



**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF TRUSTEES  
OF FOX METRO WATER RECLAMATION DISTRICT  
HELD WEDNESDAY MARCH 23, 2022**

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, March 23, 2022. Present were, Trustee Judith S. Sotir, Trustee Michael Funkey (via phone), Trustee Christopher F. Childress, Trustee Dave Krahn, and Trustee Randall H. Brown. Also present were Attorney Gregg Ingemunson, District Manager Thomas F. Muth, Assistant District Manager Karen Clementi, Human Resources Coordinator, Patrick Divine, Regulatory Manager, Tim Rubis, Controller, Linnea Scherer, Project Engineer, Drew Zeipen, Engineering, Field & Maintenance Supervisor, Keith Zollers, IT Supervisor, Dan Vargas, Jim Savio from Sikich (via phone), Jason Headings from Meeder Investments (via phone), and Norma Rodriguez.

10950

The bills were presented and read. It was moved by Trustee Childress that the bills that have been presented and paid during the month of February, 2022 be approved in the amount of \$1,441,916.00. Motion was seconded by Trustee Krahn, put to vote and unanimously carried that the bills be paid as presented.

10951

It was moved by Trustee Childress seconded by Trustee Brown, put to vote and unanimously carried that the Treasurer's Report for February 2022 be approved as submitted.

10952

It was moved by Trustee Childress, seconded by Trustee Krahn, put to vote, and the Motion was unanimously carried that the minutes of the February 23, 2022 Board meeting be approved as written. Each of the Trustees having received and read copies of said minutes before the meeting.

In Public Comments, Trustee Sotir on behalf of the Board congratulated all of the employees who celebrated birthdays in the month of March.

The Board congratulated, Instrumentation Technician, III, Nick Devivo for his 10 years of service at the District. Manager Muth thanked Nick for his great work and dedication to the District.

The Board congratulated Brenda Dominguez from the Billing Department on her 5 year anniversary.

Manager Muth introduced Steven Galloway from Field Maintenance, the Delegate who is representing the Union at today's Board Meeting.


With no other Public Comments, it was moved by Trustee Childress, seconded by Trustee Krahn, put to vote and unanimously carried that the Regular Board Meeting be temporarily adjourned for the Committee of Local Improvements.

The Regular Board Meeting temporarily adjourned at 9:40 A.M.

In the Committee of Local Improvements, there was an Investment Strategy Discussion. Mr. Jason Headings from Meeder Investment Management and Mr. Jim Savio from Sikich joined the meeting via Zoom. Manager Muth advised the Board that these gentlemen were present at today's Board meeting to answer questions and address any concerns with regard to investment strategy.

Trustee Childress said he appreciated staff researching what other municipalities are outsourcing their investment management, but what he would like to see is who these municipalities are using and how has their performance been so the District can match that and benchmark it.

Trustee Childress asked Mr. Savio if the Board takes staff recommendation on this investment proposal, is it considered a prudent investment as audited by Sikich? Mr. Savio said that as long as the District is following the Illinois Compiled Statutes and its own Investment Policy there should not be any issues. He said Sikich looks at certain risks through investments to make sure that the District is not exposed to any of those. The biggest risk for investments would be making sure that the investments are held




separately where they are brokered. The brokerage function should be separate from the custodian. Mr. Savio said as long as the staff is addressing that, he does not foresee any particular issues.

Trustee Childress inquired if Mr. Savio has had a chance to review the investment proposal. Mr. Savio said he has not looked at any details, he has only spoken with Linnea and she has given him an overview. From the conversations he has had with Linnea, it does not seem like there would be any issues.

Trustee Childress said he did not fully understand the FDIC limited protection and asked for an explanation of how that is managed. He gave a scenario from 2008 and inquired how the District would have been protected in that instance. Mr. Savio explained that in 2008 the District had a Tri-party Collateral Agreement and explained how the assets were covered. The District has a Letter of Credit with FHLB (Federal Home Loan Bank) which is allowed under compiled Statutes and the District's Investment Policy. FDIC guidelines can be pretty complicated. Discussion ensued

Trustee Childress inquired how the new investment proposal would work in the new environment with Meeder. Mr. Savio said it would be the same way, bank deposits have to be covered so any investments the District has with Meeder would not be covered. Trustee Childress inquired what is the District's protections when they go into that situation. Mr. Savio said it would be the same as any other investment portfolio and there is going to be risk involved.


Trustee Funkey stated after the last Board Meeting he inquired with the State Treasurer and inquired if the State had any vehicle for investments. He received an email from his office with an explanation of the Illinois Funds Program. Trustee Funkey advised that the biggest problem he saw was the security and also the cost. It was described in the last Board Meeting that one company charged \$21,000.00 per year and another charged \$20,000.00 for their services. The amount received is net of cost through the Illinois Funds Program and he understands it is fully guaranteed and there are 14 billion in the fund. Trustee Sotir thanked Trustee Funkey for his efforts. Trustee Childress said he had questions regarding the funds that are shown on the back page of the information Trustee



Funkey provided. He inquired the trendline that it is being followed? Is it Illinois Funds Program, Illinois Investment Trust or a combination of both? Trustee Funkey said as he understands it is all under the Illinois Funds. It has a triple A rating, it is fully liquid, funds can be transferred in and out and the cost is 5 basis points. He spoke to them on March 14<sup>th</sup> and the rate was .240 and the net rate was .233 after costs and it was all protected. He believes the District should look into this. Discussion ensued

Trustee Funkey said from the discussion, there is risk and he does not believe the District should do it. Mr. Savio said that there is going to be risk even with the Illinois Fund Program because the underlined investments are going to be mainly US Treasury Agencies so it is not completely without risk. Its going to be lower risk because they are going to invest in anything under the Illinois Compiled Statute. Trustee Funkey asked which had more risk between a public fund or a private fund. Mr. Savio said it may be the same risk if they are investing in the same investments. It depends on what the private investment company is investing in.

Karen Clementi introduced Mr. Jason Headings from Meeder Investments, Senior Vice President of Investment Funds. Mr. Headings addressed Trustee Funkey's question and said that under Illinois State Law and what his company is recommending today is all the same types of securities that the District has within the Illinois Fund. Whether it be commercial paper, treasuries or US Government Agency. It is all very high-quality types of investments. The one thing that is different when looking at the types of portfolios that are being looked at today versus Illinois Funds and other local government investments around other states is that are not as big in size as the \$14B but operate under the same set of rules. The only big difference here in the risk portion, it is going to be the amount of time that is being invested for. If you take a portfolio like the one that is being looked at today, same type of security and credit profile, we are just going out now and purchasing. For Illinois Funds it is capped at one year, Meeder can go out one year and up to five years and take advantage of some of the higher interest rates. The risk really comes back to Meeder and them doing the proper planning, going through cash flow and making sure that there is no need for those funds during




the course of that time frame. Mr. Headings reiterated that this is the only difference between a risk profile perspective. The good thing about the overall State Statute is that it really does not let you take on much credit risk at all. These are tax payer dollars and we have to make sure that they are safe and secure. Discussion ensued regarding Letter of Credit from the District's current bank, Federal Home Loan Bank and risk.

Trustee Childress questioned part of the hypothetical portfolio Illustration from November. Linnea said Meeder can present a more current one and the percentages will be slightly different. Trustee Childress said he just wants to get an idea of what is zero risk and what potential risk is. The government agency is backed by the FHLB but what about the US Treasuries? Mr. Headings said that is considered risk free across the spectrum in terms of investments. Discussion ensued regarding different investment risks.

Mr. Headings said he has a team that is dedicated to credit research and their main job is to monitor credit that goes through the Credit Committee to make sure to approve what was actually purchased within the portfolio. Trustee Childress inquire if it was safe to say that in the last 30 years there has not been a default. Mr. Headings confirmed that was correct.

Mr. Headings gave a presentation with a detail overview of the services his firm, Meeder Public Funds, provides. They have been servicing the needs of public entities for over 30 years and presently work with more than 300 public entities across the country. Mr. Headings said that Meeder Investment are Registered Investment Advisors and described the types of services his firm provides. He reviewed a hypothetical Portfolio Illustration in detail for the District as of 3/22/22 and gave recommendations to the District. Mr. Headings also gave the Board a list of things the District can expect from Meeder and added that their role is to simplify the process.

Trustee Childress said that it seems that the risk profile Mr. Headings presented is more conservative and at a higher return, he expanded the US Government agencies, he elevated the



commercial paper a little bit, dropped the Bonds. He inquired if it is more conservative because the Federal is not moving up and is that the reason why the returns are more attractive. Mr. Headings said with the Feds moving in anticipation of additional moves from the Feds, the market has already gone ahead and priced in seven rate hikes in the course of the next two years. The rates on the hypothetical analysis are locked in rates. Discussion ensued

Trustee Childress asked Mr. Headings if Meeder has ever had a client that lost principal with this investment methodology. Mr. Headings said that out of their 300 customers, they have only had one and he gave the reason why. Discussion ensued regarding exit fees

Trustee Childress inquired if the District puts its money in US Bank, is it going to get back the same Letters of Credit from them that allows the District to be sure that the funds being held are secure. Mr. Headings said that these are all the same types of things that are permissible as collateral. Rather than having a Letter of Credit, the District owns the actual securities within its account. Trustee Childress wanted to clarify that the only risk is from the time the District transfers the funds to the time Meeder invests it. Mr. Headings said until Meeder invests, the funds will be sitting in a Triple A Money Market fund. Discussion ensued regarding the security of the funds in a Triple A Money Market fund


Trustee Sotir asked Mr. Headings to address the market itself and how do they deal with the volatility of the market. Mr. Headings said that while they have seen a tremendous amount of volatility in the equity market, they saw them up 27% last year and this portion of the year is down 30%. This creates more demand for these types of investments and people are trying to go buy treasuries and more risk-free assets like the ones the District would be investing in. The District is investing in a more desirable type of assets in a very volatile market and it would be at a locked rate. Discussion ensued

Trustee Krahn asked for clarification if the Illinois Funds were capped at one year. Mr. Headings said they have to maintain an average maturity of sixty days or less. If it goes more than one year, the rate actually resets on a daily, weekly or monthly basis but that is a very small portion of the portfolio and 95% of the Illinois Funds are inside the one year. Discussion ensued regarding the hypothetical portfolio illustration, sample securities, sample asset allocation, maturity distribution and the benefits and risks of multi-year type investments.

The amount the District plans to invest is \$15M depending on cash flow and pending projects. Trustee Childress said he has no issues with the risk when he hears that there has never been a default and its backed by the same or better securities especially when 90% goes to government agencies. This is significant for the District's rate payer.

Trustee Childress thanked Trustee Funkey for his help obtaining the information regarding the Illinois Funds. It is his opinion that Meeder is the better route to go, the District has to pay a \$25,000.00 fee but if the District can get \$325,000.00 in return, it would be better. Trustee Childress suggests going back to Old Second and ask them for a best and final rate. Linnea said she will do that and get back to the Board prior to the next meeting. Trustee Childress said we need to keep in mind the local banks and the local money that is invested and the money the District will receive in return which is \$36,000.00 with local banks versus \$325,000.00.

Trustee Funkey stated there were two memos from management and both memos had a recommendation and inquired which members of management wrote the memo. Trustee Childress said the recommendations came from Manager Muth, Karen Clementi and Linnea Scherer. He added that in Meeder's presentation it seemed the return was far in excess of what the Illinois Fund would produce but inquired if that was based on actual numbers or projected numbers resulting from the increase in rates from the Federal Government. Trustee Childress said it was his understanding that it is based on if the District gave Meeder Investments \$15M today the risk profile Mr. Hastings




Illustrated on the presentation, that the return would be “X”. The reason for that is that they are locking in those rates. The District will be receiving 2.15% if the District locked in \$15M today. Based on that risk profile, the mix of the commercial government equities, Trustee Childress said he is comfortable with that set number.

Trustee Funkey said Mr. Savio answered all of the Board’s questions in his presentation but the one item that he has an issue with was that Mr. Savio stated he was not the person to speak with regarding investments. He asked if there was a representative at Sikich to speak with regarding investments because he believes the Board has a duty to invest these funds at the highest and best rate but it has to be risk free or the lowest possible risk. Trustee Childress said that Mr. Savio said that it was within the District’s profile and it is within the normal municipal risk profile. Next year when Sikich audits the District’s investment portfolio, they are not going to tell the District that we are a too high risk. Trustee Childress said Sikich is not going to speak to Meeder or to whatever investment firm the District has unless they were hired in that capacity. Linnea said she does not believe Sikich does investments. Trustee Funkey said Sikich has to review Meeder’s investment strategy to determine whether or not it falls within the District’s risk guidelines. Trustee Childress said that Mr. Savio’s earlier response to that was that today, based on what Meeder is proposing, it does fall into the District’s risk guidelines. Mr. Savio added that Mr. Headings in his presentation covered all the risks that Sikich would have to disclose in the Financial Statement. From an accounting reporting standpoint, it seems like Mr. Headings has covered all the bases and Mr. Savio does not have any concerns.

Trustee Funkey inquired if Trustee Childress said it was a guaranteed return. Trustee Childress said he was not sure if the word guaranteed is accurate but it was a locked in rate. The District is going to go and buy the equities at whatever the rate that would give an average of the 2.152% return. It should not go up or down because the District is purchasing them at that rate for that span of time. Trustee Funkey said he did not understand it to be either locked or guaranteed. Trustee Childress said it was a locked






in rate but 25% expires each year. The first year, the District would get the return at today's rate of 2.15%, next year it could go up or down because the District is only locking in approximately 25% per year on average. Trustee Childress believes it is guaranteed. Linnea said that if the District signs on for a three or four year at 2.15%, it will be that rate until they mature. The shorter ones, whatever rate those end up being, will change slightly but it will be better than what money markets will do.

Trustee Sotir said when she reviewed the information and was taking notes, she looked at Meeder working with District staff to give some balance and redundancy of what they are doing which she believes is a plus. She believes the monthly, quarterly and annual basis reports will be very helpful to the Board. She likes the fact that Meeder has a larger field of expertise nationwide. They are only a trading authority and do not hold the District funds. Also, the cash policy of cash on hand makes Trustee Sotir comfortable with the situation. Linnea said that is what the \$20,000.00 annual fee is paying for. Its not just for getting a better return for the District investments but also Meeder is an advisor to the District, helping with recommendations, cashflow planning and providing status reports.

Trustee Childress asked Mr. Savio if he was sitting on this Board, would he feel comfortable with this. Mr. Savio said he would not have any issues with it because it is all within the perimeters of the Illinois Compiled Statutes and the District's Investment Policy. Whichever custodial preference for investments, it looks like they are separate brokers and it will be held at the US Bank. They are cognizant of the interest rates risks and not having investments too far out and credit risk is guided by Compiled Statutes. Mr. Savio believes everything is fine and he feels comfortable.

Trustee Childress said the only other thing he would like to add is that he would like Fox Metro staff to go back to Old Second Bank and ask them if they can do anything with the rates and if they cannot, and all other Board Members are comfortable, he would like to make a Motion to proceed.



Trustee Funkey said after listening, he feels more comfortable than he was. But he would like to have Mr. Savio's recommendation in writing, in a memo to the Board stating that having examined all of Meeder's presentation and their investment strategy that it complies and it is safe. He said that there is such a difference between what the District is earning today, what is projected through Meeder and what is projected through the State. Trustee Funkey would like to see a memo from District's Management that compares the three so that the Board can see what the three strategies would produce. He said the Board has a duty to the ratepayers to investigate. Trustee Childress agreed and said that Linnea has done a great job in doing the research and had she not done this, the District would not have the opportunity to earn an additional \$300,000.00 per year. He added that this is part of the Board meeting minutes and Mr. Savio stated that this is within the standards. Trustee Funkey said he would like a memo that states that the District will undergo a new strategy and there has been a need to compare different agencies like Old Second National Bank, State of Illinois Funds and Meeder. Trustee Childress asked Mr. Savio if he would be willing to draft a memo stating the above. Mr. Savio said from an independent standpoint, he cannot give a recommendation, he would consider Management participation, which would impair his independence as an Auditor. Mr. Savio reiterated that he did not see any issues in the presentation from Meeder. Attorney Ingemunson said that what he believes Mr. Savio is saying is that based on the presentation given by Meeder, it would fit within the guidelines of the Illinois Compiled Statutes and the Audit. Mr. Savio can't actually guarantee that until he actually completes the Audit. Trustee Funkey said that does not give him any comfort at all. Attorney Ingemunson said Mr. Savio stated that in Meeder's presentation it showed it would pass constitutional muster.

Trustee Funkey inquired if Trustee Childress wants to wait until the next Board Meeting to allow time to communicate with Old Second. Trustee Childress said he would like to make the recommendation, that the Board accepts Meeder's proposal pending a review of the Old Second rate and if they can't match


or come close, accept Meeder's proposal. Trustee Funkey said he would like to propose to wait until next Board Meeting to make a decision, communicate with Old Second Bank in the meantime and any additional information between now and then can be reported by Management. Trustee Childress said that Management, as a courtesy contact Old Second and ask them. He said the risk of waiting is that in the next month, something may happen that lowers the government rates and locking in the 2.15% is significant. Trustee Krahn stated that if staff is going to reach out to Old Second, there has to be a timeline that they have to respond.

Trustee Childress asked Trustee Funkey if he would be comfortable approving Meeder's Rate pending Management reaching out to Old Second Bank and them not being able to match the rate. Trustee Funkey said he would agree to that.

It was moved by Trustee Childress, seconded by Trustee Brown, put to vote, and the Motion was unanimously carried to approve Management's proposal to migrate \$20M to Meeder Investment Group for the purpose of the Risk Profile presented within the District's Investment Policy and give Old Second an Opportunity to match the rate within the next 15 days.

The next item discussed in the Committee of Local Improvements is the Prairie Grove Project. It is a 39-acre proposed development at the southwest corner of Galena Blvd., and Route 47 in Sugar Grove, Illinois. It is a proposed multi lot commercial development. They have paid their full Annexation Fee and the Annexation stipulates that they pay half of their infrastructure fees at the time of signing the IEPA Permit. At the time of the second phase of the development, they will pay the second half of the fees. Manager Muth displayed a map where the development will be built.

The next item in the Committee of Local Improvements, Manager Muth discussed the Hudson Pointe /Emblem Project. This project is an 80 acre development southerly of Wolf's Crossing. The Hudson Pointe Project will be residential with 145 single family homes. The Emblem project will be 14 multifamily buildings with 24 unites per building. Mr. Vince Rosenova and John McFarland with Lennar were present and addressed the Board. Mr. Rosenova



said they have two developments, both under the Lennar umbrella. On the West side will be the 145 single family homes and on the East side, which is the Emblem multi-family community, they have 312 units spread across 14 buildings and a club house.

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

The regular meeting reconvened at 11:01 A.M.


Attorney Gregg Ingemunson addressed the Board with the Attorney's Report. He requested tentative approval of Ordinance 908 and Resolution 993 for SDP Sugar Grove LLC, Annexation Agreement and set Public Hearing for 10:00 A.M., April 20, 2022 at the Board of Trustees Meeting.

It was moved by Trustee Childress, seconded by Trustee Krahn, put to vote and unanimously carried to tentatively approve Ordinance 908 and Resolution 993 for SDP Sugar Grove, LLC, Annexation Agreement and set Public Hearing for 10:00 A.M., April 20, 2022.

Attorney Ingemunson requested tentative approval of Resolution 994 Lennar Multifamily Communities LLC, and CalAtlantic Group, LLC, for Annexation Agreement and set a Public Hearing for 10:00 A.M., April 20, 2022 at the Board of Trustee's Meeting.

It was moved by Trustee Childress, seconded by Trustee Krahn, put to vote and unanimously carried to tentatively approve Ordinance 994 Lennar Multifamily Communities LLC, and CalAtlantic Group, LLC, for Annexation Agreement and set a Public Hearing for 10:00 A.M., April 20, 2022 at the Board of Trustee's Meeting.

Mr. Drew Zeipen addressed the Board with the Engineer's Report. He requested Partial Payment No. 5 to Whittaker Construction in the amount of \$288,793.26 for the North Aurora Pumping Station



Improvements Project. Mr. Zeipen reported that deep excavation was completed, excavators and equipment were removed from the hole, mud mat was formed and poured, and the foundation slab is being formed and rebar is currently being installed. Picture and drone footage were provided to the Board. Discussion ensued Mr. Zeipen answered all questions from the Board in detail.

This month there was a credit of \$82,605.70 for change orders and a big portion of this was a large credit due to potable water break tank not being required by code.

Mr. Zeipen requested approval of Partial Payment No. 4 to Williams Brothers Construction in the amount of \$57,414.81 for the Digester Complex Improvements (DCM-4) Project. Foundation walls were poured and stripped, building plumbing and electrical rough-ins were completed, boiler process piping was installed and pressure tested. Rebar is currently being installed for the floor slab, and electrical service is being finalized.

Mr. Zeipen requested approval of Partial Payment No. 1 to Williams Brothers in the amount of \$57,202.63 for the H3/H4/H5 Vault Improvement Project. A kickoff meeting was held on January 31, 2022, shop drawing submittals are in progress. Work to begin when valves arrive on site, approximately in the summer.

Mr. Zeipen reviewed with the Board planning and design projects.

Trustee Childress inquired what the progress was with Mooseheart. Mr. Zeipen stated that things are going well, staff met with them this week and installed a flowmeter in their sewer pipe in order to begin getting flows and begin sizing the lift station.

Mooseheart is very excited and expedited the schedule to complete the sewer lining this year rather than in two or three year segments. They want to connect to the District sewer system next year. Discussion ensued

10958

It was moved by Trustee Childress, seconded by Trustee Brown, put to vote and unanimously carried that the Engineer's Report be approved as published and payments be made as requested.


Manager Muth addressed the Board with the Manager's Report. He asked the Board to table the first two items on the Manager's Report for next month's Board Meeting Committee of Local Improvements. All trustees concurred to table these items until April 20, 2022, Board of Trustees Meeting.

The next item in the Manager's Report is an update for Solar Field No. 2. Karen Clementi said she and staff have met with AVAYA who is responsible for the contaminated portion of the property. Simple Ray has also been working with AVAYA to maximize the number of panels they can install. An access has to be left for the AVAYA's subcontractor who monitor that area. Simple Ray and staff conducted a phone call approximately three weeks ago and AVAYA has given preliminary approval to proceed with Solar Field No. 2 and they will work with the District. Manager Muth said that Karen did a great job, she was very well prepared for the meeting with AVAYA and it was a success. Manager Muth also thanked Shawn from Progressive for his assistance in this project. AVAYA has a couple requests that the District does not have an issue with. One of the requests is that AVAYA would like to be part of the PR campaign and that seems to be reasonable request.

Trustee Childress inquired if anything has been signed with Simple Ray. Karen said nothing has been signed and Attorney Ingemunson is helping staff in drafting the Agreement. Trustee Childress inquired if Simple Ray has submitted the application to the IEPA. Karen said it was her belief that they had in November. Discussion ensued

10959

Manager Muth continued with the Manager's Report. He requested approval to change May 4, 2022 Board Meeting date to May 11, 2022 and the September 21, 2022 Board Meeting date to September 14, 2022 due to conflict with the IAWA Conferences. It was moved by Trustee Childress, seconded by



Trustee Krahn, put to vote and unanimously carried authorizing the change of the May 4, 2022 Board Meeting date to May 11, 2022 and the September 21, 2022 Board Meeting date to September 14, 2022 due to conflict with the IAWA Conferences.

10960

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

The Regular Board Meeting temporarily adjourned for Executive Session at 11:23 A.M

10961

It was moved by Trustee Funkey seconded by Trustee Childress put to vote and unanimously carried that the Executive Session be adjourned and resume the Regular Board Meeting.

Regular Board Meeting reconvened at 11:59 A.M.

No decisions were made in Executive Session

10962

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.

Meeting adjourned at 12:00 P.M.

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