

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF TRUSTEES
OF FOX METRO WATER RECLAMATION DISTRICT
HELD WEDNESDAY, JUNE 18, 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, June 18, 2014. Present were, President James K. Detzler, Trustee Judith S. Sotir, Trustee Albert E. Heriaud, Trustee Christopher F. Childress & Trustee Michael C. Funkey. Also present were Attorney Dallas Ingemunson, Philippe Moreau, Manager Thomas F. Muth, Matt Woodin, Joel Ilseman, John Frerich from Walter E. Deuchler and Norma Rodriguez. Also in attendance Leo Pawlowski Sr. from 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 May 2014 in the amount of \$3,523,870.11 be ratified and approved. Motion was seconded by Trustee Funkey, put to vote and unanimously carried that the bills be paid as presented.

It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried that the Treasurer's Report for May, 2014 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 May 21, 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 Detzler, seconded by Trustee Sotir, 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 Improvements John Frerich began with a presentation outlining Buildings K & L Modifications Electrical Improvements. John went through the sequence of events that required the electrical modifications in Buildings K & L. The rain event in April of 2013 resulted in flooding at the plant and unfortunately at the same time the power supply to the transformer and the low voltage switch gear in the main pumping station failed and we lost power to both sources. Staff was able to restore a single source of power and were able to get generators and the pump station back into operation a short time later.

A few weeks later modifications were made to the low voltage switch gear because only half of it had failed and only one of the transformers outside had failed. It was on single

source but we had to get a secondary power source in case of another failure so we had a generator on standby.

During that time period they were trying to determine the best course of action. Staff, in particular Mike Petersen the electrical Forman, did a fantastic job because they were able to sit down and assess the issue. They brainstormed as to how they wanted to address it, whether to temporarily fix it or do they accelerate the master plan which called for replacement of the equipment.

Staff looked at what equipment was necessary to have a permanent fix. Staff purchased the equipment outright and had the exterior underground electrical improvements installed by September 2013. In October 2013 bids were opened for interior improvement projects. In November 2013 the demolition project was completed and two weeks later the interior improvement construction began. As of May 30, 2014 substantially completed all of the interior improvements. The existing electrical room was connected to the new electrical equipment and the dual power source was restored. The generator was removed from site and the project is substantially complete.

John explained some of the key points that transpired during interior improvements. He said that they left plenty of room in the electrical room for the future so when the motor control centers are replaced at this location they can add variable frequency drives for the remaining pumps. Also since this generates a large amount of heat off of the equipment they designated its own air handling unit so basically it has its own air conditioner.

John stated that the new control center will be able to incorporate all future improvements. It has its own HVAC equipment to control temperature appropriately. They are trying to make it efficient and effective when they plan for future improvements. Trustee Sotir asked if there was some recycling or scrap incentive that the District receives from the equipment that we pull out. John said that the contract included that the contractor could scrap all the metal and that lowered the price in the private bidding process. Manager Muth said that we scrapped the copper and we got over \$9,500.00. We will also be scrapping other equipment as well such as transformers and medium voltage switches so we will get that money back. John said the total cost for the new substation and electrical room project was \$1,553,600.00.

Trustee Childress asked if any of this cost was recovered from the insurance from the loss that was incurred by the district due to the rain event of April 2013. Manager Muth said that some of it was but didn't have the exact dollar amount but would provide Trustee Childress that information as soon as possible. He reported that some of the cost of the generators and equipment that had to be purchased was recovered.

Trustee Sotir said that the reutilization of the facility giving us the potential for putting in additional units when we need them is wise because if we had rebuild that building it would cost the District more than the \$1.5 million that was spent in this modification. Manager Muth mentioned that this building can be utilized for a number of different things.

Trustee Detzler asked what was spent on diesel generators. Manager Muth said that we spent \$28,000.00 a month to have them on standby in case we needed them. When we did utilize them for the six weeks we spent another \$28,000.00 in diesel fuel.

Trustee Sotir asked if this project was completed. Manager Muth said it was closed to being finished and John Frerich said electrically it is fully completed the last things to complete are just miscellaneous items and expect those items to be completed at the end of June.

Manager Muth wanted to update the Board on the engine generators and reported that they were constructed in the late 1980's and served their purpose greatly and now we are at the point where they are starting to show signs of deterioration. For example the hydraulic line broke over the winter and a couple of other issues that we are being noticed that are starting to occur. We have a relay switch and we looked at five different vendors to see about having it replaced but because of the age and what it is being utilized for we were able to find a specialized vendor to get that relay switch. Right now if we are asked to provide electricity as part of the curtailment we would not be able to do it. We are working on getting ourselves in a position to be able to do that. Manager Muth said that we are going to have to make some decisions in the next 2 to 5 years where we are going to go with this. The age of the engines do not allow us to operate them on a regular basis because of the air emission standards of today compared to what they were thirty years ago because of the CO2 discharges. There are a number of things that we have to look at in the future to see where we are at and where we are going to go with this building. Right now we are going to try and abide by our curtailment.

Trustee Detzler asked if these were the CO- generators and Manager Muth confirmed that they were. Trustee Sotir asked how this fits into our plans for the new south plant. Manager Muth said that it is separate from the south facility, its being looked at from two different aspects. One is whether we want to cogenerate electricity or do we want it to be able to use our methane gas to pelletize the solids. This is still being discussed and we have to figure out what we are going to do in the future. There are studies that are being conducted to see what kind of technology is available.

Trustee Childress said that there is a test in August that we have to be prepared for. The test will run for an hour, there is no penalty if we don't but we do lose out on several thousand dollars.

Trustee Funkey said that when the use of the methane gas was discussed before, it was going to be used to dry the sludge and he asked if we had enough methane gas to do more than to just dry the sludge. Manager Muth said that we are producing more with our thermophilic phase process but right now our SCADA historian is not able to retrieve that information as to how much we are producing. Some SCADA issues have to be worked out. Trustee Childress said that from an energy standpoint at twenty or thirty cent gas there may not be an economic payback because methane is free but he doesn't anticipate twenty or thirty cent gas for a long period of time moving forward. We are looking at

forty to fifty cent gas market during the summer and even higher during the winter so there might be some economic benefit to do what we can to retrieve it plus the environmental aspect of it. He said that Illinois Institute of Technology has got a new program that they put together regarding landfill gas and building a site to have the ability to sell back and there might be some synergies there to speak with this group. Phillipe Moreau said that landfill gas is much cleaner than wastewater gas. Manager Muth said that it is 650 BTU's for methane gas. Mr. Moreau said that there are much less pollutants in landfill gas than in wastewater gas. Trustee Childress said that it might be worthwhile having a meeting. Manager Muth said to Trustee Childress that he can call Paul Anderson who is a professor at IIT.

The Regular Board Meeting reconvened at 10:06 A.M.

Attorney Ingemunson addressed the Board with the Attorney's Report. Attorney Ingemunson presented Resolution No. 921, Appropriation Ordinance, to the Trustees for their approval, which read as follows:

WHEREAS, Fox Metro Water Reclamation District, on May 21, 2014, passed in tentative form ORDINANCE NO, 852 entitled:

“AN ORDINANCE OF THE BOARD OF TRUSTEES OF FOX METRO WATER RECLAMATION DISTRICT APPROPRIATING MONIES FOR ITS CORPORATE PURPOSES (“ENTERPRISE FUND”) TO BE EXPENDED DURING THE FISCAL YEAR BEGINNING JUNE 1, 2014 AND ENDING MAY 31, 2015 AND SETTING FORTH ITS ANNUAL BUDGET”

and,

WHEREAS, pursuant thereto, notice of a public hearing on said Ordinance No. 851 was published in the Beacon News at least 30 days prior to said hearing date, May 21, 2014, and

WHEREAS, a public hearing was held at 10:00 o'clock a.m. on May 21, 2014, in the Board Room of Fox Metro Water Reclamation District at 682 S Route 31, Oswego, Illinois, and that pursuant to said Notice, no amendments or corrections were made to proposed Ordinance No. 851;

NOW, THEREFORE, BE IT RESOLVED, that Ordinance No. 851, a copy of which is attached as Exhibit “A”, is hereby passed in its final form.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 921, Appropriation Ordinance, be approved as written.

ADOPTED by the Board of Trustees of Fox Metro Water Reclamation District this 21st day of May, 2014, by a voice vote of 5 to 0.

Attorney Ingemunson presented Resolution No. 920, Prevailing Wage Ordinance, to the Trustees for their approval, which read as follows:

WHEREAS, present Illinois Law (820 ILCS 130) requires that Fox Metro Water Reclamation District, as a public body, file with the Secretary of State during the month of June of each calendar year an Ordinance or Resolution setting the prevailing rate of wages as defined in the Prevailing Wage Act, and

WHEREAS, the statute also provides that if Fox Metro Water Reclamation District, as a public body, desires that the Department of Labor ascertain the prevailing rate of wages, it shall notify the Department of Labor to ascertain the general prevailing rate of hourly wages for work under contract or for work performed by the District without letting the contract. Upon such notification the Department of Labor shall ascertain such general prevailing rate of wages and certify the prevailing wage to Fox Metro Water Reclamation District, and

WHEREAS, the District hereby finds and determines that it does not have the necessary personnel and facilities to make the requisite determination of the prevailing rate of wages.

NOW, THEREFORE, BE IT RESOLVED:

1. That the District comply with the Illinois Statute regarding the Prevailing Wage Act 820 ILCS 130/0/01 et seq. by passing an appropriate resolution therefore.
2. That the District shall notify the Department of Labor to ascertain the general prevailing rate of hourly wages as set forth in said Illinois Statute and to certify the prevailing wage to the District.
3. That the District, in addition to the above, comply with the other applicable provisions of the Prevailing Wage Act.

It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that Resolution No. 920, Prevailing Wage Ordinance, be approved as written.

PASSED by the Board of Trustees of Fox Metro Water Reclamation District this 18th. day of June, 2014 by a voice vote of 5 to 0.

Phillipe Moreau addressed the Board with the Engineer's Report. Mr. Moreau requested approval of Partial Payment No. 7 to Whittaker Construction & Excavating for Building K & L Modifications – Interior Improvements in the amount of \$84,168.68. It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried that payment be made in the amount of \$84,168.68 to Whittaker Construction & Excavating for Building K & L Modifications – Interior Improvements Project.

Phillipe Moreau requested approval of Partial Payment No. 7 to Steve Spiess Construction, Inc., in the amount of \$93,575.00 for Montgomery/Sugar Grove Interceptor Phase II. It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that payment be made in the amount of \$93,575.00 to Steve Spiess Construction, Inc., for Montgomery/Sugar Grove Interceptor Phase II project.

Phillipe Moreau requested approval of Partial Final No. 6 to Frank Marshall Electric, Inc., in the amount of \$19,409.20 for 480V Feeders to Building B and O & M Replacements. It was moved by Trustee Sotir, Seconded by Trustee Funkey, put to vote and unanimously carried that payment be made in the amount of \$19,409.20 to Frank Marshall Electric, Inc., for work completed on 480V Feeders to Building B and O & M Replacement Project.

Phillipe Moreau requested approval of Partial Payment No.5 to Frank Marshall Electric, Inc., in the amount of \$41,697.00 for North Aurora Pump Station MCC Replacement Project. It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried that payment be made in the amount of \$41,697.00 to Frank Marshall Electric, Inc., for work completed on North Aurora Pump Station MCC Replacement Project.

Phillipe Moreau requested approval of Partial Payment No. 2 to Mechanical, Inc., in the amount of \$107,190.00 for the Air Main Header Replacement. It was moved by Trustee Sotir, seconded by Trustee Funkey, put to vote and unanimously carried that payment be made in the amount of \$107,190.00 to Mechanical, Inc., for work completed on the Air Main Header Project.

At this time, Manager Muth addressed the Board with the Manager's Report. Manager Muth requested authorization to seek bids for Gas & Heat Detector Modifications to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting. This is in the digester building where we need better safety measures with regard to the gas and heat. This is for safety equipment and installation.

Trustee Childress asked what a Heat and Gas Detector was. Phillipe Moreau said that it's a piece of equipment that will detect if there is a fire and it will also detect if there are dangerous gases in the building. Matt Woodin added that this detector will have a light on the outside of the building that will alert the employees if there is excessive heat or dangerous gases in the building before they enter.

It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried to seek bids for Gas & Heat Detector Modification to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting.

Manager Muth requested authorization to seek bids for Building K Coating Systems Rehabilitation to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting. Manager Muth said that we have a significant amount of piping in Building K

and it needs to be painted because it is chipping and these pipes are difficult to paint because the old paint needs to be removed and it needs to be done very carefully because there is a significant amount of electrical gear nearby that needs to be isolated. Humid conditions have to be low because the pipes are located in the basement and special paint is required for this job. This is why we need a professional to perform this project. This is going to be a costly job due to the difficulty. It is estimated that it will cost approximately \$320,000.00. Manager Muth said that whoever performs this job will have to use oxygen masks to work, a temporary confinement area will have to be built to work in that environment. Trustee Sotir said that this was similar to removing asbestos. Manager Muth reported that we had an issue with asbestos at the plant that had to be removed. There was a leak in one of the pipes in the lunch room and when it was being repaired asbestos was found. All employees were not allowed in the lunch room for one week until the asbestos was removed and the air was tested to make sure it was safe to go back in that room. Trustee Childress asked what the ramifications would be if the pipes did not get painted. Manager Muth said that they would start to rust and further deteriorate and the bolts will become very difficult to remove. Trustee Childress just wanted to clarify that this was not a cosmetic job. Manager Muth said that it was not, he said this is a necessary project. These pipes have not been repainted since they were installed in 1979/1980. Joel Ilseman said there are some spots of rust on some pipes now that if they rust through and fail it would be a catastrophic event for the plant.

It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried to seek bids for Building K Coating Systems Rehabilitation to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting.

Manager Muth requested authorization to seek bids for Primary Clarifier D6 Concrete Slab Repair to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting. Manager Muth said last year we took two primary clarifiers off line and we chipped three to four inches of grout away because it was getting into the pumps and motors and could cause damage. The same thing needs to be done with this Primary Clarifier D6. The grout needs to be removed and replaced with new grout.

Trustee Childress asked if these projects are budgeted. Manager Muth said that they are all budgeted for.

It was moved by Trustee Sotir seconded by Trustee Funkey, put to vote and unanimously carried to seek bids for Primary Clarifier D6 Concrete Slab Repair to be opened at 10:00 A.M., July 23, 2014 at the Board of Trustees Meeting.

Trustee Sotir mentioned that she was very impressed of the proactiveness of these projects because the more that is done in that regard the less that is going to cost in the future.

The next item in the Manager's Report was the Health Insurance Renewal and Jimmie Delgado reported that we recently renewed our insurance and there were only a few minor changes made to the plan. One change is going to an \$80,000.00 specific

cost/individual vs. the \$75,000.00 stop loss. Based on our recent history this seems like a good risk. Jimmie said the present carrier will reimburse us \$25,000.00 if we don't exceed the stop loss before August 1, 2014.

Trustee Funkey wanted clarification on the last sentence of the insurance memo that was given to the Board Members that read. After 1/1/2015, management expects to weigh health insurance options in conjunction with labor negotiations. Manager Muth explained that with negotiations you put everything on the table. As we review the market place there are considerable other options that are more favorable to the District for insurance. Trustee Funkey asked if next year when the health insurance comes up for renewal that will be considered in conjunction with labor negotiations. Manager Muth said that there is a potential for us to adopt other things based on Board approval. Union contract is up on May 31, 2015. Trustee Funkey asked if our insurance carrier is aware of the wellness program that the District employees are participating in. Manager Muth said the insurance carrier is aware of that program. Trustee Funkey asked if the District is getting any incentive or discount from our insurance carrier based on the participation of the employees. Jimmie Delgado said that since we are fully self-insured, where we are going to see the incentive is in the claims. If the employees are healthy, that means less visits to the doctors and less hospital stays. Our anticipated costs were \$2,135,698.00 on 07/31/2012, \$2,088,511.00 in 07/31/2013 and \$1,952,798.00 on 07/31/14 so the costs are going down.

The next item Manager Muth discussed was the Scada Security Assessment. Manager Muth reported that two months ago he attended the IAWA meeting and there was a very good discussion on different Districts and some of the issues that came about with their Scada Systems and security. It was discovered that some Districts didn't know that their administrative computer and their Scada computer did not have a fire wall and they were synched. Trustee Sotir said they had internet access to the extent where people could have the ability to infiltrate that internet access. Manager Muth said that Rockwell International gave management a presentation on security and assessments and they gave a quote of \$25,160.00 to assess our system's reliability and make recommendations where the system has security issues. Manager Muth said that the Rockwell proposal has some changes needed prior to implementation. Trustee Sotir pointed out a couple of items that weren't detailed enough. One of those items was that there should be an assessment on, for example, how secure a couple of pumping stations are, and it didn't delineate that all of the buildings need to be viewed at the plant. Manager Muth said some Scada modifications are required prior to a Security Assessment commencing. Trustee Childress asked if the assessment was just going to be with Scada or was it going to be enterprise wide. Trustee Sotir said that it would be with Scada. Trustee Detzler asked what the real need is for security on Scada. Trustee Sotir said it's a huge need because the problem that exists is that when you have a system like Scada you put something new into the system and as you ramp up that system you have more vulnerability to the system. She added that we have ramped up significantly since we started with Scada. The concern that was discussed after the IAWA meeting was that we really need to know what our vulnerabilities would be with the system and make sure that

what we have done is not causing us to have holes in the system where we wouldn't have anticipated them being.

Trustee Childress asked if we had some sort of cyber or internal attack and they shut down the Scada System, how would this affect the plant. Manager Muth said it would affect it dramatically. They could shut down the pumps and essentially shut down the plant. Phillipe Moreau said that it is a full assessment of the strengths and weaknesses of the system. Jimmie Delgado said the other issue is that we may not have enough insurance to cover a catastrophic event if they shut down all of the pump stations. Trustee Sotir said that since Scada runs the majority of our system in some way or form that has a significant influence on what we do. She said that one of the concerns that they discussed at the beginning when they were discussing this was how were our systems inter connected because we don't want customer service along with the internal engineering systems. You need to have them separate and we found out that our system is separated but there are also some other minor details of how the system functions. For example, how much internet accessibility there is and what are the fire walls that we have for internet accessibility. Trustee Childress asked if we purchased the Scada System. Phillipe Moreau confirmed that the system was purchased. Trustee Childress asked whether we should look at this as an enterprise such as personnel data, credit card information and all the other administration systems and if there is a value to incorporate the assessment. Trustee Sotir said that Rockwell is specifically geared towards Scada. Trustee Childress said that looking at it as an enterprise and how things are interconnected maybe it would be worthwhile to incorporate the assessment. Manager Muth said that he will take his advice and ask Dan Vargas and David Jungels from our IT Department how they feel about their system and whether there is a company that would assess IBM equipment. Trustee Childress said he is worried about what the cost would be if anything is found and how much it would cost to fix it. Trustee Sotir is confident that they are not going to find much but until an assessment is done you can't be sure.

Trustee Funkey wanted to confirm with Manager Muth if he was looking for approval to get a Proposal for Scada Security Assessment from Rockwell. Manager Muth confirmed that is what he is asking for.

Trustee Childress asked if the Scada System went down would the plant shut down. Joel Ilseman said the plant would shut down but they could run it manually, not as efficiently but it can be done.

Trustee Sotir said that Scada is a wonderful system for us but it has a huge impact on what we do so if we are going to be investing \$25,000.00 into making sure that system is secure then it is money well spent.

Manager Muth said to the Board that if they are ready to approve this he is ready to proceed but if they have any more questions the issue can be brought up at next month's Board Meeting.

It was moved by Trustee Funkey seconded by Trustee Sotir, put to vote and unanimously carried to proceed with the Proposal for Scada Security Assessment after all the questions and modifications to the proposal have been completed and approved and stays within the estimated cost of \$25,600.00.

Manager Muth requested an Executive Session be held to discuss prior six months of executive session minutes, discuss personnel, pending litigation, and related matters. It was moved by Trustee Sotir, seconded by Trustee Funkey 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.

Joel Ilseman reported that the plant is running good and the electrical switch over that was just completed went well.

Jimmie Delgado reported that finances are good and said that plant management did a great job at sorting through the metal scrap from the electrical switch over and by them doing this they got the best price of \$9,500.00.

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.

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

The Meeting temporarily adjourned at 11:00 A.M

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

It was moved by Trustee Detzler, seconded by Trustee Sotir, put to vote and unanimously carried that the status of the Executive Meeting Minutes of December 18, 2013 through May 21, 2014 be approved as recommended by Manager Muth and Attorney Ingemunson.

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

Meeting adjourned at 11:45 A.M.

