



LAKE COUNTY FOREST PRESERVES
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Preservation, Restoration, Education and Recreation

DATE: October 6, 2016

MEMO TO: S. Michael Rummel, Chair
Finance and Administrative Committee

FROM: Steve Neaman
Director of Finance

RECOMMENDATION: Recommend adoption of the 2016 Tax Abatement Ordinance relating to Build America Bond Subsidy Payments.

STRATEGIC DIRECTION SUPPORTED: Organizational Sustainability

FINANCIAL DATA: Provides for the abatement of 2016 taxes levied for bond principal and interest payments on the Build America Bonds Series 2010A, in the amount of \$605,626.52, and Series 2010B, in the amount of \$681,799.46, less \$88,832.39 because of federal sequestration reductions. The total of the abatements will then be \$1,198,593.61.

BACKGROUND: This ordinance would partially abate tax levies for debt service payments on two Build America Bond issues that were issued in 2010.

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 \$605,626.52 and \$681,799.46, respectively. The amounts represent 35% of the interest payments payable on June 15, 2017 and December 15, 2017. 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 6.9% or approximately \$88,832.39. Therefore, the District will reduce the amount of the BAB's tax levy abatement by \$88,832.39, making the total abatement for BAB's \$1,198,593.61. 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.

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

PRESENTER: Steve Neaman

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

**AN ORDINANCE PARTIALLY ABATING THE TAXES HERETOFORE LEVIED FOR THE
YEAR 2016 TO PAY THE PRINCIPAL OF AND INTEREST ON THE TAXABLE GENERAL
OBLIGATION LAND ACQUISITION AND DEVELOPMENT BONDS, SERIES 2010A
(BUILD AMERICA BONDS - DIRECT PAYMENT), AND THE TAXABLE GENERAL
OBLIGATION LAND ACQUISITION BONDS, SERIES 2010B
(BUILD AMERICA BONDS - DIRECT PAYMENT)**

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 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 2016 in a total amount of \$563,838.29, to be received in two installments, prior to or contemporaneously with the June 15, 2017, and December 15, 2017, 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 \$563,838.29 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 \$563,838.29 of the taxes heretofore levied for the year 2016 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 2016 in a total amount of \$634,755.31, to be received in two installments, prior to or contemporaneously with the June 15, 2017, and December 15, 2017, 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 \$634,755.31 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 \$634,755.31 of the taxes heretofore levied for the year 2016 to pay the principal of and interest on the 2010B Bonds be abated;

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 2016 in the 2010A Ordinance in the amount of \$1,730,361.50 are hereby abated by the amount of \$563,838.29, leaving remaining taxes levied for the year 2016 for the payment of the 2010A Bonds in the amount of \$1,166,523.21.

B. 2010B Bonds. The taxes heretofore levied for the year 2016 in the 2010B Ordinance in the amount of \$1,947,998.50 are hereby abated by the amount of \$634,755.31, leaving remaining taxes levied for the year 2016 for the payment of the 2010B Bonds in the amount of \$1,313,243.19.

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 2016 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 _____, 2016

AYES:

NAYS:

APPROVED this ____ day of _____, 2016

Ann B. Maine, President
Lake County Forest Preserve District

ATTEST:

Julie Gragnani, Board Secretary
Lake County Forest Preserve District

Exhibit # _____

