



LAKE COUNTY FOREST PRESERVES  
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Preservation, Restoration, Education and Recreation

**DATE:** September 23, 2019

**MEMO TO:** Terry Wilke, Chair  
Finance Committee

**Agenda Item#** 9.4

**FROM:** Steve Neaman  
Director of Finance

**RECOMMENDATION:** Recommend approval of the 2019 Tax Abatement Ordinance relating to Build America Bond Subsidy Payments and the 2019 Refunding Bonds.

**STRATEGIC DIRECTION SUPPORTED:** Organizational Sustainability

**FINANCIAL DATA:** Provides for the abatement of 2019 taxes levied for (i) bond interest payments on the Build America Bonds Series 2010A, in the amount of \$605,626.18, and Series 2010B, in the amount of \$654,898.48, less \$78,154.65 because of federal sequestration reductions and (ii) capitalized interest on the 2019 refunding bonds in the amount of \$182,076.00. The total of the abatements will then be \$1,364,446.

**BACKGROUND:** This Ordinance will partially abate tax levies for (i) debt service payments on two Build America Bond issues that were issued in 2010 and (ii) the 2019 refunding bonds sold on September 11<sup>th</sup> and scheduled to close on October 3<sup>rd</sup>.

Referendum bonds issued as Series 2010A and Series 2010B taxable Build America Bonds (BAB's) are eligible for US Treasury subsidy payments in the amounts of \$605,626.18 and \$654,898.48, respectively. The amounts represent 35% of the interest payments payable on June 15, 2020 and December 15, 2020. The adopted Bond Orders for the bonds require a levy sufficient to pay the total interest and principal payments on the bonds, with the expectation that 35% of the interest payment would be abated later by the amount of the subsidies. However, because of federal sequestration reductions enacted by Congress, the subsidy payments for the BAB's will be reduced by 6.2% or approximately \$78,154.65. Therefore, the District will reduce the amount of the BAB's tax levy abatement by \$78,154.65, making the total abatement for BAB's \$1,182,370. The subsidy payments will be received in two installments prior to the payment dates and deposited into the Bond Funds to be used solely for the purpose of paying the debt service on the outstanding BAB's. On a side note, if the current bond market interest rates are similar to where they are now in 2020 these bonds will be candidates for refinancing.

On October 3, the District will refinance its outstanding General Obligation Referendum bonds that were issued in 2011. The total principle balance to be refunded is \$24,545,000. By refinancing the bonds the District will realize a net present value savings of \$2,910,963.42. The amount reduced that would have gone onto property tax bills between now and 2035 is \$3,594,969.74. The determination of the net present value takes into consideration the cost of money over time. Future payments are discounted back to what it would cost today. This produces the approximately \$2.9 million dollar amount. Comparing the old debt payment schedule to the new payment schedule and not considering the time value of money produces the approximately \$3.95 million dollar amount. The sale and repayment of the bonds were structured in a way that produced \$182,076.00 in funds being available from the proceeds of the sale to pay towards the first interest payment that will be due on June 15, 2020. Therefore the District will be able to abate this amount from the property tax levy for debt service.

**REVIEW BY OTHERS:** Executive Director, Chief Operations Officer, Bond Counsel, Corporate Counsel.



**LAKE COUNTY FOREST PRESERVE DISTRICT  
LAKE COUNTY, ILLINOIS**

**AN ORDINANCE PARTIALLY ABATING THE TAXES HERETOFORE LEVIED FOR THE  
YEAR 2019 TO PAY THE PRINCIPAL OF AND INTEREST ON THE TAXABLE GENERAL  
OBLIGATION LAND ACQUISITION AND DEVELOPMENT BONDS, SERIES 2010A  
(BUILD AMERICA BONDS - DIRECT PAYMENT), THE TAXABLE  
GENERAL OBLIGATION LAND ACQUISITION BONDS, SERIES 2010B  
(BUILD AMERICA BONDS - DIRECT PAYMENT),  
AND THE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019**

**WHEREAS**, the Board of Commissioners (the "Board") of the Lake County Forest Preserve District, Lake County, Illinois (the "District"), by Ordinance Number 4201, adopted November 10, 2009 (as supplemented by the Bond Order executed in connection therewith, the "2010A Ordinance"), provided for the issuance of \$35,000,000 Taxable General Obligation Land Acquisition and Development Bonds, Series 2010A (Build America Bonds - Direct Payment) (the "2010A Bonds"), and the levy of direct annual taxes sufficient to pay the principal of and interest on the 2010A Bonds; and

**WHEREAS**, the Board, by Ordinance Number 4271, adopted June 8, 2010 (as supplemented by the Bond Order executed in connection therewith, the "2010B Ordinance"), provided for the issuance of \$40,000,000 Taxable General Obligation Land Acquisition Bonds, Series 2010B (Build America Bonds - Direct Payment) (the "2010B Bonds" and, together with the 2010A Bonds, the "2010 Bonds"), and the levy of direct annual taxes sufficient to pay the principal of and interest on the 2010B Bonds; and

**WHEREAS**, the Board, by Ordinance Number 5531, adopted July 10, 2019 (as supplemented by the Bond Order executed in connection therewith, the "2019 Ordinance"), provided for the issuance of not to exceed \$26,000,000 General Obligation Refunding Bonds, Series 2019, (to refund \$24,545,000 of General Obligation Bonds, Series 2011) (the "2019 Bonds") and the levy of direct annual taxes sufficient to pay the principal of and interest on the 2019 Bonds; and

**WHEREAS**, the 2010 Bonds were issued as "Build America Bonds" ("BABs") pursuant to the American Recovery and Reinvestment Act of 2009; and

**WHEREAS**, the District anticipates receipt of BABs subsidy payments for the 2010A Bonds in calendar year 2020 in a total amount of \$568,076.33, to be received in two installments, prior to or contemporaneously with the June 15, 2020, and December 15, 2020, debt service payments on the 2010A Bonds, respectively; and

**WHEREAS**, said BABs subsidy payments for the 2010A Bonds received by the District in the amount of \$568,076.33 shall be deposited into the Bond Fund for the 2010A Bonds (as defined in the 2010A Ordinance), to be used solely for the purpose of paying the debt service on the outstanding 2010A Bonds due and payable in the next succeeding bond year (June 15 and December 15 of the following calendar year); and

**WHEREAS**, it is necessary and in the best interests of the District that \$568,076.33 of the taxes heretofore levied for the year 2019 to pay the principal of and interest on the 2010A Bonds be abated; and

**WHEREAS**, the District anticipates receipt of BABs subsidy payments for the 2010B Bonds in calendar year 2020 in a total amount of \$614,293.67, to be received in two installments, prior to or contemporaneously with the June 15, 2020, and December 15, 2020, debt service payments on the 2010B Bonds, respectively; and

**WHEREAS**, said BABs subsidy payments for the 2010B Bonds received by the District in the amount of \$614,293.67 shall be deposited into the Bond Fund for the 2010B Bonds (as defined in the 2010B Ordinance), to be used solely for the purpose of paying the debt service on the outstanding 2010B Bonds due and payable in the next succeeding bond year (June 15 and December 15 of the following calendar year); and

**WHEREAS**, it is necessary and in the best interests of the District that \$614,293.67 of the taxes heretofore levied for the year 2019 to pay the principal of and interest on the 2010B Bonds be abated; and

**WHEREAS**, the 2019 Bonds were sold on September 11, 2019 with a principal amount of \$22,060,000 and a net present value savings of \$2,910,963.42 will be realized by refunding the Series 2011 Bonds; and

**WHEREAS**, the proceeds from the sale of the 2019 Bonds produced a sum of \$182,076.00 to be applied to the first interest payment on the 2019 Bonds which will be due on June 15, 2020; and

**WHEREAS**, it is necessary and in the best interests of the District that \$182,076.00 of the taxes heretofore levied for the year 2019 to pay the principal of and interest on the 2019 Bonds be abated; and

**NOW, THEREFORE, BE IT ORDAINED** by the Board of Commissioners of the Lake County Forest Preserve District, Lake County, Illinois, THAT:

**Section 1. Recitals.** The recitals set forth above are incorporated as part of this Ordinance by this reference.

**Section 2. Abatement of Taxes.**

A. **2010A Bonds.** The taxes heretofore levied for the year 2019 in the 2010A Ordinance in the amount of \$1,730,360.50 are hereby abated by the amount of \$568,076.33, leaving remaining taxes levied for the year 2019 for the payment of the 2010A Bonds in the amount of \$1,162,284.17.

B. **2010B Bonds.** The taxes heretofore levied for the year 2019 in the 2010B Ordinance in the amount of \$3,751,138.50 are hereby abated by the amount of \$614,293.67, leaving remaining taxes levied for the year 2019 for the payment of the 2010B Bonds in the amount of \$3,136,844.83.

C. **2019 Bonds.** The taxes heretofore levied for the year 2019 in the 2019 Ordinance in the amount of \$1,082,325 are hereby abated by the amount of \$182,076.00, leaving remaining taxes levied for the year 2019 for the payment of the 2019 Bonds in the amount of \$900,249.00.

**Section 3. Filing of Ordinance.** Forthwith upon the adoption of this ordinance, the Secretary shall file a certified copy hereof with the County Clerk of The County of Lake, Illinois, and it shall be the duty of said County Clerk to abate said taxes levied for the year 2019 in accordance with the provisions hereof.

**Section 4. Effective Date.** This Ordinance shall be in full force and effect forthwith upon its passage by the Board and signing by the President.

PASSED this \_\_\_\_ day of \_\_\_\_\_, 2019

AYES:

NAYS:

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2019

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Angelo D. Kyle, President  
Lake County Forest Preserve District

ATTEST:

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Julie Gragnani, Board Secretary  
Lake County Forest Preserve District

Exhibit No. \_\_\_\_\_



