

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES
OF FOX METRO WATER RECLAMATION DISTRICT
HELD WEDNESDAY, APRIL 17, 2013**

The Board of Trustees met in a regular monthly meeting at 9:30 A.M. in the offices of the District at the Water Pollution Control Plant on Wednesday, April 17, 2013. President James K. Detzler presided and present with him were Trustee Judith S. Sotir, Trustee Michael C. Funkey, Trustee Albert E. Heriaud & Trustee Christopher F. Childress. Also present were District Attorney Dallas Ingemunson, District Engineer Philippe Moreau, Manager Thomas F. Muth, Trudy Murray, Jeff Humm, Jimmie Delgado, Chris Morpheu, Matt Woodin, Polly Gonzalez and Norma Rodriguez. Also in attendance were John Frerich from Walter E. Deuchler Engineering, Jim Savio from Sikich LLC, and Leo Pawlowski from the Northeast Neighbors.

The bills were presented and read. It was moved by Trustee Sotir, that the bills be allowed as read, and that checks be drawn in payment account during the month of March, 2013 in the amount of \$1,074,146.00 be ratified and approved. Motion was seconded by Trustee Heriaud, put to vote and unanimously carried that the bills be paid as presented.

It was moved by Trustee Sotir, seconded by Trustee Heriaud, put to vote and unanimously carried that the Treasurer's Report for March, 2013 be approved as submitted.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that the minutes of the March 20, 2013 Regular Board Meeting be approved as written, each of the Trustees having received and read copies of said minutes before the meeting.

It was moved by Trustee Detzler, seconded by Trustee Funkey, put to vote and unanimously carried that the Regular Board Meeting be temporarily adjourned for the Committee of Local Improvements.

The Regular Board Meeting adjourned at 9:35 A.M.

Manager Muth introduced Jim Savio from Sikich LLP to the Trustees to give a report on the recent rate study for Fox Metro.

Mr. Savio reviewed the completed rate study which contains scenarios of different rate increases for the years 2014 through 2022. If only the 5% rate increase per year is implemented each year a negative cash flow would result in the year 2019. There would be a negative cash flow of \$6.5 million in 2019 and in 2022 there would be a negative cash flow of \$26 million.

The next scenario utilizes a 15% user fee increase in the year 2014 and another 15% rate increase in the year 2015 and 5% user fee increases each year from 2016 to 2022. This option would provide the District with a positive cash flow each year. The third scenario utilizes a 30% rate increase in 2014 and a 5% user fee increase for each year of 2015 to 2022. Mr. Savio stated this would give the District a positive cash flow plus the needed funds for the projected 280 million dollars in capital projects.

The Trustees discussed which scenario for the needed rate increase would be the best for Fox Metro. Trustee Sotir stated she felt the scenario of the one time 30% rate increase seemed to be the most favorable. Her opinion is to get the increase needed over one time. Trustee Funkey added Fox Metro needs to campaign this information to the public, Trustee Detzler stated perhaps a newspaper article stating the reasons for the rate increase may be best. Trustee Sotir stated the public needs to be informed that the rate increase is due to unfunded mandates stipulated by the USEPA and the IEPA.

Trustee Detzler inquired how much the 30% user fee would increase the average user's bill? Manager Muth replied the average increase would be approximately \$9.00 per month. The Board members stated this figure may be easier for the average user to digest over telling them their rates were going to increase 30%.

Trustee Sotir stated she feels it is imperative to provide the public with rationale for what Fox Metro is doing. Trustee Funkey stated it is critical to publicize the reasoning behind this rate increase.

Trustee Funkey stated he did not feel it is necessary for Fox Metro to hire someone for public relations regarding the rate increase but it is imperative the public be informed as to why Fox Metro has to raise rates. The Board concurred with this and discussed the possibility of holding public meetings regarding the rate increase. Fox Metro has to go to the public with this information regarding the rate increase and why it is needed.

Manager Muth stated he would have a draft ready for Board review by the May 1, 2013 Board Meeting regarding the rate increase.

Trustee Sotir emphasized in the past she has used the preparation of an index card with pertinent information for all employees to carry with the major points of why a rate increase is needed in case they are confronted by questions from the public.

Engineer Moreau stated he has discussed this situation with different municipalities and the message needs to be uniform to all the municipalities that Fox Metro serves.

The Trustees discussed how much information the public could "digest" regarding the mandates from the IEPA and the USEPA. Trustee Funkey and Manager Muth suggested a one page maximum with information to publish in the newspaper and to hand out to one representative from each municipality that Fox Metro serves. Manager Muth stated this one page handout needs to be concise as well as informative.

Trustee Detzler stated he felt at this time it was not a good idea to have a public meeting but just to inform the public of why the rate increase is needed by a newspaper article. Trustee Childress stated he felt it was a wise idea to invite the legislators and inform them of what is going on and why. Trustee Funkey stated he felt the legislators need to know it is the USEPA and the IEPA that are necessitating this rate increase. Trustee Sotir stated it is better to be proactive than reactive, let them know what mandates are coming up from the IEPA and the USEPA.

Manager Muth stated he would begin meeting with staff to develop a game plan to inform the public for this needed rate increase and the reasons for it. Manager Muth stated he would discuss this with the Trustees at the May Board Meeting.

With no other matters to come before the Committee of Local Improvements, it was moved by Trustee Detzler, seconded by Trustee Sotir, put to vote and unanimously carried that the Committee of Local Improvements be adjourned and the Regular Board Meeting reconvene.

The Regular Board Meeting reconvened at 10:15 A.M.

Attorney Dallas Ingemunson addressed the Board with the Attorney's Report. Attorney Ingemunson requested approval of Resolution No. 901 authorizing Ordinance No. 843, Annexation of Alide Guzalo Property, to the Board for their approval, which read as follows:

WHEREAS, a petition signed by ALIDE GUZALO, the owner of record, for annexation of certain territory located in Kane County, Illinois, to the FOX METRO WATER RECLAMATION DISTRICT, has been heretofore filed, and

WHEREAS, said territory described in said Petition is contiguous to Fox Metro Water Reclamation District, and

WHEREAS, it is hereby determined by the Board of Trustees of Fox Metro Water Reclamation District that it will inure to the benefit and welfare of the District if said territory is annexed to Fox Metro Water Reclamation District,

NOW, THEREFORE, BE IT RESOLVED, that Ordinance No. 843, annexing the territory therein described to the Fox Metro Water Reclamation District be and the same is hereby passed, and

BE IT FURTHER RESOLVED that the Clerk and the Attorney for the District are hereby authorized and directed to take such steps to have said Ordinance filed with the County Clerk of Kane County, and recorded with the Recorder of said County according to the law in such case made and provided.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 901, authorizing Ordinance No. 843, Annexation of Alide Guzalo Property, be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 17th. day of April, 2013 by a voice vote of 5 to 0.

Attorney Ingemunson presented Resolution No. 902, Easement Agreement between Fox Metro Water Reclamation District and James K. Detzler, which read as follows:

WHEREAS, the District has negotiated with JAMES K. DETZLER, Owner, for sanitary sewer easements across property of said party known as Lot 4, Bartholomews First Subdivision and described as follows:

A 10 FOOT WIDE EASEMENT FOR THE INSTALLATION, REPAIR, AND MAINTENANCE OF A SANITARY SEWER DESCRIBED AS FOLLOWS:

LOT 4, BARTHOLOMEWS FIRST SUBDIVISION OF PART N ½ SEC. 17 T.37N.R.8E. OF 3RD. P.M. KENDALL COUNTY, ILLINOIS.

WHEREAS, said JAMES K. DETZLER, Owner, has executed and delivered to the District the proposed easement,

NOW, THEREFORE, BE IT RESOLVED that the District shall and does hereby accept the said easement and the President and Clerk of the District are authorized and directed to affix their signatures accepting said easement,

BE IT FURTHER RESOLVED that the Clerk and the Attorney for the District are hereby authorized and directed to take such steps to have said easement filed with the County Clerk of Kendall County and recorded with the Recorder of said Kendall County according to the law in such case made and provided.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 902, Easement Agreement between Fox Metro Water Reclamation District and James K. Detzler, be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 17th. day of April, 2013 by a voice vote of 5 to 0.

Attorney Ingemunson requested approval of Resolution No. 903, Easement Agreement between Fox Metro Water Reclamation District and Bette Van Vleet, which read as follows:

WHEREAS, the DISTRICT has negotiated with BETTE VAN VLEET, Owner, for sanitary sewer easements across property of said party known as Lot 5, Bartholomews First Subdivision and described as follows:

A 10 FOOT WIDE EASEMENT FOR THE INSTALLATION, REPAIR, AND MAINTENANCE OF A SANITARY SEWER DESCRIBED AS FOLLOWS:

LOT 5, BARTHOLOMEWS FIRST SUBDIVISION OF PART N ½ SEC.17T.37N.R.8E. OF 3rd. P.M. KENDALL COUNTY, ILLINOIS.

WHEREAS, said BETTE VAN VLEET, Owner, has executed and delivered to the DISTRICT the proposed easement,

NOW, THEREFORE, BE IT RESOLVED, that the District shall and does hereby accept the said easement and the President and Clerk of the District are authorized and directed to affix their signatures accepting said easement.

BE IT FURTHER RESOLVED that the Clerk and the Attorney for the District are hereby authorized and directed to take such steps to have said easement filed with the County Clerk of Kendall County and recorded with the Recorder of said Kendall County according to the law in such case made and provided.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 903, Easement Agreement between Fox Metro Water Reclamation District and Bette Van Vleet be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 17th. day of April, 2013 by a voice vote of 5 to 0.

Attorney Ingemunson requested approval of Resolution No. 904, Intergovernmental Agreement between Fox Metro Water Reclamation District and the Fox Valley Park District for the Stuart Sports Complex, which read as follows:

WHEREAS, the Fox Metro Water Reclamation District and the Fox Valley Park District have heretofore entered into negotiations for the mutual benefit of the respective governmental units, and

WHEREAS, an Intergovernmental Agreement to extend a 48 inch interceptor as shown on the attached Exhibit 1 and as recorded in the Kane County Recorder's Office under Number 2004k146862 for the work related to the Stuart Sports Complex located in- between Jericho Road and U.S. Route 30 in Kane County, Illinois,

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. That the Intergovernmental Agreement as adopted by the Fox Valley Park District and as presented to the Board of Trustees of Fox Metro Water Reclamation District is in the best interests of the Fox Metro Water Reclamation District, and is hereby approved.

2. That the President and Clerk of the Fox Metro Water Reclamation District are hereby authorized and directed to execute the aforesaid Intergovernmental Agreement.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 904, Intergovernmental Agreement between Fox Metro Water Reclamation District and the Fox Valley Park District for the Stuart Sports Complex, be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 17th. day of April, 2013, by a voice vote of 5 to 0.

Attorney Ingemunson also requested approval of Resolution No. 905, Easement Agreement between Fox Metro Water Reclamation District and Donald and Carol Hamman, which read as follows:

WHEREAS, the District has heretofore accepted a Second Amendment to the Grant of Easement from Donald J. Hamman and Carol S. Hamman, and

WHEREAS, the Old Second National Bank Trust #4828 has been closed and Donald J. Hamman and Carol S. Hamman are the owners of the property that had been in said trust, and

WHEREAS, a need now exists to extend the terms and conditions of said permanent Easement and allow the expansion in width for the previously granted temporary construction easement as needed to construct the interceptor sanitary sewer pipeline across the Grantor's property west of Blackberry Creek, and

WHEREAS, a fully executed copy of said Second Amendment to the Grant of Easement has been presented to the District.

NOW THEREFORE BE IT RESOLVED, the District shall and does hereby accept the said Second Amendment to the Grant of Easement and the President and Clerk of the District are authorized and directed to affix their signatures in accepting said Easement.

BE IT FURTHER RESOLVED, that the Clerk and the Attorney for the District are hereby authorized and directed to take such steps to have said Easement filed with the County Clerk of Kane County and to the law in such case made and provided.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 905, Easement Agreement between Fox Metro Water Reclamation District and Donald and Carol Hamman be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 17th. day of April, 2013 by a voice vote of 5 to 0.

Philippe Moreau addressed the Board with the Engineer's Report. Mr. Moreau requested approval of Partial Payment No. 1 to Frank Marshall Electric, Inc. in the amount of \$11,349.00 for work completed on the Building C Substation Upgrade Project. It was moved by Trustee Funkey, seconded by Trustee Heriaud, put to vote and unanimously carried that payment be made in the amount of \$11,349.00 to Frank Marshall Electric, Inc. for work completed on the Building C Substation Upgrade Project.

Mr. Moreau also requested approval of Final Payment No. 17 to R.C. Wegman Construction Company in the amount of \$105,094.00 for work completed on the New Laboratory Building P-3 Project. It was moved by Trustee Funkey, seconded by Trustee Heriaud, put to vote and unanimously carried that payment be made in the amount of \$105,094.00 to R.C. Wegman Construction Company for work completed on the New Laboratory Building P-3 Project.

Trustee Sotir inquired if there was going to be a ceremony for this new building? It was the consensus of the Trustees this would be a good idea for the public to see what their money is going toward.

Manager Muth addressed the Board with the Manager's Report. Manager Muth requested authorization to seek bids for the Original Combined Sewer Interceptor (OCSI) Indian Creek Crossing Replacement to be opened at 10:00 A.M. at the May 22, 2013 Board of Trustees Meeting. Manager Muth reported this interceptor is west and north of the CSO Facility on Broadway and the interceptor has started to fail. It was moved by Trustee Funkey, seconded by Trustee Heriaud, put to vote and unanimously carried that bid documents be generated for the aforementioned project and opened at 10:00 A.M. at the May 22, 2013 Board of Trustees Meeting.

Manager Muth requested authorization to seek bids for the Rehabilitation of Primary Clarifier Slabs D-4 and D-5 to be opened at 10:00 A.M. at the May 22, 2013 Board of Trustees Meeting. Manager Muth reported the current concrete on D-4 and D-5 is over thirty years old. It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that bid documents be generated for the Rehabilitation of Primary Clarifier Slabs D-4 and D-5 and opened at 10:00 A.M. at the May 22, 2013 Board of Trustees Meeting.

Manager Muth requested an Executive Session be held to discuss personnel, pending litigation, and related matters. It was moved by Trustee Detzler, seconded by Trustee Sotir, put to vote and unanimously carried that at the conclusion of the public comments of today's meeting, we will temporarily adjourn for an Executive Session.

Manager Muth also discussed that he and Controller Delgado anticipate tentative approval of the budget at the May 1, 2013 Board of Trustees Meeting for final approval at the June 19, 2013 Board of Trustees Meeting.

Engineering Supervisor Jeff Humm informed the Board the quotes for the additional work for the Cedar Glen Project came back higher than anticipated. Mr. Humm stated he would be working with Deuchler Engineering to change the route of the sanitary sewer and would bring it to the Board at the May 1, 2013 Board Meeting.

Trustee Childress addressed the Board with his recommendations from the natural gas audit. Trustee Childress reported the current Centerpoint Energy Agreement ends on March 31, 2014. This agreement was signed on March 20, 2002, the base agreement renews every year and a ninety day notification needs to be given if exiting the contract. Progressive Energy Group reviewed the following price options for Fox Metro: October 1, 2013 to March 31, 2014 (Centerpoint Energy pricing only), 100% fixed price per therm for customer owned storage. Pricing from six suppliers for the following terms and products: - April 1, 2014 start date, - 175,500 therms annually, - 100% fixed and 100% index pricing options, and - Supplier owned storage.

The current contract price is \$0.05293 fixed. The lowest price obtained from the six quotes was from Centerpoint and Nicor Enerchange at a 12 month index price of \$0.006, a 24 month index price of \$0.007 and a 36 month index price of \$0.008. The lowest price obtained from the six quotes was from Centerpoint and Nicor Enerchange for 100% fixed price at a 12 month price of \$0.44330, a 24 month price of \$0.44710, and a 36 month price of \$0.45220.

Trustee Childress discussed with the Trustees his recommendation is to wait until the May 22, 2013 Board of Trustees Meeting to finalize natural gas procurement. Trustee Childress stated there has been a recent run up in the market due to the cold weather nationally.

Pricing will be refreshed for the following:

- October 1, 2013 to March 31, 2014 100% fixed pricing option
- Centerpoint Energy will be the only supplier bidding for this term due to base agreement and end date.
- Credit is approved with Centerpoint Energy
- Projected 5 month cost reduction of over \$6,000 (rate of \$0.482 on 4/16/13)
- Supplier bids starting April 1, 2014
- Determine fixed vs. index position
- Credit approved by lowest supplier option
- Review contract terms and conditions so that the base agreement and hedged position end at the same time
- Projected annual savings of over \$13,000 (rate of \$0.4522 on 4/16/13)

Trustee Childress also discussed the projected annual payments to Fox Metro for the load response program. Fox Metro signed a 36 month load response agreement with ECS on February 20, 2013 the total payments for this agreement are projected to be \$192,199.

Total Projected Annual Gas Savings, Electric Savings, and Load Response Participation Payment. 1. Final Electric, annual supply cost reduction, 36 month contract with Direct Energy, \$484,057.14. 2. Final Total Load Response Program Payment, 36 month contract with ECS, \$192,199.00. 3. The Natural Gas supply cost reduction is to be determined.

The Board thanked Trustee Childress for his extensive work on these cost savings for Fox Metro.

With no other business to come before the Board, it was moved by Trustee Funkey, seconded by Trustee Sotir, put to vote and unanimously carried that this meeting be temporarily adjourned for Executive Session.

The Meeting temporarily adjourned at 10:40 A.M.

The Regular Board Meeting reconvened at 11:05 A.M.

President Detzler announced there were no further decisions reached in Executive Session, therefore it was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that the Board Meeting be adjourned.

Meeting adjourned at 11:10 A.M.