, Village of Fox Lake
	<input checked="" type="checkbox"/>	David Geary, Village of Wauconda	<input type="checkbox"/>	Jim Smith, Applied Technologies
	<input type="checkbox"/>	Nancy Harbottle, Village of Volo	<input checked="" type="checkbox"/>	Tim Smith, Old Mill Creek
	<input checked="" type="checkbox"/>	Karen Harms, Village of Lake Villa	<input checked="" type="checkbox"/>	Peter Stoehr, Village of Volo
	<input type="checkbox"/>	Lori Heitman, Village of Lake Villa	<input type="checkbox"/>	Julie Tappendorf, Village of Lindenhurst
	<input type="checkbox"/>	David Heyden, Village of Lake Zurich	<input type="checkbox"/>	Jeff Taylor, Village of Lake Villa
	<input checked="" type="checkbox"/>	Ravi Jayaraman, Village of Fox Lake	<input type="checkbox"/>	Eric Tison, Village of Volo
	<input checked="" type="checkbox"/>	Jim Keim, Village of Antioch	<input checked="" type="checkbox"/>	Larry Thomas, Baxter and Woodman
	<input type="checkbox"/>	Jennie Koen, Lake County	<input checked="" type="checkbox"/>	Frank Tiefert, Applied Technologies
	<input type="checkbox"/>	Mark Knigge, Village of Wauconda	<input type="checkbox"/>	Eric Tison, Village of Volo
	<input checked="" type="checkbox"/>	Peter Kolb, Lake County PW	<input type="checkbox"/>	Bonnie Thompson-Carter, Lake County
	<input type="checkbox"/>	Karl Krebs, Village of Volo	<input type="checkbox"/>	Gerold L. Topcik, Lake County PWD
	<input type="checkbox"/>	Susan Lahr, Village of Lindenhurst	<input checked="" type="checkbox"/>	Wes Welsh, Village of Lindenhurst
	<input type="checkbox"/>	Chris Liveris, Village of Antioch	<input type="checkbox"/>	Donald White, Lake County PWD
	<input type="checkbox"/>	Frank Loffredo, Village of Lake Villa	<input checked="" type="checkbox"/>	Gordon White, Lake County PW
	<input checked="" type="checkbox"/>	David Lothspeich, Village of Long Grove	<input type="checkbox"/>	Michael Wolczyk, Village of Antioch

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The following meeting notes set forth our understanding of the discussions and decisions made at this meeting. If you have any questions, additions, or comments, please contact the writer immediately. If we do not hear from you, we will assume that our understandings are the same. We are proceeding based on the contents of these meeting notes.

---

1. Old Mill Creek was accepted as a new member of the Planning Group and welcomed to the meeting.
2. This is the first meeting following the pre-hearings at IDNR on the Lake Michigan water allocations, so the group reviewed issues in preparation for the formal hearings, including the following:
3. The start date for the water system is changed from 2014 to the first quarter of calendar year 2015. Testimonies should be changed accordingly.
4. Per IDNR comments, flow numbers need to be reduced to reflect conservation and to have numbers for the startup year, 2015, that are as accurate as practical.
5. Frank Tiefert has prepared a draft memorandum for each community that addresses the flow issues and some of the other questions raised by the IDNR at the pre-hearings. A copy of the corresponding memorandum was distributed to each community. The intent of the memorandum is to attach it to Frank's testimony.
6. Larry Thomas provided a written description about the sufficiency of the aquifers and the Fox River for the County, which will be made available to the other members. It may be included in testimonies as appropriate.
7. After the allocations are awarded, each member community will need to make a "Go / No Go" decision to establish and join the proposed North-West Lake County JAWA. It is understood that some of the other water agencies are talking with some of the members, and that the members may "shop" the other agencies.
8. Barbara Adams noted that testimonies and certified copies of resolutions need to be submitted to the IDNR by Friday, February 26. Send two copies to Dan Injerd and one copy to Robert Mool. Have a fourth copy to present at the hearing on March 11 or 12. Contact Barbara Adams or Victor Filippini for additional details.
9. A court reporter is necessary for the hearings. The County will pay for the court reporter services, and the members will reimburse the County.
10. Overall, the feeling was that the prehearings went very well, that we were positively received by the IDNR. There are grounds to be very optimistic.
11. A draft copy of a proposed "Intergovernmental Agreement for Cooperation in the Provision of Potable Water Supplies" was distributed for discussion. This agreement would be between the proposed JAWA and the Lake County Public Water District. It includes

provisions for property purchase, shared use of the intake pipe, and operation of the proposed facilities. Anyone who needs a copy should contact Barbara Adams. Some discussion followed about the need to address a number of technical issues, and Mr. Kolb advised that some of this had been deferred until more funds are available.

12. An overall schedule for the following year was distributed and discussed (copy attached).
13. Peter Kolb presented the idea of hiring a consultant for project management and administrative services to guide the JAWA as it is initiated. He proposed that Mr. Bill Balling be considered for providing these services, and presented his proposal (copy attached). Following discussion of the need for these services, it was suggested that Mr. Ike Magalis also be considered. Mr. Kolb noted that such a manager would likely be brought on board this summer, as funds are available.
14. The hearings are scheduled for March 11 and 12 at the James R. Thompson Center in downtown Chicago.
15. Discussion about reaching consensus among the mayors/village presidents/elected officials of the members about how to finance the new JAWA ensued. It was suggested that a meeting be held with the mayors/presidents or other representatives of those groups to talk about the general obligation bond and special service area bond options as part of the total financing package. It was agreed that the next working group meeting would review these in anticipation of scheduling a meeting with the mayors/presidents/etc. after the allocation orders are issued.
16. There was a short discussion about the need to continue to develop public support for the project and that the group should be alert to ideas for how to do so.
17. The next meeting is planned for 10:00 AM, Wednesday, April 14, 2010, at the Lake County Public Works office, 650 W. Winchester Road, Libertyville.

## **NORTHERN LAKE COUNTY LAKE MICHIGAN WATER PLANNING GROUP**

### **PROJECT SCHEDULE**

**February 16, 2010**

- **January 13 &14, 2010 – IDNR Pre-Hearings**
- **March 11 & 12, 2010 – IDNR Official Hearing**
- **May 2010 – IDNR Decision on Allocation Requests**
- **July 2010 – Communities Execute JAWA Agreement, Establish NWLCJAWA Organization, Commit to Interim Project Funding**
- **August 2010 – Determine SSA or Referendum Funding Issue**
- **October 2010 – March 2011 - Hold Public Meetings, Execute Public Education Campaign**
- **April 5, 2011 – Referendum Question Before Voters or SSA Establishment**

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E-mail: bill@wrblc.com

Mr. Peter Kolb, Director  
Lake County Public Works Department  
650 W. Winchester Road  
Libertyville, Illinois 60048

March 10, 2010

**SUBJECT: North and West Lake County, Lake Michigan Water Group  
Project Management and Administrative Services Proposal**

Dear Peter,

On February 5, 2010 I presented a proposal for Project Management services to advance the North and West Lake County water initiative. I really appreciate the working group reviewing my proposal. I am very interested in becoming involved with your project and wanted to restate my interest to move the project forward. I know that all municipalities are in difficult times and communities everywhere are looking to reduce and control costs in all sectors. I do not want my proposal to be a obstacle to a future engagement and would like with this letter to modify my proposal recognizing the financial challenges the communities are facing.

I would like to offer to the to be formed agency a reduction in my hourly billing rate to my 2008 levels which I believe you will find more manageable. This reduces the hourly bill rate from \$165 per hours to \$150 per hour. I also wish to confirm that I do not bill out travel hours with my clients so the hours worked are the hours you will be paying for. Many in my practice start the clock with the start of the auto ignition key which is not the practice I follow. Because there will be a fair amount of travel required in the promotional phase of the project I wanted to clarify this for you. Finally I need to recover my logistical, travel, and overhead direct costs and proposed that this be recovered with a 12% surcharge on my monthly billings. I wish to modify that proposal to recover actual costs monthly with a not to exceed maximum monthly billing of 12%. What this means is that should actual direct costs be lower than 12% the savings will benefit the client.

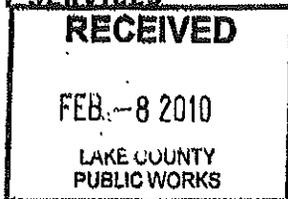
I hope this amended proposal is appealing to the group. I stand ready to work with you on this important project.

Sincerely,

A handwritten signature in black ink that reads "Bill Balling". The signature is written in a cursive style and is positioned above the typed name and title.

William R. Balling  
Managing Director  
WRB, LLC Consulting and Services

**WRB** | **LLC**



412 S. Prindle Avenue  
Arlington Heights, IL 60004  
www.wrblc.com

Phone: 847-398-8399  
Fax: 847-394-4456  
E-mail: bill@wrblc.com

February 5, 2010

Mr. Peter Kolb, Director  
Lake County Public Work Department  
650 W. Winchester Road  
Libertyville, IL 60048

**SUBJECT: North and West Lake County, Lake Michigan Water Group  
Project Management and Administrative Services Proposal**

Dear Peter,

WRB, llc Consulting and Services is pleased to provide you with a management services proposal which would support and advance the objectives of the twelve participants seeking cooperative initiatives to deliver Lake Michigan water service to their customers. I have monitored your activities for the past several months and recognize that your present target is securing Illinois water allocations for each member, the hearings of which are scheduled for March. Success in procuring an IDNR allocation will lead to a refinement in your system planning, forming a regional entity or Agency, developing a financing plan, and expanding public awareness and education of the benefits and impact of lake water the member communities. I also know your current thinking is directed at a public referendum approval for implementation of your plan in the spring of 2011, and this proposal intends to advance and manage all core activities with an April 2011 end date in mind.

My approach to this engagement will follow the principles of successful project management, and I am very experienced in all aspects of regional water supply development and delivery having served as Chairman of the Northwest Water Commission, Des Plaines, IL from 1981 to 2006. During that time the Commission was able to take that entity from the earliest stages of preliminary planning to uninterrupted full Lake Michigan water service for a population exceeding 250,000 in the communities of Buffalo Grove, Arlington Heights, Wheeling, and Palatine, with the lowest wholesale water rates in metropolitan Chicago. For the past four years, I have maintained a close connection to Lake County and the regional water agenda by serving as Interim Administrator in Highwood and Kildeer, IL, serving as Project Manager for the Lake County Water Advisory Formation Committee in 2009, and presently serving as the Project Manager for five southwest suburban communities seeking to restructure their wholesale water supply service configuration and supply contract. I also served as Project Manager for the Northwest Water Commission in their rate restructuring agreement with their supplier, Evanston, IL.

## **SUGGESTED WORK PLAN:**

While I am flexible to meeting the project management needs of the participants, here is what I anticipate my core responsibilities to include:

1. **General Administration.** The group will continue to require logistical and meeting support to ensure that highly productive and time managed meetings continue. Administering and organizing the issues and agenda cycle, budget preparation, and general administrative support services would be included in this work element.
2. **Management Services.** Agency management services include budget management, coordination and management of consultant services, including legal, engineering, and sub-contracted information and media services to meet time and performance objectives. Also included is project management which supports agency formation, advanced engineering including water supply alternatives and impact analysis, and building and launching Agency strategies to achieve intended results by closely working with Agency participants. Continued success of this initiative will rely on the active and coordinated support of all participants and my role would be to ensure that this involvement continues in an organized and goal directed fashion
3. **Public Information Campaign and Promoting the Core Strategy.** Public acceptance and support, including referendum support is absolutely essential to project launch and a separate public education and information campaign, legally compliant, will be required to "seal the deal" to constituents and future water users on the impact and value of Lake Michigan water to customers. Special support activities available from the County and members, combined with sub-contracted specialized information and media services will be organized and mobilized with members receiving direct access to the information and issues important to their respective communities. The public education strategy overall will be structured around achieving a favorable April, 2011 referendum approval from benefited users. All elements of the current public education and information program will be evaluated and enhanced if necessary to meet this objective.

## **WRB, llc APPROACH TO ENGAGEMENT:**

I will serve as the Project Manager for this engagement and will periodically rely on WRB, llc Associates and sub-contractors (to be selected by the members) to undertake this project, with my work effort balanced against budgetary authorizations. I will make myself directly available to advance the public information campaign and support direct member community efforts. Subject to budgetary limitations my hourly bill rate is \$165 per hour with a 12% factor applied to monthly billings to cover logistical, transportation and overhead costs. I am ready to proceed upon the group's authorization and can commence my activities once I receive an executed engagement letter.

## **CREDENTIALS OF THE PRINCIPAL CONSULTANT:**

Bill Balling has over thirty-six years of professional management experience in Municipal Government. For over 29 years he served as Buffalo Grove's Village Manager and throughout that period guided growth in the Village to three times its original size. Regional government service has also been an important part of Bill's career and he has served in policy executive leadership capacities as Chairman of the Northwest Water Commission serving 250,000 customers, Director and past Chairman for Northwest Central Dispatch serving 400,000 customers with emergency telecommunications, and as Chairman of the Executive Committee for the Solid Waste Agency of Northern Cook County, serving 700,000 customers with refuse disposal.

Throughout his municipal career, Bill has been the recipient of several recognitions and awards including receiving the Illinois City Management Leadership Award in Regional Government (1999), the Illinois Association of Municipal Management, Assistants' Outstanding Manager's Award (2002-2003), and in 2002, received Special Service Recognitions from the Illinois Senate, the Illinois House of Representatives and the Chairmen of the Boards for Cook County and Lake County government. Bill is a life member of ICMA and maintains his membership with ILCMA, chairing the State Member Services Committee. He is the 2006 recipient of the ILCMA Robert B. Morris Lifetime Achievement Award. Bill has also been recognized twice as Rotarian of the Year and in 2000, was named Rotarian of the Decade, also receiving the Outstanding Citizen Award in 2002. Bill is also a multiple Paul Harris Fellow in Rotary International.

Since 2006 Bill has been the Managing Director of WRB, LLC Consulting, a management consulting firm for Cities and Villages. WRB, LLC specializes in organizational analysis and development, Interim management services, Municipal operating systems development and deployment, and special research consulting. The firm has served a number of local government clients in the Chicago metropolitan area including cities, villages and regional governments. Major municipal clients include the Villages of Northbrook, Bannockburn, Buffalo Grove, Kildeer, Tinley Park, Orland Park, Mokena, New Lenox and the Cities of Highwood and Oak Forest. Specialized salary and benefit verification work is also provided to the Cities of Highland Park and Lake Forest and the Villages of Deerfield, Vernon Hills, Gurnee, Wauconda and Lake Bluff. Regional governance support is provided to the Northwest Water Commission (4 members), the Northwest Municipal Conference (50 members), and Northwest Central Dispatch System (9 members). Clients engaged in 2009 include, involving regional issues include, the County of Lake regarding sustainable water management, and the Metropolitan Mayors Caucus relating to service design and delivery of Police and Fire services.

In addition, Bill serves as a co-chairman of the Citizen's Advisory Committee to the Chicago Metropolitan Agency for Planning and continues to chair the Committee on critical infrastructure for the Metropolitan Mayor's Caucus. He also serves as a Bank Director for Northbrook Bank and Trust. These positions provide Bill with a unique

perspective on the complex interrelationships of the Chicago business and governmental agendas.

Bill Balling received his Liberal Arts degree from Elmhurst College and Holds a Masters degree in Public Administration from Northern Illinois University. In 2002-03 Bill Attended and was Certified in the Kellogg School of Management at Northwestern University, KMI#10. He maintains his professional Credentialing status through the International City and County Management Association (ICMA).

Peter, I am eager to serve with your Team on this important environmental project and look forward to an efficient and goal driven engagement.

Sincerely,



William R. Balling  
Managing Director  
WRB, llc Consulting and Services

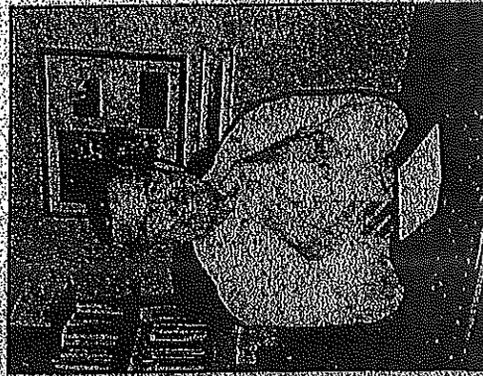
Attach: Goal Directed Interim Management

ACCEPTED: \_\_\_\_\_

DATE: \_\_\_\_\_

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What others have said about WRB, LLC Consulting:

"Bill Bailing took the time necessary to listen to the Client needs which greatly clarified the focus of the Organizational Assessment."  
- COG President

"During our interim City Manager engagement I was extremely impressed by how quickly Bill gathered our confidence and trust - he and his team provided a tremendous amount of management depth and competency, and in short order helped us resolve a number of challenging issues."  
- City Alderman

"WRB, LLC Consulting brought to our contracting a high degree of experience and enthusiasm. I look forward to having the opportunity to work with Bill Bailing and his team on future projects."  
- Mayor

"WRB, LLC Consulting focused on quality-driven, measurable results that helped increase the confidence in our City organization, and it has positioned us for a bright future."  
- City Alderman

"Bill Bailing has consistently supported the Mission of my Agency in a timely and goal directed manner with creative financial solutions."  
- Executive Director

## WRB, LLC CONSULTING

Contact Bill Bailing TODAY for a consultation!

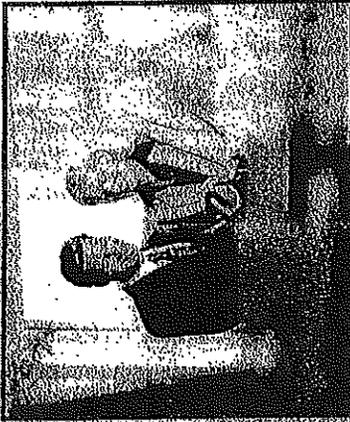
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## Managing Your Team

WRB, LLC Consulting will assemble a team of professionals, experienced and often credentialed City Managers. Your customized interim management team will be suited to your community's needs and will drive the operational agenda while inducing creative and positive organizational growth.

## Securing Your Future

WRB, LLC Consulting will prepare and execute a value driven agenda to elevate administrative output and rigor so necessary for effective governmental performance. By introducing leadership excitement into the engagement, mobilizing all staff resources, and identifying organizational potential, the WRB, LLC Consulting Team will deliver important work to guide the City and its permanent Manager. Specific output of the engagement will include:

- Organizational assessment with closing report recommendations
- Support and guidance on how best to attract the permanent Manager
- Guided support of planning and development proposals pending and in development
- Elevation in the quality of outsourced and intergovernmental services
- Lifting the community brand
- Identifying realistic targets for performance level standards

- FINANCIAL ASSESSMENT AND ACCOUNTABILITY
- STATUTORY AND LEGAL COMPLIANCE ISSUES
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GARY PORTER / GPORTER@JOURNALSSENTINEL.COM

der of Beaver Dam holds a photograph of herself when she was crowned Mrs. Wisconsin's ago. Harper went on to become a prison social worker and Red Cross volunteer.

pinion

# ts of public service e worthy of a crown

A s a Red Cross volunteer, Muriel Jane Harp-

"We were

# Waukesha council backs lake water plan

## City will ask 8 states in region to OK access to Lake Michigan

By **DON BEHM**  
dbehm@journalsentinel.com

The Waukesha Common Council placed the city's search for a radium-free water supply into the hands of Wisconsin and the other seven Great Lakes states on Thursday when it agreed to ask those states for permission to buy Lake Michigan water.

Waukesha steps into uncharted territory, with no guarantee of approval, by becoming the first community to request a diversion of water out of the Great Lakes drainage basin under restrictions imposed by a 2008 regional compact. Each of the eight states must approve the diversion before Waukesha could buy water from Milwaukee or another municipal supplier.

On a 14-1 vote, the council approved sending the application first to the state Department of Natural Resources for consideration. Ald. Eric Payne cast the only no vote.

Ald. Rick Tortomasi, a member of the city's Water Commission, said voting against the application "would be a disservice to our residents."

All this week, an increasing number of local business representatives, including the Waukesha County Chamber of Commerce, have issued public statements urging the council to select a lake water option as the best solution for the city's future water needs.

The Sustainable Water Supply Coalition — with a regional membership including the Metropolitan Builders Association, ProHealth Care, Joel Quadracci of Quad/Graphics and Ed Olson of Waukesha Memorial Hospital — asked city residents to call council members and tell them that Lake Michigan is the only sustainable and cost-efficient solution.

Mayor Larry Nelson sees it that way. A draft appli-

### THE DETAILS

The Waukesha Water Utility's first draft Great Lakes water application can be read on the city's Web site: [www.ci.waukesha.wi.us](http://www.ci.waukesha.wi.us). Select "Future Water Supply Information."

A revised draft application approved by the Common Council will be available on the Web site next week.

The revised draft can be read at the Water Utility's office, 115 Delafield St.

Please see **WATER, 3B**

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Panke

charged at Eisenberg while yelling and calling him names, but Whitefish Bay police restrained Panke before he reached Eisenberg, according to the complaint.

Panke told police he "snapped" and struck Eisenberg with an open hand in the shoulder, the complaint says. Panke also said he threw a rock through a window of Eisenberg's home in June 2009, according to the complaint, which does not state a motive for the attack.

Wisconsin's Supreme Court revoked Eisenberg's law license in February, citing Eisenberg's long history of professional disciplinary problems and his apparent inability "to conform his conduct to the standards expected of all members of the Wisconsin bar."

Eisenberg said Thursday he is working as a real estate broker.

Panke was charged with battery in September in connection with attacks against people of Russian descent who live in an apartment complex at 1600 E. River Park Court in Shorewood, according to a complaint filed against Panke in the case.

Panke, who told police he hates Russian people, is accused of punching an 82-year-old man in the face and pepper-spraying the man and his wife because they are of Russian descent, the complaint says.

Panke also walked up to another man and asked the man if he was Russian, according to the complaint. Panke allegedly punched him in the face and ran.

A month later, Panke approached another man and asked if he was Russian, the complaint says. When the man said yes, Panke swore at him and ran away.

That case also is suspended while Panke undergoes mental health treatment, according to court records.

From page 1  
**WATER**

## Waukesha to seek states' OK

cation rejects wells as a long-term solution. The lake "offers the most reliable, cost-effective, high quality drinking water for the future," the document states.

Nelson has ushered this application through recent studies of wells and other options. At his request, officials from Milwaukee, Oak Creek and Racine sent letters indicating their willingness to consider selling water to Waukesha.

Waukesha estimates an average daily water demand of 10.9 million gallons a day after 2035. In 2009, the city's average daily demand was 6.8 million gallons.

Constructing a pipeline to bring lake water to the city, and a pipeline to return the city's treated wastewater to the lake, are among the major costs. The Great Lakes protection compact requires a municipality outside the basin to return almost all of the water that it buys to the lake as treated wastewater.

To build the lake water option, the city could spend an estimated \$164 million, if Milwaukee is the supplier. It would cost more to bring the water a longer distance from Oak Creek or Racine.

Well options would cost \$184 million to \$189 million to upgrade and expand.

The council's action came two days after Nelson was defeated in a bid for re-election by political novice Jeff Scrima. Scrima has stated publicly that the application should go forward. He did not speak

at Thursday's meeting.

The next step in the compact process is for the application to go to the Wisconsin Department of Natural Resources for consideration. The DNR will work with the city to complete a comprehensive environmental impact study of the plan.

Here is a summary of the revised draft application approved Thursday by the Common Council:

■ Continuing to rely on wells drawing water from a deep sandstone aquifer contaminated with radium and salt will become increasingly costly. The aquifer's water level is dropping, requiring more energy to pump it to the surface. Water from deeper depths contains more radium and salt, requiring removal of larger concentrations of contaminants to meet federal drinking water standards.

■ Switching to wells drawing water from shallow aquifers in sand and gravel formations closer to the surface is not sustainable. Water levels would drop quickly, reducing water flows to the Fox River and local streams, and lowering water levels in the Vernon Marsh and other wetlands.

■ If Lake Michigan becomes the city's water source, treated wastewater would be discharged to Underwood Creek near W. Blue Mound Road in Wauwatosa. The creek flows to the Menomonee River, a tributary of the Milwaukee River, which flows into Lake Michigan.

From page 1

## WAUKESHA COUNTY

# Less park space mowed

Milwaukee County has estimated its 2009 year-end surplus at \$3.3 million, after a turbulent year of furloughs, threatened layoffs and other belt-tightening. Lower-than-expected health care claims have been credited for the improved bottom line for last year. Milwaukee County's 2010 budget faces a possible shortfall because it included millions in employee concessions to which county unions had not agreed.

John Reinemann, legislative director at the Wisconsin Counties Association, said most counties were feeling pinched in 2009.

"Most counties in Wisconsin have

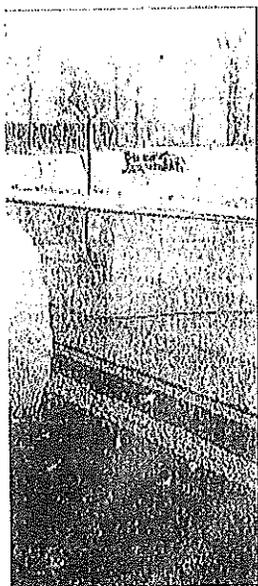


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**NORTH-WEST LAKE COUNTY  
JOINT ACTION WATER AGENCY AGREEMENT**

This Agreement (the "**Agreement**") is made as of the date of its execution, by and among THE COUNTY OF LAKE, ILLINOIS, a body politic and corporate; the VILLAGE OF ANTIOCH, an Illinois municipal corporation; the VILLAGE OF FOX LAKE, an Illinois municipal corporation; the VILLAGE OF LAKE VILLA, an Illinois municipal corporation; the VILLAGE OF LAKE ZURICH, an Illinois municipal corporation; the VILLAGE OF LINDENHURST, an Illinois municipal corporation; the VILLAGE OF VOLO, an Illinois municipal corporation; the VILLAGE OF WAUCONDA, an Illinois municipal corporation; and *[insert any other members]* (collectively, the "**Parties**").

In consideration of the recitals and the mutual covenants and agreements set forth in this Agreement, the Parties agree as follows:

**ARTICLE I**  
**RECITALS**

1.1 Article VII, Section 10 of the 1970 Constitution of the State of Illinois authorizes units of local government to contract or otherwise associate among themselves and with certain other governments "to obtain or share services and to exercise, combine or transfer any power or function, in any manner not prohibited by law or by ordinance" as well as to use their revenues, credit and other resources for such activities.

1.2 The Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, (the "**Act**") also authorizes the joint use and enjoyment of the powers, privileges, functions and authority of such governments.

1.3 The Parties have authority to enter into this intergovernmental agreement pursuant to the Act, Article VII, Section 10 of the 1970 Constitution of the State of Illinois, and other applicable law.

---

\* All defined terms initially appear in bold and italics and thereafter as capitalized words and phrases throughout this Agreement. They shall have the meanings set forth in the preamble, in Articles I and II, and elsewhere in this Agreement.

1.4 The Act authorizes any Illinois municipality, county, public water district, State university, or any combination thereof to, by intergovernmental agreement, establish a municipal joint action water agency to provide adequate supplies of water on an economical and efficient basis for members.

1.5 Except for the County, the Parties are all municipal corporations in Lake County, Illinois.

1.6 The Parties to this Agreement have determined that they are in need of additional safe and reliable supplies of potable water and they desire to obtain Lake Michigan water.

1.7 The Parties **[each have a waterworks system and]** have each received **[or may properly petition to receive]** a Water Allocation from the State of Illinois Department of Natural Resources.

1.8 The Parties desire to create a municipal joint action water agency (the "**Agency**") pursuant to the Act, to provide a supply of potable water from Lake Michigan for members of the Agency for parcels within members' respective corporate limits, and for the County, which seeks to provide water service for certain service areas within the County commonly known as "Grandwood Park" and the "County Northwest Region" (which includes the Petite Lake, Fox Lake Hills, and Stanton Bay areas).

1.9 The Parties recognize that the Agency may in the future enter into contracts with other Additional Members or Participants as defined herein and other customers as may be served from time to time who have a Water Allocation.

1.10 The Parties have determined that it is necessary and in their best interests to establish a joint action water agency in order to provide adequate supplies of water on an economical and efficient basis for the Members individually, including without limitation to provide a joint waterworks and/or water supply system to obtain Lake Michigan water for use as provided in this Agreement.

**ARTICLE II**  
**DEFINITIONS**

Whenever used in this Agreement, the following terms shall have the following meanings unless a different meaning is required by the context:

**2.1 Act.** The Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, as amended from time to time.

**2.2 Additional Member.** Any governmental entity other than an Original Member that becomes a member of the Agency pursuant to this Agreement and in accordance with the Act. An Original Member that withdraws from the Agency pursuant to this Agreement may, however, become a member of the Agency again in the manner provided for Additional Members.

**2.3 Agency.** The North-West Lake County Joint Action Water Agency established by this Agreement.

**2.4 Board of Directors.** The Board of Directors of the Agency.

**2.5 By-Laws.** By-Laws of the Agency as adopted and as amended from time to time by the Board of Directors.

**2.6 General Obligation Bonds.** The bonds described in Section 7.1A.

**2.7 Executive Committee.** The Executive Committee of the Agency.

**2.8 Interim Costs.** All costs and expenses incurred by the Agency during the time period between the creation of the Agency pursuant to this Agreement and the sale of bonds pursuant to Section 7.1 of this Agreement.

**2.9 Members.** All governmental units that are Original Members or that become Additional Members of the Agency pursuant to this Agreement. The word "Members" does not include governmental units that have withdrawn from the Agency pursuant to this Agreement.

**2.10 Original Members.** The governmental units listed on page 1 that approve and execute this Agreement on or before its effective date and remain Members of the Agency.

**2.11 Participant.** Any Public Agency that meets the requirements of, and enters into an agreement with, the Agency pursuant to Section 4.3 of this Agreement.

**2.12 Projected Use.** The volume of water to be drawn from the System as assigned to the Members *[and the Agency]*, as more fully described in Section 8.4 and Exhibit B.

**2.13 Public Agency.** Any municipality, public water district, county, joint action water agency, water commission, public building commission, and any combination of the above pursuant to an intergovernmental agreement which includes provisions for a governing body of the agency created by the agreement.

**2.14 Revenue Bonds.** The bonds described in Section 7.1B.

**[2. \_\_ Service Area, Additional. The area established pursuant to Section 3.5.A.4.]**

**2.15 Service Area, Agency.** The area established pursuant to Section 3.5.

**2.16 Service Area, Existing County.** The areas established pursuant to Section 3.5.A.2.

**2.17 Service Area, Municipal.** The area established for each Member that is a municipality, pursuant to Section 3.5.A.1.

**2.18 Service Area, New County.** The areas established pursuant to Section 3.5.A.3.

**2.19 System.** The waterworks and water supply system of the Agency.

**2.20 Water Allocation.** A Member's or the Agency's allocation and allowable excess from time to time of Lake Michigan water pursuant to the Level of Lake Michigan Act, 650 ILCS 50/1 *et seq.*, as amended from time to time; applicable Illinois Department of Natural Resources Administrative Opinion Orders, or such other amounts of Lake Michigan water as a Member or the Agency may lawfully take.

### **ARTICLE III AGENCY ESTABLISHMENT**

**3.1. Establishment.** This Agreement establishes the Agency as a joint action water agency. The Agency shall be a municipal corporation and a public body politic and corporate.

**3.2. Corporate Name.** The corporate name of the Agency established by this Agreement is the "North-West Lake County Joint Action Water Agency".

**3.3 Purpose.** The Agency is established for the purpose of providing a reliable and adequate supply of quality water on an economical and efficient basis for the Members. In furtherance of these objectives, the Agency may also provide water for other persons, corporations, or Public Agencies, including, without limitation, Participants, all as provided in this Agreement.

**3.4 Duration.** The Agency shall continue to exist unless dissolved and terminated as provided in Article IX of this Agreement.

**3.5 Agency Service Area.**

A. Establishment and Additions. The areas served by the System shall be referred to as the Agency Service Area and shall include the following service areas:

1. The territory of each municipality that is a Member, as each such territory may be expanded through annexation from time to time, with each Member's territory referred to as a Municipal Service Area;
2. The Grandwood Park Service Area and the County Northwest Region Service Area of the County, as depicted and described on Exhibit A attached to and made a part of this Agreement by this reference and referred to as the Existing County Service Areas, as such Service Areas may be expanded from time to time to include, by adoption by the County Board of the County of an ordinance or resolution adding to either of such Existing County Service Areas:
  - a. Territory incorporated in a municipality that is contiguous to either such Service Area, with the consent of the corporate authorities of the municipality; and
  - b. Unincorporated territory that is contiguous to either such Service Area; and

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3. A new service area to be served by the County, referred to as a New County Service Area, upon satisfaction of the following requirements:
  - a. The County Board of the County must adopt an ordinance or resolution establishing a New County Service Area, which service area shall not be located within one-quarter of a mile of the corporate boundaries of any Member without that Member's consent; and
  - b. The Board of Directors must consent to the addition of the New County Service Area to the Agency Service Area by adoption of an ordinance passed by a majority of Directors; and
4. The service area for any other governmental entities that become Members pursuant to Section 4.2D of this Agreement, with each such governmental entity's territory referred to as an Additional Service Area.

B. Notices of Changes. A certified copy of any ordinance, resolution, court order or other document reflecting modifications to the Agency Service Area as described in this Section shall be filed with the Secretary of the Agency. The Secretary of the Agency shall take such steps as are necessary to notify the County Clerk that any territory added to the Agency Service Area must be placed on the real estate tax rolls in accordance with the Act.

C. Payment in Lieu of Prior Taxes. Upon the addition of territory to the Agency Service Area after the effective date of this Agreement, the Member adding any such territory shall pay to the Agency a fee in an amount equal to the amount of real estate taxes that would have been paid to the Agency if the territory had been located within the Agency Service Area on the effective date of this Agreement, reduced by the depreciated value of any Agency capital assets. The amount of such fee shall be determined by the Agency.

**ARTICLE IV**  
**MEMBERSHIP; PARTICIPANTS; OPTIONAL MEMBERS**

**4.1 Membership.** The members of the Agency shall be the Original Members and Additional Members. Members do not include Original Members or Additional Members that have and remain withdrawn from the Agency in accordance with this Agreement.

**4.2 Additional Members.**

A. General. Any Public Agency that is not an Original Member of the Agency, and any Original Member that withdraws from the Agency as provided in this Agreement, may join the Agency as an Additional Member.

B. Procedure. Additional Members may join the Agency upon satisfaction of all of the following conditions:

1. The corporate authorities of the joining governmental unit must adopt an ordinance determining to become a Member.
2. The Board of Directors must consent to the joining governmental unit becoming a Member by adoption of an ordinance passed by two-thirds of the Directors.
3. The corporate authorities of two-thirds of all existing Members must adopt an ordinance consenting to the joining governmental unit becoming a Member.
4. A certified copy of the ordinances adopted in accordance with this Section must be filed with the Secretary of the Agency.

C. Conditions. The Board of Directors may establish reasonable conditions with respect to a governmental unit becoming an Additional Member. These conditions may include, without limitation, the making of a capital contribution to the Agency and the assumption of all or a portion of contracts, debts and obligations of the Agency.

D. Special Option to Become Additional Member. Notwithstanding the requirements of Sections 4.2B and C, after the effective date of this Agreement, the Village of Long Grove

may exercise an option to become an Additional Member only upon satisfaction of all of the following conditions:

1. The Village of Long Grove executes the Additional Member Consent Form attached to this Agreement on or before **[date]**.
2. The corporate authorities of the Village of Long Grove pass an ordinance on or before **[date]** determining to become a Member. A certified copy of the ordinance must be filed with the Secretary of the Agency.
3. The Board of Directors finds, based on a written report by an engineer selected by the Board of Directors, that the waterworks system of the Village of Long Grove has constructed and installed, or has demonstrated its commitment to construct and install, the infrastructure necessary to provide water service to areas within the Village of Long Grove's corporate limits. The cost of such engineering analysis shall be paid by the Village of Long Grove.
4. The Village of Long Grove pays to the Agency **[\$ insert amount]** on or before **[date]** and **[\$ insert amount]** at the time it becomes a Member.
5. Within **[number of days]** after it becomes a Member, the Village of Long Grove pays a fee pursuant to Section 3.5C to add its territory to the Agency Service Area.

During the pendency of an unexpired option under this Section 4.2D, the Village of Long Grove may appoint a delegate to participate in the meetings of the Board of Directors and the Executive Committee of the Agency. In such instance, the Village of Long Grove and its delegate shall have no voting privileges.

E. Certification. Promptly upon the addition of an Additional Member, that fact shall be certified by the Secretary of the Agency to the Secretary of State of Illinois and, if any General Obligation Bonds have been issued by the Agency, to the County Clerk.

F. Placed on Tax Rolls. Within **[number of days]** after becoming a Member, the Additional Member must cause all property located within its corporate limits to be placed on appropriate real estate tax rolls, in accordance with the Act.

G. Connecting Facilities. An Additional Member is solely responsible for extending any facilities required to deliver water from the existing System to an agreed-upon connection point as well as for the necessary storage of water.

#### **4.3 Participants.**

A. General. The Agency may enter into agreements with any Public Agency with which the Agency has, either directly or indirectly, a wholesale purchase or sale contract, authorizing participation in the Agency's activities. No such agreement will be approved unless the Board of Directors finds, based on a written report by an engineer selected by the Board of Directors, that such an agreement will not result in any material impairment of any Member's Projected Use.

B. Terms. Any agreement between the Agency and a Participant must contain provisions governing all aspects of the Participant's involvement with the Agency, including, without limitation, the rights and obligations of the Participant with respect to any required capital contribution and sharing of costs and liabilities. Any such agreement may authorize a Participant to appoint a delegate to participate in the meetings of the Board of Directors and the Executive Committee of the Agency. A Participant and its delegate shall have no voting privileges.

C. Procedures. An agreement with a Participant becomes effective upon satisfaction of all of the following conditions:

1. The Board of Directors of the Agency approves the agreement by a vote of three-fourths of the Directors.
2. The corporate authorities of three-fourths of all Members adopt an ordinance approving the agreement.

3. A certified copy of any ordinance adopted in accordance with this Section must be filed with the Secretary of the Agency.

**ARTICLE V**  
**POWERS AND AUTHORITY**

**5.1 Powers.** The Agency will have the following powers, in addition to any powers set forth elsewhere in the Agreement:

- A. To plan, construct, improve, extend, acquire, finance (including the issuance of revenue bonds or notes and general obligation bonds or notes as provided in the Act), operate, maintain and contract for a joint waterworks and/or water supply system which may include, or may consist of, without limitation, facilities (including land and interests in land) for receiving, treating, storing and transmitting water from Lake Michigan for supplying water to the Members and their water users ***[or to other Public Agencies, including Participants]***;
- B. To sue or be sued;
- C. To apply for and accept gifts or grants or loans of funds or property or financial or other aid from any public agency or private entity;
- D. To acquire, hold, sell, lease as lessor or lessee, transfer or, subject to the terms of this Agreement, dispose of real or personal property, or interests therein, and to provide for the use of any such property by any Member or Participant;
- E. To invest available funds;
- F. To buy water and to enter into contracts with any person, corporation or Public Agency (including any Member) for that purpose, in accordance with the Act;
- G. To sell or provide water to Members and Participants and to enter into contracts for such sale or provision of water, all in accordance with the Act;
- H. To sell water not required for use by Members to any person, corporation or Public Agency which is a retail water supplier at rates, fees and charges as determined by the

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Board of Directors and to enter into contracts for that purpose, all in accordance with the Act, but only to the extent allowed by applicable State water allocations;

- I. To sell water not required for use by Members to any person, corporation or Public Agency which is not a water supplier for its own use at rates, fees and charges as determined by the Board of Directors and to enter into contracts for that purpose, all in accordance with the Act, but only when such sales and contracts are approved by ordinance adopted by the corporate authorities of each Member, certified copies of which are filed with the Secretary of the Agency, and only to the extent allowed by applicable State water allocations; provided, however, that contracts for the sale of water at retail by the Agency must be expressly authorized by all Members of the Agency;
- J. To authorize, by a vote of two-thirds of the Directors, contracts for the sale of water at wholesale or at retail by municipal Members for areas outside their respective Municipal Service Area after **[date]**;
- K. To adopt and enforce rules and regulations for water use by Members, Participants or other purchasers of water from the Agency as may be necessary or advantageous to ensure adequate supplies of water and to comply with applicable laws and regulations;
- L. To establish rates, fees and charges for the sale of water by the Agency or for the use of its facilities;
- M. To borrow money and, in evidence of its obligation to repay the borrowing, issue its bonds or notes, all as provided in the Act, and, for the purpose of securing and paying any of its bonds or notes, to pledge, assign or provide for a lien or security interest on (i) any or all revenues derived from the operation of the System, including from contracts for the sale of water, and investment earnings thereon; (ii) any and all revenues derived from real estate taxes, if any, levied upon taxable property by the Agency; (iii) any lawful source of funds; (iv) proceeds of any particular of its bonds or notes and investment earnings thereon; (v) receipts of the Agency under any interim contracts for a supply of

water with any Municipality or other person which provide that such payments may be used for that purpose and investment earnings on any such receipts; and (vi) any funds or accounts securing payments of the bonds or notes as established by the bond or note resolution, all as and to the extent as provided in the Act and the resolution authorizing the issuance of the bonds or notes;

- N. To make and execute all contracts and other instruments necessary or convenient to the exercise of its powers or the accomplishment of the purposes of the Agency;
- O. To employ agents and employees and to retain attorneys, engineers and such other consultants as the Board of Directors shall determine;
- P. To exercise any or all powers specifically granted to joint action water agencies by the Act;
- Q. To exercise all other powers incident to the purposes and objectives of the Agency and the powers listed above; and
- R. To apply for State water allocations for use by the Members and/or Participants and the Agency and to utilize, pursuant to this Agreement, any water allocations assigned to the Agency.

**5.2 Eminent Domain.** Members may, for the purposes of, and upon request by, the Agency, exercise the power of eminent domain available to them in accordance with applicable law, convey property so acquired to the Agency for the cost of the acquisition, and be reimbursed for all expenses related to this exercise of eminent domain power on behalf of the Agency.

**5.3 Disposal of Property.** Except as otherwise provided in Article IX of this Agreement in the event of dissolution and termination of the Agency, the Board of Directors may, by vote of a majority of the Directors, sell or dispose of any real or tangible personal property owned by the Agency if the Board of Directors determines that the property is no longer useful or necessary for the Agency. The Agency may not sell or dispose of property if such sale or disposal would

deprive any Member of full, continued service by or through the Agency, unless the corporate authorities of that Member consent by ordinance. Any proceeds of sale or disposition of property pursuant to this Section may only be (1) used in furtherance of the purposes of the Agency, or (2) returned to the Members in their respective proportionate shares of capital contribution to the Agency.

**ARTICLE VI**  
**GOVERNANCE AND ADMINISTRATION**

**6.1 Governance.** The Agency shall be governed and administered as provided in this Section and the By-Laws.

**6.2 Board of Directors.** The governing body of the Agency shall be the Board of Directors. The Board of Directors shall determine the general policy of the Agency, approve the annual budget, make all appropriations (which may include appropriations made at any time in addition to those made in any annual appropriation document), approve all contracts for the purpose of sale of water, adopt any resolutions providing for the issuance of bonds or notes by the Agency, adopt By-Laws, rules and regulations, and exercise such powers of the Agency and perform such duties as may be prescribed in this Agreement, the By-Laws, or the Act. The Board of Directors is comprised of Directors as set forth in this Article VI.

**6.3 Directors.**

- A. Each Member shall appoint one Director to the Board of Directors.
- B. A Director must be the Mayor or President, an elected member of the corporate authorities, or other elected official of the appointing Member.
- C. Each Director will have one vote on actions taken by the Board of Directors.

**6.4 Terms.** The terms of the first Directors shall begin when they are appointed and shall run until *[date]*. Thereafter, all Directors shall be appointed for *[two-year]* terms expiring on *[date]* of *[odd numbered years]*. Persons serving as Directors shall serve until their terms expire and thereafter until their respective successors are appointed and qualified. *[Note: are staggered terms desired?]*

**6.5 Alternate Directors.**

- A. Each Member is authorized to appoint an Alternate Director.
- B. An Alternate Director may attend any meeting of the Board of Directors and may vote as the Director in the absence of the Director from that Member or if there is a vacancy in the position of Director from that Member.

C. An Alternate Director shall have the same qualifications as required for a Director, as set forth in Section 6.3B.

D. The term of an Alternate Director shall not exceed the term of the Director from the appointing Member. Persons serving as Alternate Directors shall serve until their term expires and thereafter until their respective successors are appointed and qualified.

**6.6 Appointments.** All Directors and Alternate Directors must be appointed by an ordinance of the corporate authorities of the appointing Member. A certified copy of such appointment ordinance must be filed with the Secretary of the Agency upon adoption of the ordinance.

**6.7 Vacancies.**

A. If any Director or Alternate Director ceases to be an elected member of the corporate authorities or official of the appointing Member, that person immediately ceases to be a Director or Alternate Director and the Director's or Alternate Director's position becomes vacant.

B. Any vacancy in the office of Director or Alternate Director for any reason shall be filled by appointment by the Member for which the Director vacancy exists.

**6.8 Chairperson.** The Board of Directors shall elect one Director to serve as Chairperson and another Director to serve as Vice-Chair. The Chairperson will preside at all meetings of the Board of Directors. The Vice-Chair shall preside over meetings of the Board of Directors in the Chairperson's absence.

**6.9 Agency Officers.** The Board of Directors shall select other persons, who need not be Directors, to the positions of Secretary and Treasurer. The Secretary shall be the keeper of the books and records of the Agency; and the Treasurer shall have charge and custody of and be responsible for all funds and securities of the Agency (other than funds and securities held by a corporate trustee or paying agent with respect to bonds or notes of the Agency). The duties, the terms of office, and the manner of selection of the officers of the Agency shall be prescribed in further detail in the By-Laws.

**6.10 Executive Committee.**

A. There is established an Executive Committee of the Agency. The Executive Committee shall consist of the manager or other appointed official of each Member, as designated by the Member. Each Member shall be entitled to one seat on the Executive Committee. Each member of the Executive Committee shall be entitled to one vote on the Committee. The By-Laws may provide for the appointment by each Member of an appointed official of the Member as an alternate member of the Executive Committee to serve from time to time in the absence of the Member.

B. The daily operation of the Agency shall be conducted under the direction and supervision of the Executive Committee, subject to the general policy decisions made by the Board of Directors from time to time. The Executive Committee shall be responsible for carrying out the policy decisions of the Board of Directors.

**6.11 By-Laws.** The Board of Directors shall adopt By-Laws for the Agency which shall, among other matters, set forth provisions for the holding, notice, call and conduct of meetings of the Board of Directors and the Executive Committee, the adoption of annual budgets and appropriations, and the entering into of contracts and purchases by the Agency. The By-Laws may be adopted only upon the concurrence of members of the Board of Directors equal in number to **[at least three-fourths]** of all of the Members and may be amended only upon such

a vote. The By-Laws may provide additional requirements and procedures with respect to amendment of the By-Laws.

**ARTICLE VII**  
**REVENUE AND COSTS**

**7.1 Bonds; Member Payments.** *[Note: the allocation of the amounts of each type of bond is subject to further discussion and analysis]* The Board of Directors shall determine the costs to be paid by the respective Members as provided in this Agreement and the By-Laws, in accordance with the following:

A. Approximately half of the initial project costs to construct the System, sufficient to meet the estimated needs of each Member, are expected to be funded by Agency general obligation bonds. This will be apportioned in accordance with law on the basis of a uniform real estate tax levy sufficient to pay the debt service on the Agency's General Obligation Bonds. *[Note: general obligation bonds may be issued only if approved by referendum within the territory of the Agency.]*

B. The remaining amount necessary to pay the initial project costs will be funded by Agency revenue bonds.<sup>†</sup> A uniform water rate, to be assessed based on the volume of water used, will be charged to all Members sufficient to: (1) pay operation and maintenance costs of the System; (2) pay revenue bond principal and interest; (3) provide revenue bond reserves; (4) pay or provide for depreciation, renewal, replacement and extension expenditures and reserves for the System; (5) pay a marketable coverage factor of the annual debt service on the revenue bonds, beginning after the first full year of operation; and (6) provide funds to meet all other

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<sup>†</sup> 5 ILCS 220/3.1(e)(1) authorizes the Agency to issue revenue bonds for the following: for paying costs of constructing, acquiring, improving or extending a joint waterworks or water supply system; for paying other expenses incident to or incurred in connection with such construction, acquisition, improvement or extension; for repaying advances made to or by the Agency for such purposes; for paying interest on the bonds or notes until the estimated date of completion of any such construction, acquisition, improvement or extension and for such period after the estimated completion date as the Board of Directors of the Agency shall determine; for paying financial, legal, administrative and other expenses of the authorization, issuance, sale or delivery of bonds or notes; for paying costs of insuring payment of the bonds or notes; for providing or increasing a debt service reserve fund with respect to any or all of the Agency's bonds or notes; and for paying, refunding or redeeming any of the Agency's bonds or notes before, after or at their maturity, including paying redemption premiums or interest accruing or to accrue on such bonds or notes being paid or redeemed or for paying any other costs in connection with any such payment or redemption.

covenants set forth in the authorizing bond resolution, as passed by the Board of Directors. Revenues collected from the imposition of such uniform water rate shall be applied in the order of priority as listed above.

C. The proposed Agency usage of the year 2030 is an estimated design figure. Recognizing that such projections may not agree with actual usage, the Board of Directors of the Agency will provide for periodic rate review, beginning after the first full year of operation, and no less than every three years thereafter.

**7.2 Member Cost and Funding Obligations.** Each Member shall pay its proportionate share of the costs of the Agency as provided in this Agreement or by separate ordinance adopted by the Board of Directors. Members shall appropriate their funds and shall use their credit, revenues and other resources, including the power to borrow money, to incur debt and to issue and sell bonds, if necessary, to pay their shares of the costs of the Agency and to service their debt related to the Agency as they individually determine.

**7.3 Costs Other than Initial Project Costs.** Costs of the System other than the initial project costs may be paid with general obligation bonds, revenue bonds or funds otherwise lawfully available, as the Board of Directors may determine. If costs other than initial project costs are paid with general obligation bonds or revenue bonds, such bonds shall be subject to the provisions of this Article VII, as applicable.

**7.4 Mutual Cooperation in Issuance of Obligations.** Each Original Member shall cooperate with the Agency in issuance of any bonds under this Article, and the Agency shall cooperate with each Original Member in the issuance of bonds in accordance with Article VII of this Agreement. In such connection, each Original Member and the Agency will comply with all reasonable requests of each other and will, upon request, do as follows:

- A. Make available general and financial information about itself;
- B. Consent to publication and distribution of its financial information;

C. Certify that general and financial information about it is accurate, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements in that information, in light of the circumstances under which they were made, not misleading;

D. Cooperate with all continuing disclosure requirements of law;

E. Make available certified copies of official proceedings;

F. Provide reasonable certifications to be used in a transcript of closing documents;

and

G. Provide and pay for reasonably requested opinions of counsel as to the validity of its actions taken with respect to and the binding effect of this Agreement, title **[to the Member's waterworks system and]** the System, as applicable, pending or threatened litigation which could materially affect its performance hereunder, and other reasonably related opinions.

#### **7.5 Interim Cost-Sharing.**

A. Payment of Interim Costs. Subject to the terms of this Agreement, the Agency will be initially responsible for paying all Interim Costs under the direction of the Board of Directors.

B. Sharing of Interim Costs; Reimbursements. The Board of Directors and the Original Members agree that they will share equally the ultimate responsibility for all Interim Costs. To that end, each Original Member will deliver [**\$\_\_\_\_\_**] ("**Interim Cost Contribution**") to the Agency to be held in trust (the "**Interim Cost Fund**") for purposes of reimbursing the Agency for Interim Costs incurred. Such Interim Cost Contributions shall be delivered to the Agency on or before **[date]**. The Board of Directors may withdraw funds from the Interim Cost Fund at any time after it incurs Interim Costs.

C. Accounting. The Agency will provide to the Original Members (i) a quarterly notification of the balance of the Interim Cost Fund including a running total of amounts paid

toward Interim Costs, (ii) periodic statements of Interim Costs incurred, and (iii) a statement of the total amount of Interim Costs.

D. Reimbursement. If the actual amount of Interim Costs totals less than the total amount of Interim Cost Contributions delivered to the Interim Cost Fund by the Original Members, then the Agency shall refund to each Original Member that made a Interim Cost Contribution an equal proportion of any amounts remaining in the Interim Cost Fund.

E. No Liability of the Agency. The Agency will not be liable to the Original Members for any claim or damage of any kind whatsoever relating to the Interim Costs.

**7.6 Cooperation in Construction of System.** The Original Members shall cooperate with the Agency in the construction of the System. Each Original Member shall grant to the Agency without charge to the Agency any reasonably required construction easements and any easements necessary for portions of the System to be located on such Original Member's property, provided the Agency agrees to restore the easement property in a reasonable manner after construction. Each Original Member shall grant the Agency access to its property to the extent reasonably necessary to survey, construct, install, operate, use, maintain, own, test, inspect, repair, remove, and replace points of delivery and appurtenant devices related to the System, together with all reasonable rights of ingress and egress over, along, across, and upon the Original Member's property necessary for the exercise of the rights granted herein.

**7.7 Suspension of Membership and Services for Failure to Pay.** The Agency may suspend the membership on the Board of Directors and the Executive Committee of any Member whose capital contributions and payments or charges for operation and maintenance due to the Agency, as determined by the Board of Directors as provided in this Agreement, have not been paid in full within **[sixty]** days after demand by the Agency. A Member under suspension shall have no power to make or second motions or to vote, nor shall it be counted for the purposes of the establishment of a quorum or the determination of the vote needed to pass or approve any matter coming before the Board of Directors or the Executive Committee.

A Member under suspension shall have no right to attend an executive session of the Agency unless expressly authorized by a majority of the other Members of the Agency. A Member under suspension shall continue during its suspension to be responsible for its share of any unpaid contracts, debts and obligations incurred by the Agency, and such responsibility shall be terminated only upon withdrawal by such Member. Upon payment of all amounts due the Agency under this Agreement, including those accrued during the suspension, a Member under suspension shall be reinstated to membership on the Board of Directors and the Executive Committee. The Agency may decline to provide water to any Member whose charges have not been paid within **[sixty]** days after billing by the Agency. Further, a reasonable penalty charge for late payments may be established and imposed by the Executive Committee.

**7.8 Limitation on Agency Liability.** The Agency shall not be liable for any liability or obligation incurred by any Member except as agreed or approved by the Board of Directors.

**7.9 Financial Obligations of Withdrawing Member.** Any withdrawing Member **[and member taxpayers thereof]** shall be responsible for its share of any unpaid contracts, debts and obligations of the Agency incurred prior to the date of withdrawal or removal in proportion to its respective share.

## **ARTICLE VIII WATER MANAGEMENT**

### **8.1 Water Allocation.**

- A. Each Member must obtain and maintain an allocation of Lake Michigan water.
- B. Lake Michigan water allocated to a Member by the State of Illinois may be assigned to the Agency, subject to the terms of such Water Allocation and in accordance with applicable State law and regulations.
- C. A Water Allocation assigned to the Agency must be used for operation, maintenance and testing of the System and service to the allocating Member, except as otherwise authorized by the allocating Member.

D. Upon withdrawal or removal of a Member from the Agency, a Water Allocation assigned to the Agency by that Member will be reassigned to the withdrawing Member by the Agency. Upon dissolution and termination of the Agency, all Water Allocations assigned to the Agency by Members shall be reassigned by the Agency to the respective Members.

E. Members may not sell Water Allocations to other Members or to the Agency.

F. The Agency may obtain and maintain a Water Allocation for use for the operation, maintenance and testing of the System but not for retail sales of water.

**8.2. Water Usage Monitoring.** The Agency may monitor the water usage of each Member to ensure compliance with their respective Water Allocations.

**8.3 Emergency Water Usage Plans.** Each Member must keep on file with the Agency an emergency water usage plan. That plan may be implemented whenever declared necessary by the Board of Directors for the good of the Agency and the Members. An emergency usage plan will be developed for the Agency by the Executive Committee and approved by the Board of Directors, and shall be subject to the consent of the State of Illinois to the extent provided by law or the terms of any applicable Water Allocation by the State of Illinois.

**8.4 System Capacity; Projected Use.**

A. Each Member **[and the Agency]** shall have a maximum Projected Use of water in the amount set forth on Exhibit B attached to and made a part of this Agreement by this reference. The Agency shall establish a maximum for any Additional Service Area established pursuant to Section 3.5.A.4 of this Agreement.

B. No Member may exceed its Projected Use unless it makes a written request and is authorized in advance by **[a majority]** of Directors, in accordance with this Section.

C. Any Member that wishes to provide water outside its Municipal Service Area must comply with the following requirements:

1. Any Member that wishes to provide water outside its Municipal Service Area must do so within its Projected Use unless it is authorized to exceed its Projected Use pursuant to this Section 8.4.
2. A Member that provides water service outside its Municipal Service Area as of the date of this Agreement may continue to do so, provided that it pays to the Agency a fee in an amount equal to the amount of real estate taxes that would have been paid to the Agency if the territory had been located within the Agency Service Area on the effective date of this Agreement, reduced by the depreciated value of any Agency capital assets. The amount of such fee shall be determined by the Agency and must be paid by **[date]**.

D. The Board of Directors may authorize a Member to exceed its Projected Use only upon the determination of an engineer selected by the Board of Directors that sufficient capacity exists within the System so that the System will remain able to meet the needs of other Members if the requesting Member's request to exceed its Projected Use is granted. The cost of obtaining such determination is the responsibility of the Member requesting authority to exceed its Projected Use.

E. To the extent necessary and appropriate, the Board of Directors of the Agency may establish an additional fee that must be paid in order for a Member to exceed its Projected Use.

***[confirm criteria on which additional fee amount should be based]***

**ARTICLE IX**  
**WITHDRAWAL, TERMINATION AND DISSOLUTION**

**9.1 Withdrawal.**

A. With Consent. Any Member may at any time withdraw as a member of the Agency upon the consent of the Board of Directors and upon the consent of each other Member.

B. Without Consent. Any Member may withdraw as a member of the Agency without the consent of the Board of Directors or of other Members, but any such withdrawal without such consents shall be made only prior to the date on which the Board of Directors authorizes

the execution of water supply contracts or the issuance of bonds, whichever is earlier, for the System. Such withdrawal by a Member with or without the consent of the other Members shall be expressly conditioned upon the payment of its pro rata share of financial obligations incurred by the Agency to the date of the Member's withdrawal.

C. Filings Required. Any Member may withdraw from the Agency only upon filing with the Secretary of the Agency a certified copy of an ordinance of the Member determining so to withdraw. Any consent to a Member's withdrawal by the Board of Directors or any other Member may be made only by filing with the Secretary of the Agency a certified copy of an ordinance consenting to the withdrawal. Promptly upon any Member withdrawing from the Agency, that fact shall be submitted by the Secretary of the Agency to the Secretary of State of Illinois.

## **9.2 Termination and Dissolution.**

A. By Member Withdrawal. Upon the withdrawal of a number of Members so as to reduce the number of Members to less than **[three]**, the Agency may be dissolved and terminated. If the number of members is reduced to two, a vote of either member to dissolve is sufficient to dissolve the Agency.

B. By Majority Decision. Upon the filing with the Secretary of the Agency of certified copies of ordinances of **[the majority]** of Members determining to dissolve and terminate the Agency, then the Agency shall be dissolved and terminated.

C. Filings Required. Upon action having been taken to dissolve and terminate the Agency, that fact shall be submitted by the Secretary of the Agency to the Secretary of State of Illinois.

D. When Prohibited. Notwithstanding any provision of this Agreement, while and as long as any bonds or notes of the Agency or any other contracts or obligations of the Agency relating to the bonds or notes are outstanding and unpaid, the Agency shall not terminate or

dissolve in whole or in part, except as permitted in the resolution or resolutions authorizing the bonds or notes.

E. Payment of Obligations. Upon the termination and dissolution of the Agency, the contracts, debts and obligations of the Agency remaining unpaid after such dissolution and termination shall be the several obligations of the respective Members and/or Participants in the respective proportions established for capital and operating costs, as applicable, in accordance with Section 7.1 of this Agreement or by separate ordinance.

F. Distribution of Assets. Assets of the Agency remaining after dissolution shall be distributed among the Members and/or Participants who had participated in the Agency within one year prior to such dissolution and termination in proportion to their respective proportionate share of capital costs as established in accordance with Section 7.1 of this Agreement, after any setoff with respect to the provision for payment of that Member and/or Participant's share of the contracts, debts and obligations of the Agency.

**ARTICLE X**  
**LEGAL RELATIONSHIPS AND REQUIREMENTS**

**10.1 Ordinance Authorizing Agreement.** Prior to executing this Agreement, this Agreement shall be approved by ordinance adopted by the corporate authorities of each Original Member. The approval ordinance must specifically authorize and direct the execution of this Agreement on behalf of the Original Member. Each Original Member must deliver to each other Original Member a certified copy of the ordinance required by this Section.

**10.2 Effective Date.** This Agreement shall become effective on **[date]**, or on the date when it is executed by all of the Parties, whichever is earlier.

**10.3 Execution in Counterparts.** This Agreement may be executed in multiple identical counterparts, and all of said counterparts will, individually and taken together, constitute one and the same Agreement.

**10.4 Entire Agreement.** There are no representations, covenants, promises, or obligations not contained in this Agreement that form any part of this Agreement or upon which either of the parties is relying in entering into this Agreement.

**10.5 Filing with Secretary of State.** Promptly upon this Agreement becoming effective, a copy of this Agreement shall be filed by the Secretary of the Agency with the Secretary of the State of Illinois.

**10.6 Amendment.** This Agreement may be amended only by written agreement of all Members. An amendment is effective only when authorized by ordinances adopted by each Member's corporate authorities, certified copies of which must be filed with the Secretary of the Agency. Upon amendment of this Agreement, the Secretary of the Agency shall promptly cause a copy of the amendment to be filed in the office of the Secretary of State of Illinois.

**10.7 Enforcement.** The Agency and the Parties shall have the right to enforce, in law or equity, this Agreement, the By-Laws, or any agreement among or between the Agency and any one or more Members, against any Member and to compel payment of rates, fees and charges as provided in this Agreement, the By-Laws or any such other agreements. If suit is necessary to compel enforcement of provisions of this Agreement, the By-Laws or any such other agreement or to compel payment of rates, fees and charges of the Agency, the defaulting party shall pay Agency's reasonable legal fees and costs pertaining to the suit, in such amount as determined by the court.

**10.8 Severability.** If any part, term, or provision of this Agreement is held invalid by a court of competent jurisdiction for any reason, the remainder of this Agreement shall be interpreted, applied and enforced as to achieve, as near as may be, the purpose and intent of this Agreement to the maximum extent possible.

**10.9 Regulatory Bodies.** This Agreement will be subject to all valid rules, regulations, and laws applicable hereto passed and promulgated by the United States of America, the State of Illinois, or any other governmental body or agency having lawful jurisdiction, or any

authorized representative or agent of any of them; provided, however, that this Section will not be construed as waiving the right of any party to challenge the validity of any such rules, regulations, or laws on any basis, including the impairment of this Agreement.

**10.10 Governing Law.** This Agreement shall be governed by, and enforced in accordance with, the internal laws, but not the conflicts of laws rules, of the State of Illinois.

**10.11 Non-Assignability.** Except to the extent hereinafter provided, no party shall assign or transfer this Agreement or any rights or interests herein without the written consent of **[three-fourths]** of the Members of the Agency and the Agency. The right to receive all payments which are required to be made by the Original Members to the Agency in accordance with the provisions of this Agreement may be assigned by the Agency to any Trustee as provided in the resolution authorizing the bond issuance to secure the payment of the principal of, premium, if any, and interest on the bonds as those amounts come due, subject to the application of those payments as may be provided in the resolution authorizing the bond issuance. The Original Members will, upon notice of assignment to any such Trustee, make all payments directly to such Trustee. The rights of the Agency to enforce the provisions of this Agreement may be assigned to such Trustee and, in such event, the Trustee will have the right to enforce this Agreement at law or equity with or without the further consent or participation of the Agency. The Agency may also retain the right to enforce this Agreement.

**10.12 No Third Party Beneficiaries.** Nothing in this Agreement shall create, or be construed to create, any third party beneficiary rights.

**10.13 Notice.** All notices and other communications in connection with this Agreement shall be in writing and will be deemed delivered to the addressee thereof when delivered in person, by a reputable overnight courier, or by messenger at the address set forth below, or

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three business days after deposit thereof in any main or branch United States post office, certified or registered mail, return receipt requested, postage prepaid, properly addressed to the parties, respectively, as follows:

***[insert contact information for all Parties]***

***[SIGNATURES ARE ON FOLLOWING PAGES]***

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written.

ATTEST:

**The County of Lake**, an Illinois body politic and corporate

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Antioch**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Fox Lake**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Lake Villa**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Lake Zurich**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Lindenhurst**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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ATTEST:

**Village of Volo**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

ATTEST:

**Village of Wauconda**, an Illinois municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

*[insert additional municipalities]*

**ADDITIONAL MEMBER CONSENT FORM**

The Village of Long Grove, an Illinois municipal corporation, acknowledges its status as a potential Additional Member of the Agency under the terms of the North-West Lake County Joint Action Water Agency Agreement and understands and agrees with its terms, by action of its Board of Trustees on \_\_\_\_\_, 20\_\_ approving and authorizing the execution of this Additional Member Consent.

ATTEST:

**Village of Long Grove**, an Illinois  
municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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**EXHIBIT A**

**GRANDWOOD PARK SERVICE AREA AND  
THE COUNTY NORTHWEST REGION SERVICE AREA**

EXHIBIT B

MEMBERS' PROJECTED USE

*[confirm whether the Projected Use figures should include 100% of the Agency's System design capacity or whether some safety factor should be allowed for possible contingencies in operation;  
also, consider whether the Members will be each assigning a portion of their allocations to the Agency for operation, maintenance and testing of the overall system or whether the Agency should obtain its own allocation and be listed here as well]*

<u>Member</u>	<u>Projected Use</u> <u>(% of total System capacity)</u>
County of Lake	
Village of Antioch	
Village of Fox Lake	
Village of Lake Villa	
Village of Lake Zurich	
Village of Lindenhurst	
Village of Volo	
Village of Wauconda	
<i>[insert additional municipalities]</i>	
<i>[insert the Agency?]</i>	
TOTAL:	