

June 7, 2011

**PROJECT SCHEDULE
HERONS LANDING PUBLIC WATER SYSTEM SSA
LONG GROVE / LAKE COUNTY**

	MILESTONE	ESTIMATED DATE
1.	SSA Public Hearing by Long Grove	January 11, 2011
2.	Mandatory 60 Day Objection Period	January 11, 2011 - March 10, 2011
3. 24, 2011	Adoption of Ordinance to Enlarge SSA by Long Grove	May
4. 14, 2011	Conduct Public Hearing on enlargement of SSA	June
5.	Consideration of SSA Establishing Ordinance and IGA by Long Grove	June 28, 2011
6.	Consideration of IGA and Engineering Contract by Lake County	July 12, 2011
7. August 2011	Prepayment Deadline	
8.	Long Grove Bond Sale and Transfer of Funds to Lake County	September 2011
9.	Completion of Construction Documents	October 2011
10.	Receipt of All License Agreements/Easements/IEPA Permits	November 2011
11.	Bid Opening by Lake County	December 2011
12. December 2011	Review of Construction Bid and Determination to Proceed by Long Grove	
13.	Levy of SSA Taxes	December 2011
14.	Construction Contract Award by Lake County	February 2012
15.	First Tax Payment Due	March 2012
16.	Construction Begins	April 2012
17.	Construction Completion	November 2012



3110 OLD MCHENRY ROAD, LONG GROVE, ILLINOIS 60047

February 14, 2011

Hérons Landing Residents,

Re: Proposed Herons Landing Special Service Area for Lake Michigan Water

Recognizing that the sixty (60) days from the close of the public hearing (January 11, 2011) are critical, the Village Board has offered the Village to act as the facilitator between the HOA and the residents in hopes of providing clear answers to their questions. In response, concerned residents of Herons Landing submitted the attached list of questions regarding the proposed Special Service Area (SSA) for Lake Michigan Water. While the Village and Lake County have discussed many of these questions with the Herons Landing HOA, the enclosed Q&A informational piece is being provided by the Village and Lake County to all Herons Landing residents in hopes of providing consistent information to all affected by the proposed SSA.

All Herons Landing Residents are encouraged to attend the Herons Landing HOA informational meeting on the proposed SSA at the Vernon Township Community Center (3050 N. Main Street, Buffalo Grove, IL) on Wednesday, February 23, 2011 at 7:00 p.m.

Sincerely,

David Lothspeich
Village Manager
Village of Long Grove

Herons Landing Municipal Water Meeting
Wednesday February 23, 2011
7:00 p.m.
Vernon Township Hall

Meeting Outline:

- We will review some of the major questions that have been provided and attempt to give clarity to the issues.
- Once the issues have been reviewed, we will open the floor for Questions, Answers, and Comments
- **Our Panelists for the meeting tonight include:**
 - Mr. Peter Kolb – Director of Public Works, Lake County IL
 - Mr. David Lothspeich – Village Manager, Long Grove
 - Mr. Bill Mass – Herons Landing Water Committee Chair
 - Mr. Steve Greenberg – Herons Landing Water Sub-Committee member
 - Mr. David Wolfe – President, Herons Landing HOA
- There are residents from both sides of the issue participating in this meeting and all input and questions are valued.
- When we get to the Q & A, individuals with questions and comments please identify yourself – as moderator, I will recognize you and give you the floor to ask your question or provide your opinion.
- It is required that when an individual is given the floor they have the opportunity to speak uninterrupted.

History – how did we get to this point?

- On September 14, 2004 a vote was taken and the majority of Herons Landing owners were in favor of pursuing Municipal Lake Michigan Water.
- The Board and Water Committee worked to get Lake Michigan water, but ultimately it was not an option for Herons Landing.
- Changes have occurred over the past six years – supply and usage studies have been concluded and the financial climate has changed – resulting in an opportunity for Herons Landing to get Lake Michigan water in our subdivision.
- In 2010 Central Lake County Joint Action Water Agency approved an allocation of Lake Michigan Municipal Water for Herons Landing.
- A “Consent” form was distributed to the neighborhood by the Water Committee – the Committee received the consent of over 70% of our residents to proceed with the water project.
- The Herons Landing Board petitioned the Village of Long Grove to create an SSA (Special Service Area) to finance the Municipal Water Project.
- On January 11, 2011 the Village of Long Grove held a Public Hearing on the Herons Landing Municipal Water Project. By law, there is a 60 day challenge period following a public hearing. At the end of the challenge period, the Village of Long Grove will determine if they will create the requested SSA.
- During the Public Hearing, the Herons Landing Board process was challenged. The Village asked the Herons Landing Board to have a public meeting on the Municipal Water Project. We are having that meeting.

- **Up front and open to everybody – there are residents in favor of this project and residents opposed to this project.**

As President of the HLHOA, it is my commitment to take actions that are in the best interest of the neighborhood, and are in accord with the desires of the majority of the neighborhood.

- If you are in favor of the project and you have already given your consent – you need do nothing more other than stay informed and continue to show your support.
- If you are opposed to the project – you will need to sign a petition requesting that Long Grove not proceed with the creation of the SSA. Additional details will be provided later in this meeting.

A Few Perceived Pros and Cons to having municipal water in Herons Landing:

Pro:

The extensive water treatment that many of our residents currently use will no longer be necessary – a water softener system is not required, but homeowners may want to keep their current softener system anyway.

Pro / Con:

Affect on property values. Some realtors feel that municipal water would increase the value of Herons Landing homes, however others feel it will not. We do have anecdotal accounts where current water issues have caused individual home sale deal problems.

Pro:

Herons Landing would be the only community within Long Grove to have Lake Michigan Municipal Water. Also, Lake Michigan water would be a nice compliment to our existing sanitary sewers.

Con:

We would have to pay for water. Although we are not currently paying a supplier for water, most Herons Landing residents have extensive and expensive water treatment plants in their basements. My personal water treatment system cost in excess of \$10,000 and has a life expectancy of 5 years – the system also requires ongoing maintenance and repairs requiring additional costs.

Pro:

More consistent water pressure. Currently well pumps operate within a range of between approximately 45 lbs. and 65 lbs. The Lake Michigan water pressure is constant at approximately 60 lbs.

Con:

Construction project will cause disruption in the neighborhood. Yes, this would be a relatively substantial project, but horizontal drilling techniques will be utilized – the roads and driveways are not expected to be cut or dug up, and there is no expected closing of any streets or areas of the neighborhood. The construction part of the project would be expected to last approximately eight months.

Pro:

Improved Fire Safety. Although as you will learn details later in the meeting about the specific internal fire suppression systems – the addition of Lake Michigan Municipal Water would facilitate approximately 42 fire hydrants throughout our neighborhood. The Fire Department would no longer need to depend solely on the ponds as water sources should the need arise in our neighborhood.

Pro:

According to Lake County: “Demand for water has resulted in over pumping of the deep sand aquifer. Water levels are dropping and the water quality is deteriorating, this requires higher levels of treatment to remove contaminants like Iron, Sulfur, and Radium which is expensive.”

- There are many more items and issues that could be considered Pros and Cons to the Municipal Water Project – too many to name or identify all of them.

Top Questions:

1) How much will the Municipal Water Project cost me?

- a. \$27,542.00 – is the current projection. This amount includes contingency fees and has not yet been negotiated.
- b. The SSA creation is limited to a maximum of \$2,500 per home per year for a maximum of 30 years.
- c. The project includes the water line being run into your basement and being connected to your current water supply distribution system throughout the house. The plumbing included has been configured based upon keeping your existing well for irrigation and fire suppression.
- d. Slides: Budget, Engineering – Current, Engineering – proposed

2) Can I pay one time up front?

- a. Yes – details are still being worked out via the Intergovernmental agreement. The current cost per lot is not a final number and once paid, the County has no method to be able to refund overpayments to individuals. The Upfront payment option may require making one majority payment and then another final payment once the costs are finalized.
- b. Once the Bonds are issued – you will not be able to pre-pay them. If you feel you do not want to have the burden the entire term of the SSA, you may want to consider making the upfront payment and financing it through an alternative source.

3) How was the cost determined? Are they accurate?

- a. Professional Engineering Company, Lake County experts, Long Grove Legal Counsel, and Professional Financial Advising firm that specializes in SSA Bonds.
- b. The design and construction estimates were developed by an independent engineering firm working closely with Lake County. Both the Engineering firm and Lake County have extensive experience with projects of this type and nature. Additionally, the costs of the SSA creation, Bond issuance fees, and legal fees were generated with the help of the Village of Long Grove, Long Grove Legal Counsel, and Spear Financial – a financial advising firm that specializes in SSA Bonds.

4) If there are cost overruns – who will be responsible?

- a. The residents of Herons Landing – although we don't expect any additional costs, if there are, it comes down to us.
- b. Once started, the project has to be finished. If there is a shortfall, it will be billed to homeowners – each portion would be 1 / 118th.

5) How much will the water service cost me – how is it billed?

- a. Water rate is \$5.75 per 1,000 gallons – average of 8,000 gal per month: resulting in a \$46.00 per month average water bill
- b. Sewer rate is \$3.23 per 1,000 gallons – currently paying flat fee of \$35.68 per month. At 8,000 gallons of water usage, the sewer cost would be \$25.84 per month average.
- c. Billing for service will be every two months directly to each individual homeowner

6) Can I keep my well?

- a. Yes – currently we expect three options
 - i. Keep well – no connection to municipal water
 - ii. Connect to municipal water – keep well for irrigation and fire suppression
 - iii. Connect to municipal water – do not keep well
 - 1. Possible extra supply line cost
 - 2. RPZ valve & annual inspections
 - 3. Well abandonment – projected at \$1,300

7) After the water lines are run – will the contractor fix my landscaping?

- a. Holes will be filled, topped with black dirt, and areas will be seeded
- b. Any additional landscaping repairs will be the responsibility of the homeowner

8) How torn up will the neighborhood be during construction?

- a. This is a relatively major project – however, roads are not expected to be torn up and there will be access to the entire neighborhood throughout the project.
- b. Horizontal drilling techniques – under the roads and yards
- c. There will be at least two holes / pits dug for each house. One hole in the front near the street for the B Box and one hole at the house foundation where the line will penetrate the basement wall.
- d. May be delays while machines are running on the roads or pipe is being put in a certain area – across a road or driveway temporarily.

9) Do I have to hook up to the municipal water if I don't want to?

- a. No you don't
 - i. Will still be responsible for the SSA – billed on your tax bill
 - ii. The water will be run to a B Box at the street in front of your house
 - iii. The connection fees will already be paid – if you or subsequent owners want to connect in the future.
 - iv. You will be responsible for the cost of running the supply line from the B Box to your house and the internal plumbing – costs that are currently included in the project.

10) Will the pressure from the Lake Michigan water damage my internal plumbing?

- a. It should not – current well pressures run up to 65 LBS or greater and fluctuate up and down depending on internal draw – the Lake Michigan water should be at a steady consistent 60 LBS of pressure.
- b. One example within Herons Landing – the holding tank pressure runs from 48 lbs low to 65 lbs high – when the pressure drops to 48 lbs, the well pump turns on and fills the holding tank until the pressure reaches 65 lbs.

11) What is the status of the project – how can I stop it if I want to?

- a. There have been 89 affirmative consent forms signed by our owners – consent forms are on file with our Association Attorney – Michael Kim and the ballots are available for review with Mr. Kim.
- b. A Public Hearing was held by the Village of Long Grove on January 11, 2011 – we are currently within the 60 day post public hearing challenge period.
- c. Lake County and Long Grove have put together a rough project schedule with multiple Milestones – if the milestones are met, it is projected that construction could start in April of 2012 and be completed by November of 2012.
Show Schedule Slide
- d. It is my understanding that if a petition is signed by over 50% of the owners and by over 50% of the electorate within the SSA area – and the petition is presented to the Village of Long Grove – the project will be terminated. More specific information regarding the petition would be available thru The Village of Long Grove.

- Please know – there are multiple governmental agencies working together and Intergovernmental agreements will need to be created. The project and Intergovernmental agreements will not move forward until the SSA is approved and the project is officially moving forward.

- Specific details are still subject to change – however, the information being provided to you is the best and most accurate available at this time.

- At this point, I invite you to ask your questions and offer your opinions – again, please be respectful. We are all neighbors – in the end, regardless of anything else we all still live next to one another in what I consider to be one of the greatest neighborhoods in the area if not in the state or the country.
- You will be recognized and you will be given the floor to speak – please do not interrupt the Panel when responding or individuals when they have been given the floor to speak.
- Thank you for your participation in this meeting and in the process!

Herons Landing Homeowner's Association
318 Half Day Road, Box #231
Buffalo Grove, IL 60089
HLHABoard@gmail.com

Thursday, April 14, 2011

Herons Landing Neighbors,

We wanted to provide an update on the Municipal Lake Michigan Water Project as well as an update on some other issues and ask for a bit of feedback.

Municipal Lake Michigan Water Update

The Village of Long Grove held a public hearing regarding the creation of an SSA (special service area) to finance the Herons Landing water project. Following the hearing there was a legally mandated 60-day challenge period. The challenge period is over and the project is moving ahead.

Several of our residents raised concerns that we would not be able to keep our individual water wells in addition to having municipal Lake Michigan water. The Village of Long Grove and Lake County have both agreed to having our residents keep their existing wells, but the details will be outlined by an IGA (inter-governmental agreement) among all of the involved agencies. The IGA is currently being created, and **we will not proceed with the water project until the IGA document is finalized and our residents are assured that they can keep their wells.**

Another issue raised by some of our residents is the issue of cost variability. In 1995 a local engineering firm Rezek, Henry, Meisenheimer and Gende, Inc. of Libertyville was contracted by Herons Landing to conduct a feasibility study for water distribution within our subdivision. As part of the scope of work, the engineering firm performed an on-site evaluation and detailed measurements. The feasibility study specifically outlined the lineal footage and size of pipe, the number and size of fittings, the number of hydrants, etc. necessary for the installation of a water distribution system within Herons Landing. Although the cost of the labor and materials has changed over the past 15 years, the lineal footage, size, and quantity of components necessary to complete the project has not changed.

Rezek, Henry, Meisenheimer and Gende, Inc. and Lake County Department of Public Works have both reviewed the engineering study and have updated the construction costs to current-day numbers. Both RHM&G Engineering and Lake County Public Works have determined that the pricing presented is based on accurate information and is a very solid foundation for our project.

In order to get more specific pricing, the complete project engineering (actual blue prints) will need to be completed. Once the engineering is completed, the project can be put out for contractor bids. The challenge of having the engineering completed prior to the project starting (SSA bond issue) is that the engineering costs would amount to \$120,000. This engineering cost is part of the overall project, but the money to pay for the engineering will not be available until the SSA bonds are sold and the project is funded.

One option would be to pay for the engineering in advance and get bids prior to initiating the SSA. If this option were utilized, we would be required to pay for the engineering up front in the form of a special assessment of approximately \$1,000 per household in addition to the \$500 assessment already approved.

If the engineering were to be completed prior to creating and issuing the bond, it would be possible to halt and reconsider the project if, for some unexpected reason, the pricing came in higher than projected by RHM&G and Lake County Department of Public Works.

Input Request – please respond to this e-mail or send us a note (Herons Landing Homeowner's Association, 318 Half Day Road, Box #231, Buffalo Grove, IL 60089) and let us know if you would prefer to pay for the engineering up front...or if you would prefer to proceed as planned. The board will make the final determination as to the next steps, but your input is greatly appreciated.

We will provide additional information on the Municipal Lake Michigan Water Project as it becomes available and as the project progresses. If you have any questions please e-mail us at HLHAbord@gmail.com or send a note to us at Herons Landing Homeowner's Association, 318 Half Day Road, Box #231, Buffalo Grove, IL 60089

If you have industry or project specific experience or are able to provide constructive support as we move ahead, your input would be greatly appreciated. Please contact the board and let us know that you would be willing to volunteer.

By-Laws and Covenants

Our Homeowner Association by-laws (1990) and Declaration of Covenants (1988) were established and put into place some 20+ years ago. The by-laws and covenants outline how our association operates and present guidelines for our homeowners. When purchasing a home within Herons Landing, we all agreed to abide by the by-laws and covenants.

Recently there have been laws enacted that supersede our by-laws and covenants, such as the Common Interest Community Association Act (CICA ACT). As a result, our by-laws and covenants are outdated.

Our board is going to be working throughout the year to update the documents and procedures by which we operate. We will be sending out notifications of any updates as they become available.

HLHA Board Meetings and Minutes

Our homeowners association is made up of 11 resident volunteers who have been elected to the board by the neighborhood. Each member is elected for a term of two years.

There is one board meeting each month – usually held at one of the volunteer member's home. The meetings begin at 7:30 p.m. and run as long as necessary to complete the business at hand. Minutes of the meeting are recorded by the secretary, reviewed, and then approved by the board at the following meeting.

Meetings schedule for the balance of 2011:

Monday, April 11	Thursday, May 12	Thursday, June 9
Thursday, July 14	Thursday, August 11	Thursday, September 8
Thursday, October 13	Thursday, November 10	Tuesday, December 13

Meeting schedule is subject to change.

The board meetings are an open forum and Herons Landing homeowners are encouraged to attend. Because the meetings are usually held at volunteer member's homes – we ask that you let us know a week in advance if you intend to come to a meeting. **Advance notification is requested so the host can plan accordingly for the number of people expected** – in some cases the meeting location might need to be changed to accommodate the number of residents attending.

The minutes of each meeting are available to our residents once they have been finalized and approved by the board. If you would like a copy of the minutes please either e-mail us at HLHABoard@gmail.com or drop us a note at Herons Landing Homeowner's Association, 318 Half Day Road, Box #231, Buffalo Grove, IL 60089.

Respectfully,

David Wolfe
President, Herons Landing HOA

1) Questions Re: Homeowner Options and Decision Authority.

- (Q). Will we be allowed to keep our wells for external lawn watering and the fire suppression system, if we choose to connect to Lake Michigan water for internal water consumption? Will there be a formal commitment in perpetuity that we can keep our well? Who decides if this will be our option and when will that determination be made? see assurance we can keep our wells, from Wolfe e-mail of 11/9/10
- (A). *The Lake County and Village Staff do not have objections to the continued use of the individual wells for the lawn irrigation and fire suppression system. The Countryside Fire Protection District has been informed of the project and has been requested to provide a response as to whether or not they have any objections. Ultimately, the provision of Lake Michigan Water to Herons Landing will require that the County and the Village enter into a formal intergovernmental agreement that is anticipated to include reference to the ability to keep the wells. However, until each Board approves the agreement Staff cannot guarantee that this scenario will be allowed. In addition, since Board's can modify existing agreements or adopting new regulations (and other regulatory agencies could adopt restrictions) that could affect this scenario neither Board can provide such a commitment in perpetuity. In general, these limitations apply to all the questions that you have raised since all the final answers will not be made until each Board has approved the intergovernmental agreement.*
- (Q). Assuming we can't keep our well (or if a formal commitment cannot be provided that we will be able to keep our wells), how much will it cost us to water our lawns with municipal water? What will sewer costs be if we use municipal water to water our lawns? If we can't keep our well, and municipal water is used for the fire suppression system, will it need to be a separate second water line into the house? Are any of these specific infrastructure and ongoing costs included in the current project cost estimate that has been advertised to homeowners?
- (A). *The water rates are set by the Lake County and are currently \$5.69/1,000 gallons and will increase to \$5.75/1,000 gallons effective May 1st. The sewer rates are set by Lake County and are currently \$3.23/1,000 gallons water used. Currently Herons Landing is served by Lake County sewer and without being served by a public water supply the rates are flat (not based upon or affected by water usage). The average water use in Lake County is 8,000 gallons per month and the average water use for larger house and lots similar to Heron's Landing is 12,000 to 15,000 gallons per month. Using the JAWA water for lawn irrigation typically increases water consumption/charges (and therefore sewer charges) 2 to 3 times the non-irrigation months.*
- (Q). Will we be allowed to continue using our wells for ALL our water needs and NOT connect to Lake Michigan water at all? Who decides if this will be an option and when will that determination made? see assurance we can keep our wells, from Wolfe e-mail of 11/9/10. If we do have the option to NOT connect to Lake Michigan water, will we be able to have the water line (or lines, as the case may be) run to the house, penetrate the wall, and then be capped – so that the most onerous part of the infrastructure implementation is completed (since we'll be paying for this whether we use the water or not), and therefore will be available for the next homeowner who may want Lake Michigan water? More generally, how many and which government agencies are involved in this initiative, and which one (if any) has overall control and decision making authority?

- (A) *Although every property will pay their determined SSA taxes, it is anticipated that individual property owners will have the option of not connecting. The SSA costs include the installation of the service line to each home. While all properties will have a b-box shut off valve installed at their property lines, the service line will not be installed until the property owner decides to physically connect to the water system and abandon their well for domestic water use. If the property does not choose to connect at the time that the water mains are being installed, the property owner will be required to pay for the future installation of their service line and will not receive a credit for the cost of the service line. Again, ultimately the intergovernmental agreement will formalize the decision.*
- 2) **Cost Questions (costs not directly associated with a specific infrastructure question).**
- (Q) What's the total (not annual) expected cost and cost cap to a homeowner who doesn't pay for this project with upfront cash – that is, what's the breakout of the expected financing costs vs. underlying project costs? Assuming a homeowner elects to finance the obligation, will the homeowner be offered the ability to pay off the obligation prior to maturity? Assuming a homeowner elects to finance the obligation, if the house is sold before the end of the 30 year financing period (before the year 2041), how will the remaining SSA obligation be handled with the prospective buyer? Will the buyer have to assume the remaining SSA obligation?
- (A) *The Herons Landing HOA developed the cost estimates for the project. The HOA estimated the project cost of \$2,750,000 and financing costs of \$150,000. Property owners will have an opportunity to pre-pay their fair share of the cost of the project (\$27,118) excluding finance costs but once this deadline is past the ability to pre-pay will be eliminated. In order to successfully market the bonds for the SSA the financing period is anticipated to be fixed without the ability to “pre-pay”. The SSA taxes function the same as all other property taxes and run with the land, not the property owner. If a property owner sells prior to the end of the financing period, the subsequent property owner(s) will be required to assume and pay the remaining SSA obligation.*
- (Q) How will project cost overruns be handled, if they eat up the 15% contingency and cause the \$2500 annual cap to be exceeded - who's on the hook and how does it play out? What if interest rates skyrocket between time of estimation and time of funding, such that the annual cost exceeds the \$2,500 annual cap - who's on the hook and how does it play out? How was the financing rate of 6.5% determined? How have Illinois state solvency issues, and the attendant higher cost of IL debt issuance, affected project financing such as this? How long will the structuring and underwriting of the bond take, if the Long Grove Village board should approve the SSA?
- (A) *All costs associated with the project will be borne by the Herons Landing Residents as the benefitting properties. The maximum cost of the project under the SSA is limited to notice of public hearing which states a cost of \$2,500 per single family residence, which payment would not continue for more than 30 years. If the SSA is approved, the establishing ordinance would further limit the amounts charged through the SSA. The maximum is set by the annual cap and if interest rates increase the value of the construction would have to be adjusted not to exceed the annual cap. If the combination of the construction costs, interest rates, etc. exceeds the cap the property owners will be responsible for covering these costs. The proposed financing plan was developed by the HOA, including the determination of the 6.5% rate. Details on the likely rate in Illinois for this type of project would be determined by the market conditions at the time. The structuring and underwriting of the bond is dependent upon market conditions and the availability of interested investors as a result the timing may fluctuate greatly.*

3) Addressing Potential Community Concerns.

- (Q) Are there any harmful contaminants in our water, or is it merely smelly (sulfur) and hard in its untreated, natural state? Have any Heron's Landing wells gone dry in the last 20 years? If so, to what depth were these wells dug? Is there a near term (next 10 to 20 years) concern that they might go dry? Have there been any issues regarding having adequate fire department protection as a result of not having hydrants in our neighborhood? How will municipal water for our fire suppression system affect house insurance costs?
- (A) *The quantity and quality of water from wells can vary greatly from one property to the next. The Village is not aware of any harmful contaminants in the wells serving Herons Landing but the permitting and testing of all wells throughout the County is performed by the Lake County Health Department and therefore are better equipped to answer your questions re: water quality and quantity. There have been aquifer studies from surrounding counties that have varying conclusions but no such study has been completed for Lake County. The Illinois Geological Survey has begun evaluating the shallow aquifer throughout Lake County but this study is not yet complete. The Chicago Metropolitan Agency For Planning (CMAP) has been studying the water issue and materials are available on-line at <http://www.cmap.illinois.gov/water-2050>. The local fire district may have information regarding potential impacts on homeowner insurance rates.*

4. Recent IL Dept. Of Natural Resources Approval.

- (Q) How does the recent approval by the Illinois Department of Natural Resources to allocate Lake Michigan water to Long Grove and other communities in the northwest suburbs, and the attendant potential creation of a North West Water Agency, affect these current deliberations? Why wouldn't you put this current Heron's Landing - Central Lake County JAWA project on hold, until a thorough evaluation of the relative merits of the two approaches (central Lake County JAWA vs. a Northwest JAWA) can be done and presented to homeowners? Aren't homeowners entitled to a thorough evaluation of this new alternative before we're locked into an SSA for this current one? Why is Heron's Landing the pioneer for this infrastructure project, subject to all the perils of being first and being a potential outlier if the rest of Long Grove later obtains water through a Northwest Agency? If the current proposed SSA is approved, and down the road, Long Grove as a whole approves an SSA for a Northwest JAWA based water project (through the Zion treatment plant), will Heron's Landing be burdened with two SSAs? Will you provide a formal commitment that we won't be so burdened?
- (A) *Lake County and the Village are responding to the request from the Herons Landing HOA to establish a SSA to finance the providing of Lake Michigan Water. As such, the threshold question of why now is better addressed by the HOA. The Village's LM Allocation does not affect the request from Herons Landing. The County is proposing to serve Herons Landing as a customer of their system regardless of whether or not the Village has an allocation. If Long Grove Residents are provided water through Lake County, the County has agreed to consider allowing the Village to utilize its' allocation rather than the Counties. The proposed North West Water Agency has not yet been established and the member communities are exploring various possibilities including comparing estimated costs vs. Central Lake County JAWA. The preliminary estimates developed for the North West Water Agency are comparable to the Central Lake County JAWA. The Village of Long Grove is not a member of the North West Agency and their preliminary plans anticipated the main water line to come from the northwest portion of the Village and end near the middle of the Village. The proposed location of this conceptual water line would be located farther away from Herons Landing than the existing JAWA line and therefore would likely more expensive alternative.*

If Herons Landing is being provided Lake Michigan water, there would be no need to overlap the subdivision with another SSA for the provision of water. The intergovernmental agreement between the County and the Village may be an appropriate mechanism to address this concern.

5. Infrastructure Questions.

(Q) Will you distribute to homeowners a design map of Heron's Landing clearly showing the number and approximate location of holes each property will receive, and review this map at an informational meeting so homeowners can understand what they may be facing? What's the expected cost of the preparation of the location where the line comes into the house, and for final restoration of the landscaping of this hole and the holes for B-boxes and hydrants {see Wolfe email of 11/9/10, where he indicates this will be a homeowner expense that is not included in the project scope}? How was the internal plumbing cost determined for purposes of the project cost estimate, that is, how was the myriad of internal plumbing situations handled?

(A) *The HOA reported that they evaluated various alternatives and determined that the connection to the Lake County system was the most cost effective solution. Neither the Village nor the County have seen specific engineering plans for the water system and in discussions with the HOA the development of the specific plans would not commence until after the SSA is approved. If the project continues to proceed the HOA will need to make a commitment to develop engineering plans that will determine the specifics of the system design and construction. The projected costs were provided by the HOA and they are the appropriate group to respond to the questions of how the costs were developed. Lake County Public Works has developed a proposed schematic for the internal plumbing that would meet the requirements to maintain separate systems (well vs. Lake Michigan water) and allow for the irrigation and fire suppression systems to remain on the well. The Countryside Fire Protection District has been provided a copy of this schematic and their review has been requested. If the Fire District approves of the plans, then homeowners will have a model to provide their plumbers for construction estimates.*

6. Other Cost Questions.

(Q) How was the 800 gallons/month average water usage determined {see Wolfe email of 11/12/10}? What or who governs potential increases in the per gallon cost down the road? What has been the 10 year cost trend experience in neighborhoods with municipal water? How will usage of Lake Michigan water affect sewage utility costs? Please estimate assuming lawns are not watered with well water (see 1c, i above for the situation where the lawn is assumed to be watered using municipal water)? Why is the upfront amount so large (\$500 per household); with ~120 households, this will generate about \$60,000, well in excess of the \$10,000 commitment needed by Long Grove? How much "replenishment" of the escrow account is expected, for what reason, and will any excess be refunded?

(A) *The projected cost estimates were developed by the HOA. As such, questions relative to the dollar amounts collected and future expenses are more appropriately addressed to the HOA. Please refer to the water and sewer costs addressed in the previous answers.*

7. Additional Questions.

(Q) Has a Means Test been done to determine whether any houses actually have a water problem that can't be remediated with a home treatment system? Have alternatives to this expensive and invasive infrastructure project been explored, which might solve the issue for those folks who truly have a water problem, such that those who have a problem bear the full cost of solving that problem? Have you considered carving Heron's Landing into two or more sections according to the quality of the water – delineating areas with relatively good water that can be treated with a home system versus areas with water that is truly bad (sulfur smell) and perhaps cannot be readily treated, such that the SSA(s) would be imposed on only the “needy” section of Heron's Landing? If not, why haven't you considered this? If yes, what was the result of the consideration? What is a disinterested licensed appraiser's perspective (not a neighborhood realtor with potential bias) on the supposed benefit of municipal water on home values, versus the clear and obvious detriment to value resulting from burdening our homes with a 30 year SSA and associated extra annual tax cost (or paying cash up front)?

(A) *The Village and County are acting on behalf of the request from the HOA and the HOA is the appropriate body to respond to these questions.*

(Q) What is the Long Grove Board's standard (or legal obligation, if any) for quality/honesty assurance regarding vote tallies from a homeowner's association seeking to establish an SSA? Do you require an independent audit of the signed consents, do you obtain and review the originals of the signed consent form, or do you simply accept the word of the homeowner's association that a given number of affirmative votes was obtained – to launch a \$3 million invasive and contentious project? We would like to get clarity on the specific requirements for a homeowner vote to terminate the SSA proceedings: Does the question need to be asked a particular way? Does each registered voter/homeowner need to sign a separate form, or can they sign a petition? Do signatures need to be notarized? Is there anything else we need to be mindful of, so that we are sure to meet the requirements of the village? Please confirm that March 6 is date by which the signatures are required. To whom do we deliver the signatures? Any other guidance to help us do this the right way would be most appreciated.

(A) *The Village and County Board's are very much concerned with ensuring that their required processes are followed. Questions related to how the HOA has handled their requirements are between the HOA and the Residents and not the Village or County. That being said, the Village and County Board will listen to our residents concerns and incorporate all concerns as part of their deliberations. The Special Service Area Tax Law, 35 ILCS 200/27-5 et seq.*

<http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=003502000HArt%2E+27&ActID=596&ChapterID=8&SeqStart=81300000&SeqEnd=83500000>

Requirements for objections to a proposed SSA appear in Section 27-55. Please note that the public hearing on the SSA was concluded on 1/11/11.

Lawrence S. Kluge

Hérons Landing Homeowners Association
318 Half Day Road #231
Buffalo Grove, IL 60089
Attn: Board of Directors

5883 RFD
Long Grove, IL 60047
847.630.1818
SLK1818@aol.com

April 18, 2011

Thank you for your response and update and I look forward to receiving a copy of the IGA agreement.

In your first paragraph you advise us that the challenge period is over but you neglect to inform the community that thirty-three (33) petitions (against) were brought to the Village of Long Grove. Of these petitions eleven (11) were previously yes votes (including mine) and an additional twenty-eight (28) did not sign a consent form indicating a "NO" vote according to the language you wrote in the consent. This clearly demonstrates the strong bias the Board has in this matter and is the reason why the community is getting a one-sided story. You only refer to the keeping of our wells as the issue when more importantly it is the **length of time** that we can keep our wells. Should this provision not be part of the agreement then the community must be informed that it would be possible that either the County or State could request that we cap our wells at a cost of \$1,000-2,000 and an expected increase in water usage of between \$500-800/month during the lawn watering season. In addition, as you can see just from the minor work being performed at one house in the community the tremendous disruption that will be caused by this massive undertaking and will impact those families who are considering selling their homes. It is your obligation to advise the community of this as well.

I am also shocked that you would request an additional \$1,000 at this time for engineering that you explained at the last meeting was completed. The only additional cost would be to determine the difference in cost of materials and boring. Your statements at the meeting were that the difficult work has already been done. To suggest at this time that you require an additional \$120,000 is only further emphasizing the lack of information that you have provided to the community and your attempt to remove this exorbitant cost from a bond issue. This cost should be included in the bond issue and as you stated the total should not exceed \$2500/year... In addition, I would appreciate an accounting for the use of the \$500 assessment that you refer to as soft costs? I do not know about you but I consider \$60,000 a great deal of money that you have already raised by this previous assessment. In addition, the vote and special assessment were both not carried out according to our covenants,

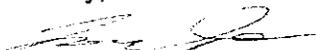
Furthermore, I find the language you have used in the following paragraph to be inappropriate and not consistent with the best interests of the community:

"Input Request – please respond to this e-mail or send us a note (Hérons Landing Homeowner's Association, 318 Half Day Road, Box #231, Buffalo Grove, Il 60089) and let us know if you would prefer to pay for the engineering up front...or if you would prefer to proceed as planned. The board will make the final determination as to the next steps, but your input is greatly appreciated".

This statement clearly suggests that once again the board will overstep their boundaries and attempt to make this determination regardless of the input. It is surprising that our attorney, Michael Kim, has not advised you that for any additional assessments the existing covenants, that have not been amended, must be followed and the appropriate vote needs to take place.

It is obvious that the board and Mr. Kim are acting with extreme prejudice. My request for another vote is very reasonable and your comment that it would be an added cost is insulting. I would be happy to bear the costs for this vote and assist in selecting the independent accounting group.

Sincerely,



Larry Kluge

**PROPOSED FINANCING PLAN
HERON'S LANDING SUBDIVISION
Per Lot Basis Inc. Connection Fees
LONG GROVE SPECIAL SERVICE AREA WATER SYSTEM PROJECT
February 21, 2011**

Exhibit A

Estimated Project Costs:

Water Distribution System Construction-118 Lots including 1½" service lines, Engineering & 15% Contingency	\$2,454,000
LCPW connection fee, meter, inspection (\$1800 x 118)	\$212,400
CLCJAWA connection fee (\$2564 x 118)	\$302,552 -----
Subtotal Water System Cost:	\$2,968,952
Bond Costs (Counsel, Financial Advisor, Underwriting Fees, Reserve Funds)	\$220,000
Village Legal Fees	\$50,000
Total Cost:	\$3,238,952
Necessary Bond Issuance	\$3,250,000

Estimated Property Tax Impact:

Number of Lots in SSA	118
Total Cost per Lot	\$27,542
Annual tax payment per lot (Based on 30 year bonds at 6.5%)	\$2,100

Additional Homeowners Expenses:

Monthly Water Service Charge: (Assumes 8,000 gallons/month average usage @ \$5.75 per 1000 gallon)	\$46.00
CLCJAWA Annual Property Tax Levy (Based on a \$500,000 home value, \$165,000 EAV, Tax rate of \$0.042/ \$100 EAV)	\$70

**NOTICE OF PUBLIC HEARING ON THE
ENLARGEMENT OF A PROPOSED SPECIAL SERVICE
AREA FOR NEW CONSTRUCTION OF A WATER
DISTRIBUTION SYSTEM SERVING THE HERONS
LANDING SUBDIVISION**

PUBLIC NOTICE IS HEREBY GIVEN that on June 14, 2011, at 7:00 p.m. in the Board Room of the Long Grove Village Hall, 3110 Old McHenry Road, Long Grove, Illinois, a public hearing shall be held before the President and Board of Trustees of the Village of Long Grove to consider the enlargement of the proposed Special Service Area ("SSA") for the area commonly known as the Herons Landing subdivision. The proposed SSA includes the following described territory:
Legal Description:

Lots 1 through 29, and Lots 31 through 119 of Herons Landing, a Subdivision of Part of Section 17, Township 43 North, Range 11 East of the Third Principal Meridian, in Lake County, Illinois.

PIN Numbers:

1517201067; 1517201068; 1517201069; 1517201066; 1517201065;
1517201064; 1517201063; 1517201062; 1517201061; 1517201060;
1517201059; 1517201058; 1517201057; 1517201056; 1517201055;
1517201054; 1517201044; 1517201045; 1517201046; 1517201047;
1517201048; 1517201049; 1517201050; 1517201051; 1517201052;
1517201053; 1517201043; 1517201042; 1517201041; 1517201028;
1517201027; 1517201026; 1517201025; 1517201024; 1517201023;
1517201022; 1517201021; 1517201020; 1517201019; 1517201018;
1517201017; 1517201016; 1517201015; 1517201014; 1517201013;
1517201012; 1517201011; 1517201010; 1517201009; 1517201008;
1517201007; 1517201006; 1517201005; 1517201004; 1517201003;
1517201002; 1517201001; 1517105001; 1517105002; 1517202001;
1517202002; 1517202003; 1517202004; 1517202005; 1517202006;
1517202007; 1517202008; 1517202009; 1517202010; 1517202018;
1517202017; 1517202016; 1517202015; 1517202014; 1517202013;
1517202012; 1517202020; 1517202021; 1517202022; 1517202023;
1517202024; 1517202030; 1517202029; 1517202028; 1517202027;
1517202026; 1517202025; 1517202019; 1517202011; 1517105005;
1517105006; 1517105007; 1517105004; 1517105003; 1517101037;
1517101038; 1517101039; 1517101040; 1517101041; 1517101042;
1517101043; 1517101044; 1517101045; 1517101046; 1517101047;
1517101048; 1517101049; 1517101050; 1517101051; 1517101052;
1517201029; 1517201030; 1517201031; 1517201032; 1517201033;
1517201034; 1517201035; 1517201036; 1517201037

The purpose of the public hearing is to hear and consider testimony regarding the enlargement of the proposed SSA, which proposed enlargement of the proposed SSA relates to the following described territory (the "Enlargement Territory"):

Lot 123 of Herons Landing Subdivision, being a Subdivision of Part of Section 17, Township 43 North, Range 11 East of the Third Principal Meridian, in Lake County, Illinois, with PIN 15-17-201-037.

As set forth in Village of Long Grove Ordinance No. 2010-O-34, the proposed SSA (including any enlargement) would be for the construction of a new potable water system serving the Herons Landing subdivision (the "Special Service"). The Village will also hear and consider testimony regarding the following matters relating to the Enlargement Territory: the issuance of bonds for the proposed Special Service and the imposition or levy by the Village of a tax in the proposed SSA sufficient to produce revenues to pay the principal and interest on any such bonds or otherwise to provide for the construction of the Special Service. The maximum annual taxes to be extended within the SSA in any year for the construction of the Special Service (or the payment of principal and interest on any bonds issued for such construction) would not exceed \$2,500.00 per single family residence, which payments would not continue for more than 30 years. Such taxes would be payable within the proposed SSA pursuant to a special tax roll that would allocate taxes on a per-single-family-residence basis.

All interested persons, including all persons owning taxable real property within the proposed SSA (including the Enlargement Territory), will be given an opportunity to be heard at the hearing regarding the enlargement of the proposed SSA, as well as an opportunity to file objections to the enlargement of the proposed SSA in writing with the Village Clerk at the Long Grove Village Hall. The public hearing may be adjourned to another date by the Board of Trustees of the Village without further notice other than a notice entered upon the minutes of said meeting fixing the time and place of its adjournment and reconvening.

If a petition, signed by at least 51 percent of the electors residing within the proposed SSA (including the Enlargement Territory) and at least 51 percent of the owners of record of properties within the proposed SSA (including the Enlargement Territory), as herein defined, is filed with the Village Clerk within 60 days after the final adjournment of the public hearing, the enlargement of the SSA, as herein described, shall not be considered further.

Respectfully submitted,

DATED: May 29, 2011

/s/ Karen Schultheis
Village Clerk

Village of Long Grove
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