

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF TRUSTEES  
OF FOX METRO WATER RECLAMATION DISTRICT  
HELD WEDNESDAY, APRIL 23, 2014**

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 23, 2014 present were, Trustee Judith S. Sotir, Trustee Albert E. Heriaud, Trustee Christopher F. Childress & Trustee Michael C. Funkey. Also present were Attorney Boyd Ingemunson, John Frerich, Manager Thomas F. Muth, Matt Woodin, Chris Morphey, Joel Ilseman, Patrick Divine and Norma Rodriguez. Also in attendance Leo Pawlowski Sr. from Northeast Neighbors

The bills were presented and read. It was moved by Trustee Funkey, that the bills be allowed as read, and that checks be drawn in payment account during the month of March 2014 in the amount of \$1,143,374.37 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 Funkey seconded by Trustee Heriaud, put to vote and unanimously carried that the Treasurer's Report for March, 2014 be approved as submitted.

It was moved by Trustee Funkey, seconded by Trustee Heriaud, put to vote and unanimously carried that the minutes of the March 26, 2014 Regular Board Meeting be approved as written, each of the Trustees having received and read copies of said minutes before the meeting.

With no New Business or Public Comments, It was moved by Trustee Funkey, seconded by Trustee Heriaud, 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.

In the Committee of Local Improvement Controller Jimmie Delgado updated the Board of the Fiscal Year 2013 Audit. Jimmie reported that in addition to the regular audit there was also a single audit. This is related to the State revolving loan funds that we received and its typical if we receive over \$100,000.00 from the Federal Government. We had net income this past year of \$500,000.00, the prior year we were at a negative \$338,000.00. We strive to be right at zero if possible. Depreciation was higher because of equipment acquisitions and as equipment gets older there is more depreciation. Our change in Net assets was four million, what that means is that essentially we created more net assets. We spent a lot more money last year on capital improvements and had a positive increase

in our balance. Cash and investment increased by three million and the revolving loan funds payable increased approximately \$285,000.00.

Trustee Childress asked if there were any deficiencies. Jimmie reported that we had no significant deficiencies. There were no issues with our accounting and we have no material adjustments.

Manager Muth discussed the Changes that last a Lifetime Health Initiative and advised the Board that May 14, 2014 will be the informational meeting at noon. The sign up period for this program is May 14, 2014 through May 25, 2014. The actual program will begin June 2, 2014. This program is designed to help everyone with a lifestyle change, better eating and sleeping habits. The program will provide resources and information on how to achieve a healthier you. Blood work will be required in order for the company to identify any potential health issues. This information will help the program coordinators to devise a plan for each individual depending on their health issues and needs.

Trustee Childress asked how this program has been received. Manager Muth said that the response has been positive, employees are asking questions and many have expressed that they will be signing up for the program during the enrollment period.

The blood screening will be completed on May 29, 2014 in our facility from 6:30 A.M. to 11:30 A.M. Once the 12 week challenge has been completed, there will be a post challenge screening as well. This will give the employees the progress they have accomplished by doing this program.

Trustee Childress asked if there was a concern by the employees regarding the blood screening. Manager Muth said there were no issues because neither Management nor the program coordinators would have access to the results. The results are emailed directly to the employee.

Trustee Childress said that there is evidence out there that by being proactive and getting blood tests, health issues are detected and can be addressed sooner and overall healthcare are lower. He said this might be worthwhile speaking to the insurance to see how we can lower our insurance cost.

Jimmie Delgado wanted to add that a discounted rate at the Vaughn Center was negotiated for any employees that would like to join their facility. The District will not contribute any funds for this but the employees can take advantage of the discounted rate the Vaughn Center is offering the employees who would like to participate.

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

The Regular Board Meeting reconvened at 9:55 A.M.

Attorney Ingemunson addressed the Board and said that there was nothing to report this month's for the Engineer's Report.

John Frerich addressed the Board with the Engineer's Report. Mr. Frerich requested approval of Partial Payment No. 5 to Whittaker Construction & Excavating for Building K & L Modifications – Interior Improvements in the amount of \$178,045.20. It was moved by Trustee Funkey seconded by Trustee Heriaud, put to vote and unanimously carried that payment be made in the amount of \$178,045.20 to Whittaker Construction & Excavating for Building K & L Modifications – Interior Improvements Project.

John Frerich requested approval of Partial Payment No.3 to Frank Marshall Electric, Inc., in the amount of \$3,609.00 for North Aurora Pump Station MCC Replacement 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 \$3,609.00 to Frank Marshall Electric, Inc., for work completed on North Aurora Pump Station MCC Replacement Project.

John Frerich requested approval of Partial Payment No.2 to Corrosion Resistant Equipment Company, Inc., in the amount of \$25,597.00 for Building J-I FRP Tank Procurement 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 \$25,597.00 to Corrosion Resistant Equipment Company, Inc., for work completed on Building J-I FRP Tank Procurement Project.

At this time, Manager Muth addressed the Board with the Manager's Report. Manager Muth went over the proposed Fiscal Year 2014/2015 budget and reported that we anticipate an operating surplus of approximately \$1,798,000.00 and operating revenues are expected to be up \$1,693,000.00. Annexation and IPF fees are expected to be slightly higher due to development activity but primarily to multiunit development projects.

We expect to receive \$1,000,000.00 from the Cedar Glen and the Sugar Grove/Montgomery Interceptor extension projects. This is the State of Illinois revolving loan funds. Both projects have been significantly complete but are experiencing delays in receiving the balance of the funds.

Operating expenses are expected to be 18.5% higher or \$5,321,000.00. This is primarily due to increases in Maintenance, Field Operations, and Administration department projects. The District is expected to collect \$1,200,000.00 from sewer investigations and those projects are collectively with local municipalities, however the revenue will be offset by costs of the same amount.

In Operations we anticipate 8.3% higher budget or \$401,525.00. Approximately \$150,000.00 of that is for personnel. In the prior year's budget our numbers were slightly lower so we have to adjustment to what we expect them to be this coming year.

Electricity and natural gas costs are projected to increase 10.8% and 17.2% higher. Our electrical costs came in higher this year and we had to increase our budget until air main is fixed. All those numbers were taken into consideration and we are still in need of \$200,000.00 until the air main is fixed.

Plant Maintenance is projected to be an increase of 20.3% due to salaries up 8.3%, and capital expenditures will increase 25.5%. The top 3 projects are Air Main Project F-Tanks, Service B upgrade, and Building G electrical which together account for \$5,226,000.00 of the \$6,623,288.00 capital expenditures budget for plant maintenance.

Sewer Maintenance overall this budget increases \$2,678,000.00 which amounts to 86.3% over last year. The main contributor to the increase is \$1,200,000.00 for the Intergovernmental Agreement sewer cleaning. This however is a pass-through cost as Fox Metro will receive reimbursement from the participating municipalities. Capital expenditures increases 81.5% over last year. The top three capital improvements are: the Kenmore Sewer Improvements, Farnsworth Lift Station Motor Control Center and station upgrading, and the Field Operations and Maintenance building addition which account for \$1,833,333.00 of \$2,088,500.00 in projects.

Trustee Sotir asked where the Kenmore Sewer Improvement project was located. Manager Muth reported that it was at the Northeast side of Aurora by the toll road. There have been a number of back-ups in that area so we've looked at how the area can be renovated. The City of Aurora has looked at it and so has the Aurora Township to potentially corroborate on improving that neighborhood. That is a project that could significantly help that area. The Farnsworth Lift Station Motor Control Center and the station upgrade are in dire need of improvements. Manager Muth said that we would like to expand the Field Operations Building and add approximately 1,100 square feet.

Process Control costs are anticipated to be lower \$106,000.00 or 14.8% and are direct result of a prior year virtualization project for the SCADA servers (220,000.00). That project is now complete.

Engineering expenses are expected to be higher \$316,000.00 due primarily to the South Plant expansion.

Data Process expenses increased \$56,300.00 due to salaries, software and maintenance agreements.

Manager Muth explained that this is a quick summary of the anticipated budget. It was moved by Trustee Funkey seconded by Trustee Childress, put to vote and unanimously carried for tentative approval of the Fiscal Year 2014/2015 budget and hold a Public Hearing on May 21, 2014 at 10:00 A.M. to discuss the budget and Appropriations Ordinance.

Manager Muth requested authorization to seek bids for the upgrade of Service "B" to be opened at 10:00 A.M., May 21, 2014 at the Board of Trustees Meeting.

Service B is our second feed into the plant. The equipment is very old and it needs to be 100% upgraded, the money is in the budget, and this was an anticipated expense. Service A was completed and it went very well and need to prevent any catastrophic electrical events.

It was moved by Trustee Funkey seconded by Trustee Heriaud, put to vote and unanimously carried to seek bids for the upgrade of Service "B" to be opened at 10:00 A.M., May 21, 2014 at the 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 Funkey, seconded by Trustee Heriaud, 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.

Matt Woodin reported that with the extended winter they are getting back on track with construction and are trying to accomplish things under this budget year. One of our contractors Visu Sewer, are diligently working on preventative maintenance and Mr. Woodin's department is trying to take measures to fix pipes now before we have a collapse. They are repairing some manholes and expect to have some invoices next month from Visu Sewer for the work that has been performed.

John Frerich reported that he received a letter from the IEPA that the permit section has reviewed and approved the technical basis of design for all of the phase II projects.

Manager Muth added that Phase II includes the South Plant and approves a portion of the wet weather flow facility at Reckinger Road and also the Copley location. Mr. Frerich said it also includes some of the North improvements which includes phosphorous removal.

Joel Ilseman reported that the plant is running well and the Ferric Chloride project is on line for the past six months and has seen some results from that.

Jimmie Delgado reported that billing is running smoothly, they had a large number of shut offs yesterday and some unhappy customers but the bills are getting paid. The State Revolving Loan Fund has released some of the funds that we had been waiting on and that has helped our revenue.

Trustee Childress said that the early buy out was going to be reviewed and now the value can be assessed and what the return was on the people that retired.

Trustee Childress also inquired about the meat processing business that became noncompliant & then questioned the analytical testing method which is stated in their permit. Manager Muth said that the industry found how their process had changed and how it was negatively impacting themselves. Matt Woodin added that we found the source and it was definitely the industry.

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

Trustee Funkey said that he found an interesting article in the internet regarding a class action law suit that has been filed in the City of Chicago by Farmers Insurance group. Apparently Farmers Insurance Group alleges that in 2013, 600 of their insured suffered damage when “geysers of sewer water shot out from floor drains, toilets, showers and other basement floor openings to members of the Plaintiff’s class” This class action suit has apparently named Chicago, nearby towns and the area’s water reclamation district. It alleges that those parties have known for decades that there was more storm water capacity needed and it also mentioned climate change and claims of negligent maintenance, failure to remedy known dangerous conditions and illegal connections. It also names the counties as the Defendant and it alleges that the Defendants “failed to provide safe, adequate storm water control storage for storm water, including but not limited to raising the banks such as though the use of quickly water-inflatable protection systems, sandbags, or other quick solution”. Trustee Funkey said that this was pretty interesting and it something that we ought to watch and see what the conclusion is going to be.

Trustee Funkey said we treat the sewage from the City of Aurora and we own pipes that are a certain diameter and they own the rest of the pipes. We have an Intergovernmental Agreement with them and doubts they agree to hold us harmless and defend us. We know what the capacity of our pipes are and we know that we can treat the capacity in our pipes over a given period of time but what we don’t know is all of the things that they add as a result of the poor condition of their pipes. The inflow comes from their pipes not from ours. Manager Muth said that some of the inflow comes from our pipes, that is why we are working very diligently with the city to try and remove as much as possible. Trustee Funkey said that the majority comes from them and Manager Muth agreed and said that is because they own the majority of the system.

Trustee Sotir said that what stands out about this article is that they failed to provide safe, adequate storm water control including but not limited to not raising the banks through the use of quickly water-inflatable property protection systems and sandbags. She said that this is a huge expense up front.

Trustee Childress asked if we had insurance that would protect us against a claim similar to this one. Manager Muth said that last April’s rain event a 20 year rain event and the river was a 100 year flood elevation. Trustee Childress said that he believes that is what is going to be argued in this case that it was an act of God. Trustee Childress asked if our liability insurance would cover something like this. Jimmie Delgado said if he had to guess he would say it was the liability that would seem to be what we have enough coverage on that would cover something. We have \$110,000,000.00 in liability but don’t believe we have anything else that would cover something like that.

John Frerich said that the Chicago Water Reclamation District not only handles waste water but they also do storm water and that is a different situation. Manager Muth said that Chicago has combined sewers, and detention systems. John Frerich said that they have something beyond what smaller municipalities do. We don't handle drainage, flooding or storm water.

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

The Meeting temporarily adjourned at 10:30 A.M

The Regular Board Meeting reconvened at 10:45 A.M.

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

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

Meeting adjourned at 10:50 A.M.