

**Lake in the Hills Sanitary District
Board of Trustees Regular Meeting Minutes
August 9, 2018**

Roll Call:

The regular meeting was called to order by President Hansen at 7:00 pm at the Sanitary District offices located at 515 Plum Street. Roll call was answered by President Eric Hansen, Trustee Terry Easler and Trustee Cheryl Kehoe. Also present were District Manager Rick Forner, District Attorney Ann Williams and District Treasurer/Clerk Karen Thompson

Approval of Minutes:

Motion was made by Trustee Easler and seconded by Trustee Kehoe to approve the Minutes of the Regular Board Meeting of July 12, 2018 as presented. On a roll call vote, President Hansen, Trustee Easler and Trustee Kehoe voted aye.

Public Comments:

Joseph Greenwood of Blackberry Court in Lake in the Hills was present. He said that he was bothered by comments made by one Trustee at last month's meeting regarding transparency. He further elaborated that less than a year ago, the District was going to purchase land to expand into Kane County and there was no transparency at that time regarding this land purchase. He said that there needs to be a concerted effort to be open to the public and get public input on major decisions. President Hansen responded and indicated that the land purchase was a move made by the former Board. He understands Mr. Greenwood's frustration, but the current Board is now very open and they are all moving in the same direction.

Consent Agenda:

- A. Approval of Ordinance No. 393 – "An Ordinance Levying Taxes for the Lake in the Hills Sanitary District for Fiscal Year 2018- 2019".
- B. Approval of Ordinance No. 394 – "An Ordinance Amending Chapter 4 of the Lake in the Hills Sanitary District's Code of Rules and Regulations".
- C. Approval of Change Order #4 in the amount of \$14,720.00 to AMS Mechanical Systems, Inc. for Aerobic Digester #4 project.

Motion was made by Trustee Easler and seconded by Trustee Kehoe to approve the Consent Agenda as presented (Items A – C). On a roll call vote President Hansen and Trustees Easler and Kehoe voted aye.

Specific Agenda:

None

Accountant's Report:

District Treasurer presented copies of the July 2018 Treasurer reports. She commented that July was a quarterly bill due month. She further stated that we also received two connection/tap on fees in July. These two factors made July a higher revenue month. July was also a higher expenditure month primarily because we paid AMS Mechanical and Energenecs almost \$330,000 for the Digester #4 and Blowers projects. She further stated that, as noted on the Governmental Fund report, we did receive two small property tax installments in July. Expenditures for July were very consistent.

District Treasurer also presented a draft copy of the Annual Treasurer's Report for fiscal year end April 30, 2018. She provided an explanation of this report and indicated that the final copy will be presented to the Board for consideration at the September meeting. Once approved, a copy will be published in the newspaper, added to the District's website and sent to the County.

Trustee Easler wanted to know the percentage of the budget is created from the property tax levy versus user fees. District Manager indicated that this year's levy is approximately \$662,500 out of a total budget of over \$7 million. Therefore, only a very small percentage comes from the levy.

Motion was made by Trustee Kehoe seconded by Trustee Easler to approve the July 2018 Treasurer Reports. On a roll call vote President Hansen and Trustees Easler and Kehoe voted aye.

Approval of Bills:

District Treasurer presented a list of bills for approval. She noted that we did receive the Knight E/A invoice for \$8,000. She further commented that the Attorney's invoice contained some fees for the recovery of the earnest money. Those fees have been listed separately on the report. She continued to state that there were fewer bills on the report this month; most likely because the Board meeting is earlier in the month and we just didn't received all of the bills yet. She further stated that we did not receive our monthly Synagro invoice in time, therefore, next month we will see two bills from them. She also stated that she has copies of the bills if anybody wanted to see any detail.

A motion was made by Trustee Easler and seconded by Trustee Kehoe to approve the List of Bills as presented for payment totaling \$ 154,621.82 with \$ 18,726.50 from the General Corporate Fund, \$ 88,495.32 from the Operations and Maintenance Fund, \$ 47,400.00 from the Construction Fund and \$ 0.00 from the Bond and Interest Fund.

The motion passed after a roll call vote; President Hansen and Trustees Easler and Kehoe voted aye. (A copy of the bills approved will be kept with the Board Meeting documents)

Manager's Report:

District Manager presented a written copy of the July 2018 Managers Report and provided a verbal recap of some items.

In comparison to May and June, July was a relatively dry month. Therefore, the flows to the plant were down significantly.

There were two call outs in July, but neither were the District's issue.

Almost 20,000 feet of televising was done in July. Will also do a large amount in August.

He provided the Board with a copy of the report from the IEPA from the June inspection. It indicates that the plant is operating well and within the permit requirements. The IEPA indicated that they are short staffed and may go to a 3-year inspection cycle instead of an annual inspection cycle.

The floor for Digester #4 was poured today. The next step will be placing the wall sections.

The sewer line between Willow and Oak has been televised and cleaned. He anticipates that the contractor will place the pipe lining next week.

Two of the rehabbed blowers have been placed back in service and have been running for over a week. The additional two blowers will be taken out on Monday for rehab. He anticipates that these will be back in September.

Jar testing was done for the phosphorus study. Those results will be in next week so that the final report can be completed.

He met with Synagro earlier this week regarding the District taking over the pressing portion of the sludge handling. Synagro was open to doing a change order to the contract. He anticipates this change order will be ready for Board consideration at the September meeting. We will need to purchase a used, reasonably priced dump truck and loader. He will speak with the District Attorney regarding how to accomplish this. Trustee Easler asked about purchasing used equipment from another municipality. District Manager said that in the past the McHenry County Municipal League would do an auction of used equipment. He is not sure if that auction is happening anytime soon or if it will be held within the timeframe we need. He further stated that he did speak with Synagro about purchasing their dump truck and they will give him a price. Lastly, we may have to do a month-to-month contract with Synagro if everything is not in place prior to the end of September when the current contract expires. Synagro was fine with that.

Draft financial statements were presented. District Manager indicated that if the Board has questions he can either have the Auditor at the September meeting or he can provide a written list of questions to the Auditor for him to respond to. President Hansen had some questions regarding cash on hand. He wants to make sure that we are not exceeding any limits. District Manager further stated that we are watching this and we do have \$3.5 million in projects on the books that will need to be paid out. He also stated that he has been reducing the levy over the past few years. District Attorney further stated that this is something to be cognizant of because there is an industry of Attorneys who make a living by doing tax objections to municipalities.

He presented a draft copy of Change Order No. 5. It is in draft form because it has not been approved by District staff and is still being reviewed by the Engineer. He provided the Board with specific details on the less than ideal soil conditions around Digester #4. The proposed remedy is to add concrete retaining wall blocks. District Manager indicated that this draft change order is probably a worst-case scenario regarding cost. The Engineer is still working on the details and is looking at these costs. District Manager wanted the Board to be aware of this and to confirm that they are okay with moving forward. If not, construction could be halted. Trustee Easler confirmed that this would be permanent protection and not just temporary. District Manager confirmed that these blocks will stay in place and will get backfilled with the tank. District Manager further stated that this change order #5 would amount to a 3.7% increase in the cost of the contract.

District Manager stated that he has spoken to President Hansen regarding the contracts for Postl-Yore and would like to discuss further with the District Attorney after the meeting.

He updated the Board on the open position for District Engineer. There were nine applications taken out and we received five back. These have been presented to President Hansen and District Attorney Williams. The RFQ indicated that interviews would be done on or after August 15th. District Manager is suggesting that the selection committee interview three firms. His recommendation is to interview Engineering Enterprises, Trotter and Applied Technologies. He indicated that he has no finite position or opinion regarding who is selected, but these three firms look well suited for the District. President Hansen further commented that HR Green works with the Village of Lake in the Hills, which could create some issues. District Manager also indicated that EEI works for the Village of Huntley. President Hansen indicated that he would be unavailable to sit in the interviews for the next two weeks. Trustee Easler offered his availability if needed. District Manager further indicated that we do have some flexibility in scheduling the interviews as long as we can have a recommendation to the full Board at the September meeting. He indicated he will leave that up to President Hansen and District Attorney Williams to decide how or when to proceed with the interviews.

Motion was made by Trustee Easler, seconded by Trustee Kehoe to approve the Manager's report as presented. On a roll call vote President Hansen, Trustee Easler and Trustee Kehoe voted aye.

Engineer's Report:

None

Attorney's Report:

District Attorney indicated that the McHenry County States Attorney has agreed to reopen the quo warranto case. On August 16th a lawyer from Storino Ramello and Durkin will appear before the same judge who heard the original case. This lawyer will present an agreed upon judgement that states that the annexation was invalid and the appointments of President Hansen and Trustee Kane were legal. Since this is an agreed upon position all indications point toward the Judge approving this. This is very good news and having the Judge rule on this will help save time and money for the litigation case to recover the earnest money. She further indicated that the lawyer who will be handling the litigation would like to speak with District Manager and Trustee Easler to walk thru the factual details. They will arrange a time for that.

Lastly, the District Attorney spoke in relation to Mr. Greenwood's comments about transparency. She indicated that the ability to conduct closed meetings does exist under the law. Closed meetings are allowed to discuss such things as litigation or personnel issues. She further stated that under the direction of President Hansen and the new Board there have been no closed session meetings and even things like litigation, which are normally discussed in a closed session, have been discussed in an open forum. This is a new expression of transparency by our current Board and most local governments do not conduct business quite so openly.

Unfinished Business:

Discussion took place regarding the County's RFQ for an assessment of the Sanitary District. Trustee Easler commented that the due date for this has been pushed back. As mentioned previously the other entities involved don't want to pay for the study. He further stated that the Sanitary District Board would need to justify spending money on this study to our users. Trustee Easler indicated that most of District's revenue comes from user fees and not property tax revenue. Therefore, he believes it is an incorrect assumption to state that this will be paid for from the same taxpayer funds who would pay to the County, the City of Crystal Lake or the Villages of Huntley or Lake in the Hills. He has concerns about how much this study will cost and would want to make sure that the benefits are justified to our users before any funds are expended.

Trustee Easler further added that with the tax levy being reduced over the past few years we may have to ask for more from the users. He said that he is not opposed to this study being done, but would like all entities involved to share in the cost. He also stated that he does not believe there are companies out there who will respond due to the uniqueness of the RFQ.

President Hansen further commented that before he was on the Board, and had an outsider's perspective, he thought that consolidation would be easy to accomplish. He now realizes that is not the case, especially since consolidation is such a new process. He further stated that the legislation simply allows consolidation to happen, but doesn't outline how to accomplish it.

District Attorney and District Manager indicated that there is some consolidation going on in Lake County, specifically with the Lakes Region Sanitary District. Trustee Easler indicated that they could help us navigate thru the steps for consolidation.

New Business:

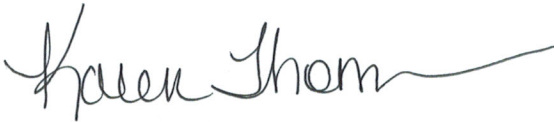
None

Adjournment:

There being no further business to bring before the Board, President Hansen asked for a motion to adjourn the meeting. Motion was made by Trustee Easler and seconded by Trustee Kehoe. The motion passed after a verbal vote. All Board members who were present voted aye.

The meeting was adjourned at 7:35 pm.

Respectfully Submitted,



Karen Thompson,
District Clerk

APPROVED this 13th day of September, 2018.



President Hansen