

**LAKE IN THE HILLS SANITARY DISTRICT  
AGENDA  
REGULAR MEETING  
OF THE BOARD OF TRUSTEES  
November 9, 2017  
7:00 P.M.**

**REGULAR MEETING OF THE BOARD OF TRUSTEES**

**Roll Call**

**Approval of the Minutes.**

**Public Comments**

**Consent Agenda.**

- A. Approval of employee recognition per District Managers recommendation.**
- B. Approval of writing off uncollectible residential accounts per staff's recommendation.**

**Specific Agenda.**

- A. Approval of Invoice from Ancel, Glink, Diamond, Bush, DiCianni & Krafthefer, P.C. dated August 11, 2017.**

**Accountant's Report.**

**Approval of Bills.**

**Manager's Report.**

**Operations Update**

**Engineers Report**

**Attorney's Report**

**Unfinished Business**

**New Business**

- A. District's quarterly bill due date per Section 4.06 of the Lake in the Hills Sanitary District Code of Rules and Regulations.**

**LAKE IN THE HILLS SANITARY DISTRICT  
AGENDA REGULAR MEETING OF  
THE BOARD OF TRUSTEES**

**November 9, 2017**

**7:00 p.m.**

**Page 2**

**B. Proposal of Knight E/A, Inc. to provide an operational assessment of  
the Lake in the Hills Sanitary District.**

**Adjournment.**

**Lake in the Hills Sanitary District  
Board of Trustees Regular Meeting Minutes  
October 12, 2017**

**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 Kyle Kane. Also present were District Manager Rick Forner, District Engineer Brett Postl, District Attorney Ann Williams and District Treasurer/Clerk Karen Thompson.

**Approval of Minutes:**

Motion was made by Trustee Kane and seconded by Trustee Easler to approve the Minutes of the Regular Board Meeting of September 14, 2017. On a roll call vote, President Hansen and Trustees Easler and Kane voted aye.

**Public Comments:**

Joe Greenwood who has been a long time resident of Lake in the Hills spoke about his shock and disappointment about what has happened at the Sanitary District over the past few months. He additionally expressed his disbelief and disappointment with the leadership of the Sanitary District. He further indicated that Illinois has too many taxing entities and he is being driven out of this State due to high taxes. He believes that there should be some recourse for the actions taken by the Sanitary District over the past few months.

**Consent Agenda:**

- A. Approval for the sale of a 2004 Ford Ranger XLT extended cab to Renee Laramie, 7217 Manor Lane, Crystal Lake, Illinois 60014 in the amount of \$2,605.
- B. Approval of Ordinance No. 388 – An Ordinance to Rescind Ordinance 2017-379 Which Authorized The Annexation Of Certain Territory And Property To The Lake In The Hills Sanitary District.

Motion was made by Trustee Kane seconded by Trustee Easler to approve the Consent Agenda as presented. On a roll call vote, President Hansen, Trustee Easler and Trustee Kane voted aye.

**Specific Agenda:**

- ~~A. Award of a contract for the Reconfiguration of Existing Hoffman Blowers, per District Engineers recommendation.~~

District Engineer asked that Item A be removed from the Specific Agenda. He will provide additional details during his report. Specific Agenda item A was removed and no approval was sought.

- B. Approval of Resolution No. 387R – A Resolution to Authorize the Release of Certain Executive Session Minutes of Meetings of the Board of Trustees of the Lake in the Hills Sanitary District.

Motion was made by Trustee Kane, seconded by Trustee Easler.

On a roll call vote President Hansen and Trustees Easler and Kane voted aye to approve Specific Agenda item B and release the executive session meeting minutes dated March 27, 2017, April 27, 2017 and June 15, 2017.

- C. Approval of Invoice from Ancel, Glink, Diamond, Bush, DiCianni & Krafthefer, P.C. dated August 11, 2017.

Motion was made by Trustee Kane, seconded by Trustee Easler to bring Specific Agenda Item C before the Board and create discussion regarding payment on invoice from Ancel Glink dated August 11, 2017.

After much discussion, President Hansen made a motion to table Specific Agenda Item C, Trustee Kane seconded it. On a roll call vote, President Hansen and Trustees Easler and Kane voted aye to table Specific Agenda Item C until next month.

#### **Accountant's Report:**

District Treasurer presented a copy of the September 2017 Treasurer Reports. She commented that we received a grant from the Illinois Public Risk Fund in the amount of \$2,144. You will see this on the General Fund Report. She also updated the Board on the fact that the State of Illinois has decided it will not attempt to recoup the Personal Property Replacement Tax that was overpaid in 2016.

Motion was made by Trustee Easler, seconded by Trustee Kane to approve the September 2017 Treasurer Reports. On a roll call vote President Hansen and Trustees Easler and Kane voted aye.

#### **Approval of Bills:**

District Treasurer presented a list of bills for approval.

A motion was made by President Hansen and seconded by Trustee Kane to approve the List of Bills as presented for payment totaling \$ 286,304.35 with \$ 96,614.45 from the General Corporate Fund, \$ 143,468.71 from the Operations and Maintenance Fund, \$ 46,221.19 from the Construction Fund and \$ 0 from the Bond and Interest Fund.

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

#### **Manager's Report:**

##### **A. Operations Update**

The District Manager presented a written Operations Update which has been filed with the Board Meeting documents.

He also presented a written copy of the September 2017 Managers Report and provided a verbal recap of some items:

- The Districts website will be up and running by the end of the month. 100% of the items may not be included initially as we are continuing to upload documents for that purpose. The District purchased a 1 year subscription to GoDaddy to host our website.
- Brett will update the Board in his report on the Barium testing.
- Updated the Board on the Beehive Assisted Living project. There is a meeting at the Village on Monday to go over the details.
- Flows for September are quite low compared to normal due to low precipitation.
- The CBOD and suspended solids, ammonia and nitrogen are typical and well within our permit requirements.
- We have received an invitation to the Ford School open house on 10/15/17 from 1-4pm.

Motion was made by President Hansen and seconded by Trustee Kane to approve the Managers Report for September 2017. On a roll call vote, President Hansen and Trustees Easler and Kane voted aye.

#### **District Engineer:**

He has been meeting with a Controls expert regarding the older facilities. They have been making improvements in this area.

The District Engineer reported that the reason he asked to remove Specific Agenda Item A is because of the lack of competition in the bids. We have postponed this indefinitely until we can determine why there was a lack of bids. President Hansen asked about the urgency of the project. Engineer indicated that it is a requirement of the EPA. He believes that we are Ok to push this project back a little due to the cold weather coming. Research done a few months back indicated that refurbishment, as opposed to purchasing new, could save the District a couple of 100 thousand dollars. This savings may have dwindled now so he would like to go back and do some additional research.

The work on Digester #4 is going forward. He gave the Board some background regarding the sludge retention process and the volatile solids issue. The EPA has placed restrictions on our Sludge Management contractor regarding volatile solids. When renewal of our contract comes up with them if the volatile solids are high it may result in higher fees from them. Digester #4 will help with the sludge odor and will help allow the sludge to digest longer which will help reduce the volatile solids. Digester #4 will also allow the District to eventually retire the old steel tank.

Continuing to work on testing of Barium. We have 6 weeks of results, which are either at the lab or being sent to the lab. Once these results are back we will be able to review. This work is being done so we can be in compliance with the new EPA requirements that will be implemented over the next few years.

#### **Attorney:**

The District Attorney reported that she and President Hansen met with McHenry County Chair Jack Franks today to discuss the issue of consolidation. She gave some history regarding the 2013 Local Government Reduction and Efficiency Act as it related to DuPage County. In 2016 this law was expanded to include McHenry County. It provided for possible discussion of consolidation of local units of government. The power to pass an Ordinance lies with the County. It is a two step process and she could provide a presentation when appropriate.

She has been directed by President Eric Hansen to prepare a resolution providing for the formation of a Sanitary District Consolidation Study Committee for consideration of the Board at the November

meeting. She further stated that this is not required by the law and it not something that the County has requested

She further stated that the purpose of the Committee will be to determine whether dissolution of the District and consolidation with the Village would be a net positive for taxpayers by streamlining the provision of services, increasing efficiency for customers, eliminating duplication and waste and saving taxpayer money while providing the same or higher level of services to Sanitary District customers, and to make a recommendation to the McHenry County Board.

The Study Committee will be comprised of representatives of the Lake in the Hills Sanitary District, the Village of Lake in the Hills, McHenry County, and others.

Items to be considered by the Study Committee include the District's functions, fiscal sustainability, transparency, accountability, internal controls, audit and opportunities to improve efficiency, streamline structure, and reduce costs.

The plan would be to work up a resolution and move forward with a preliminary study. She said that there is some precedence in DuPage, but it is not the same thing.

She also spoke regarding the regarding the outstanding escrow deposit on the land in Kane County and the broker fees. The next step would be to do a demand letter in an effort to recoup these funds.

#### **Unfinished Business:**

None

#### **New Business:**

None

#### **Audience Participation:**

Lake in the Hills resident Joe Greenwood spoke again. He commented that he realizes consolidation will be difficult and may take a long time to accomplish. He reiterated that the actions taken by the District should be addressed. He has lost confidence in Management and he is not sure what is accurate and what isn't. He believes that something needs to be done immediately to look at the current organization and how it can be improved.

Trustee Easler spoke of the history of the Board and the fact that they have not had a need to micromanage the District as it has been well run by the experienced professionals.

#### **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 President Hansen and seconded by Trustee Easler. The motion passed after a verbal vote. All Board members who were present voted aye.

The meeting was adjourned at 7:58 pm.

Respectfully Submitted,

A handwritten signature in black ink that reads "Karen Thompson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Karen Thompson,  
District Clerk

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2017 .

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President Hansen

# Memo

**To: President and Board of Trustees**

**From: Rick Forner, Manager**

**Date: November 1, 2017**

**Cc:**

**RE: Employee Recognition Recommendations**

I submit to you, for approval at the Regular Meeting of the Board of Trustees, November 9, 2017, the following schedule for this year's employee recognition.

<u>EMPLOYEE</u>	<u>AMOUNT</u>
Rick Forner	\$250.00
John Caccamo	\$225.00
Ross K. Nelson	\$225.00
Karen Thompson	\$225.00
Jerilyn Stahlberg	\$225.00
Mike Nelson	\$200.00
James Olvera	\$200.00
Jennifer Olson	\$200.00
Tamara Mueller	\$200.00
Jessica Maioni	\$200.00
Renee Velasquez	\$200.00





**UNCOLLECTABLE WRITE-OFFS**  
**5/1/17 - 10/31/17**

Law Offices  
ANCEL, GLINK, DIAMOND, BUSH, DiCIANNI & KRAFTHEFER, P.C.  
140 SOUTH DEARBORN STREET  
SIXTH FLOOR  
CHICAGO, ILLINOIS 60603  
Tax I.D. 36-2763103  
(312) 782-7606  
FAX (312) 782-0943

PAST DUE  
PLEASE REPLY

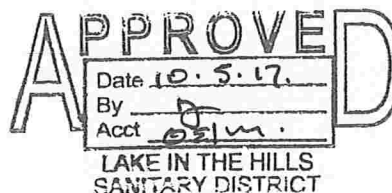
Lake in the Hills Sanitary District  
Mr. Shelby Key, President  
515 Plum Street  
Lake in the Hills, IL 60156

Page: 1  
August 11, 2017  
Account No: 3160505

Summary of Legal Services Rendered

		<u>Fees</u>	<u>Expenses</u>	<u>Advances</u>	<u>Total</u>
3160505.0000	Special Counsel	185.00	0.00	0.00	185.00
3160505.0001	People ex rel Franks v. LHSD, Shelby Key and Terry Easler Case 17 MR 515	25,607.50	154.33	344.85	26,106.68
		<u>25,792.50</u>	<u>154.33</u>	<u>344.85</u>	<u>26,291.68</u>

This bill includes payments through July 31, 2017



Prof. Serv. - Legal.

Law Offices  
 ANCEL, GLINK, DIAMOND, BUSH, DiCIANNI & KRAFTHofer, P.C.  
 140 SOUTH DEARBORN STREET  
 SIXTH FLOOR  
 CHICAGO, ILLINOIS 60603  
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 (312) 782-7606  
 Fax (312) 782-0943

Lake in the Hills Sanitary District  
 Mr. Shelby Key, President  
 515 Plum Street  
 Lake in the Hills, IL 60156

Page: 1  
 August 11, 2017  
 Account No: 3160505.0000  
 Statement No: 58653

Special Counsel

				<u>Hours</u>	
7/5/2017	EMP	Review McHenry County Board 6/20/17 Agenda; draft PAC Request for Review letter		1.00	
		FOR CURRENT LEGAL SERVICES RENDERED		1.00	185.00
RECAPITULATION					
	<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>HOURLY RATE</u>		<u>TOTAL</u>
	Erin M. Pell	1.00	185.00		185.00
	TOTAL AMOUNT DUE				185.00

PAST DUE AMOUNTS					
0 - 30	31 - 60	61 - 90	91 - 120	121 - 180	181+
0.00	13,345.59	0.00	0.00	0.00	0.00

This bill includes payments through July 31, 2017

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Lake in the Hills Sanitary District  
 Mr. Shelby Key, President  
 515 Plum Street  
 Lake in the Hills, IL 60156

Page: 1  
 August 11, 2017  
 Account No: 3160505.0001  
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People ex rel Franks v. LHSD, Shelby Key and Terry Easler  
 Case 17 MR 515

			<u>Hours</u>
7/3/2017	DJP	Review of issues for compliance with FOIA requests and review of correspondence; follow up with Forner on County requests and response concerning posting of a special meeting; confer with corporate counsel regarding position on attendance; various conferences with Key and Forner; case research	3.00
7/5/2017	DJP	Review of agenda and advise district personnel on duties to fulfill FOIA, on posting requirements, on duties with respect to attendance, consult with corporate counsel; follow up with research on oaths	2.50
7/6/2017	KSA	Conduct research regarding the process for filing a quo warranto action in preparation for drafting the Application for Leave	1.00
7/6/2017	KJK	Work on issues related to quo warranto complaint	0.25
7/6/2017	DJP	At request of Easler and Key, prepare for and attend posted "meeting" of new officials, research oaths and bonds; research on carry over of position	1.75
7/7/2017	KSA	E-mails regarding the Quo Warranto action and the response to the Complaint filed by the Jack Franks	0.75
7/7/2017	KJK	Review complaint; review motion for TRO; review Sanitary District Act; work on Response to Motion for TRO; prepare appearance	4.75
7/7/2017	DJP	Review of complaint and assign research and drafting; various conferences with client and with Zukowski law firm; research on Civil Procedure pre-requisites; research ordinance and resolution issue	3.50
7/9/2017	KJK	Continue drafting Response to Motion for TRO	2.50
7/9/2017	DJP	Prepare for TRO, finalize written response	4.00

7/10/2017	KSA	Conduct research regarding the standing requirements to bring a quo warranto action in advance of drafting the Application for Leave; Draft the Application for Leave to file the Quo Warranto Complaint; Draft the Notice regarding the same	2.00
7/10/2017	KJK	Follow up on issues from court; work on next steps	0.50
7/10/2017	KO	Call IDOT and review IDOT map to determine the designation of Square Barn Road; Review McHenry and Kane County highway maps to determine same; Summarize findings of the same	1.00
7/10/2017	KO	Review and analyze documents regarding dedication of portions of Square Barn Road obtained from the McHenry County Recorder's office; Prepare summary regarding same	0.50
7/10/2017	KO	Travel to the McHenry County Recorder's office to find recorded documents regarding Square Barn Road; Discuss and review the same with the Recorder's office	3.00
7/10/2017	DJP	Prepare for and attend court hearing, follow up with clients and prepare for hearing, pull together information; research various arguments for TRO; research on possible appeal options	5.50
7/10/2017	ABS	Assist in identifying highway authority with jurisdiction over Square Barn Road	0.50
7/11/2017	KSA	E-mails regarding the Quo Warranto denial letters and the TRO response; Revise the Application for Leave to File Quo Warranto to reference the denial letters; Examine the Request for Production from the State's Attorney	1.00
7/11/2017	KJK	Continue work on pleadings and strategy; review correspondence from attorney general declining quo warranto	0.50
7/11/2017	KO	Correspond with IDOT to determine right of ways regarding Square Barn Road; E-mail the same; Correspond with representative from McHenry County Department of Transportation regarding same; Obtain document numbers of all the plat and subdivision dedications regarding Square Barn Road in McHenry County	1.00
7/12/2017	KSA	Conferences regarding the Quo Warranto Complaint; Review the Sanitary District Act of 1917 in preparation for revising the Quo Warranto Complaint; Revise the Quo Warranto Complaint, including the addition information from the TRO Response; Revise and finalize the Application for Leave to File a Quo Warranto Complaint	2.75
7/12/2017	DJP	Receive and review discovery requests, forward, assign, initial review of files, follow up on discovery requests; research on public easements	1.50
7/13/2017	KSA	Revise and finalize the Quo Warranto Complaint; Revise and finalize the Application for Leave to file a Quo Warranto Complaint	1.00

7/13/2017	KJK	Review and supplement additions to quo warranto complaint	0.75
7/13/2017	DJP	Review of discovery requests, follow up with Forner and Postl regarding discovery responses	2.00
7/14/2017	KSA	E-mails regarding the Quo Warranto Complaint and Application for Leave; Draft the Requests to Produce to Plaintiff; Draft the Motion to Consolidate the Quo Warranto Complaints; e-mails regarding the requests to produce and the Motion to Consolidate	3.50
7/14/2017	KJK	Finalize pleadings; exchange correspondence regarding same	0.50
7/14/2017	KO	Travel to McHenry County Recorders office to search and get copies of dedications concerning Square Barn Road	3.25
7/14/2017	DJP	Follow up on discovery requests, meet with Easler on discovery, meet with Key on discovery, meet with Forner on discovery, follow up on complaint	2.75
7/16/2017	KO	Review documents obtained from the McHenry County Recorders office regarding Square Barn Road; Prepare summarization of findings relating to same	0.75
7/16/2017	DJP	Finalize documents and requests to County, including e-mails to ASA Blake	2.00
7/17/2017	KSA	Begin drafting the Motion to Dismiss the Quo Warranto Complaint; Conduct research regarding the same	3.50
7/17/2017	KJK	Final revisions to complaint and application	1.00
7/17/2017	DJP	Prepare and file counter-claim quo warranto and attend to service issues	2.50
7/18/2017	KSA	Conduct research on the quo warranto actions and the necessary pleading requirements in relation to the Motion to Dismiss; Conduct research on whether a quo warranto action can be used to challenge an annexation ordinance	2.00
7/18/2017	DJP	Assembling documents for production and creating log	3.50
7/19/2017	DJP	Further review and preparation of discovery responses; brief conference call with State's Attorneys	2.50
7/20/2017	KSA	Draft, revise, and finalize the Motion to Dismiss the Plaintiffs Quo Warranto Complaint	2.50
7/20/2017	DJP	Court appearance and follow up on discovery and counter complaint	3.50
7/21/2017	DJP	Conference call with Hoffman and follow up with client and prepare for depositions	2.50
7/24/2017	DJP	Follow up on discovery production and prepare for depositions;	3.00

research on statutory sections

7/25/2017	DJP	Prepare for depositions, draft correspondence to Hoffman	2.50	
7/26/2017	DJP	Prepare for depositions with Postl, Easler, Key and Forner; review subpoena and follow up with Norkett	3.50	
7/27/2017	DJP	Follow up on subpoena and on preparation for depositions; research on road issues	1.75	
7/28/2017	DJP	Attend depositions of Postl and Key, review production from Franks	6.00	
7/31/2017	DJP	Prepare for and attend depositions	6.50	
FOR CURRENT LEGAL SERVICES RENDERED			<u>107.00</u>	25,607.50

RECAPITULATION

<u>PROFESSIONAL</u>	<u>HOURS</u>	<u>HOURLY RATE</u>	<u>TOTAL</u>
Kurt S. Asprooth	20.00	185.00	3,700.00
Keri-Lyn J. Krafthefer	10.75	260.00	2,795.00
Kathleen O'Grady	9.50	185.00	1,757.50
Derke J. Price	66.25	260.00	17,225.00
Adam B. Simon	0.50	260.00	130.00

7/18/2017	United Parcel Service, fee for Delivery	83.85
7/18/2017	Duplication Costs	154.33
7/18/2017	McHenry County Circuit Court, fee for Filing	261.00
TOTAL COSTS		<u>499.18</u>

TOTAL AMOUNT DUE 26,106.68

PAST DUE AMOUNTS

<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91 - 120</u>	<u>121 - 180</u>	<u>181+</u>
0.00	0.00	0.00	0.00	0.00	0.00

This bill includes payments through July 31, 2017

**LAKE IN THE HILLS SANITARY DISTRICT**  
**MONTHLY TREASURER REPORT - GOVERNMENTAL FUNDS**  
 Month of October, 2017

	MONTH	YTD	BUDGET
<b>Beginning Cash and Investments</b>			
First National Bank	1,590,935.66	1,229,530.22	
Credit Cards	-	(1,534.46)	
<b>TOTAL BEGINNING CASH AND INVESTMENTS</b>	<b>1,590,935.66</b>	<b>1,227,995.76</b>	
<b>Revenues and Receipts</b>			
Real Estate Taxes			
General Fund	2,710.70	271,042.33	273,000.00
Audit Fund	181.79	18,177.39	18,300.00
Chlorination	188.52	18,850.10	19,000.00
Liability Insurance	1,481.25	148,109.94	149,200.00
Social Security	437.64	43,759.54	44,100.00
Retirement	996.49	99,637.73	100,400.00
Replacement Taxes	206.52	818.81	-
Safety Grant Recvd from IL Public Risk Fund	-	2,144.00	
Interest Income	197.56	1,079.43	1,000.00
<b>TOTAL REVENUES AND RECEIPTS</b>	<b>6,400.47</b>	<b>603,619.27</b>	<b>605,000.00</b>
<b>Expenditures</b>			
<b>GENERAL FUND</b>			
<b>PERSONNEL SERVICES</b>			
Salaries of Trustees, Manager, Treasurer & Clerk	13,558.86	79,477.81	168,000.00
<b>CONTRACTUAL SERVICES</b>			
Professional Engineering	-	51,701.89	40,000.00
Legal Services	2,248.75	5,263.75	15,000.00
Other Professional Services	941.00	941.00	5,000.00
	3,189.75	57,906.64	60,000.00
<b>ADMINISTRATIVE EXPENSES</b>			
Printing, Publications	884.06	3,191.46	4,000.00
Office Supplies, Equipment	38.17	156.25	3,000.00
Postage	117.00	243.50	1,000.00
Treasurer's Bond	-	-	3,500.00
Community Affairs	-	35.64	2,000.00
Memberships and Dues	1,936.00	2,306.00	4,500.00
	2,975.23	5,932.85	18,000.00
<b>OPERATING EXPENSES</b>			
Building and Grounds Upkeep	-	4,768.00	12,000.00
Utilities	207.41	3,541.97	28,000.00
J.U.L.I.E.	-	-	2,500.00
Training and Education	-	255.00	2,000.00
Travel Expenses	-	81.73	2,000.00
Computer Hardware, Software & Support	159.83	2,586.74	8,000.00
	367.24	11,233.44	54,500.00
<b>CONTINGENT AND MISCELLANEOUS EXPENSES</b>			
Not Otherwise Appropriated	-	85.00	1,000.00
	-	85.00	1,000.00
<b>TOTAL GENERAL FUND</b>	<b>20,091.08</b>	<b>154,635.74</b>	<b>301,500.00</b>



**Expenditures (continued)**

CHLORINATION FUND	1,743.60	2,397.00	24,000.00
	<u>1,743.60</u>	<u>2,397.00</u>	<u>24,000.00</u>
AUDIT FUND	-	16,700.00	20,000.00
	<u>-</u>	<u>16,700.00</u>	<u>20,000.00</u>
PUBLIC LIABILITY INSURANCE FUND			
Workers' Compensation	-	8,446.00	21,000.00
Property	36,671.00	36,671.00	43,000.00
Vehicles	11,385.00	11,607.00	15,000.00
General Liability	25,278.00	25,278.00	70,000.00
Administrative Fee	-	252.00	800.00
	<u>73,334.00</u>	<u>82,254.00</u>	<u>149,800.00</u>
SOCIAL SECURITY FUND	<u>3,973.23</u>	<u>25,848.67</u>	<u>50,000.00</u>
IMRF FUND	<u>9,878.12</u>	<u>62,206.92</u>	<u>130,000.00</u>
OTHER EXPENDITURES (RECEIPTS)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>109,020.03</u>	<u>344,042.33</u>	<u>675,300.00</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(102,619.56)</u>	<u>259,576.94</u>	<u>(70,300.00)</u>
Ending Cash and Investments			
First National Bank	1,487,066.16	1,214,208.97	
Credit Cards	<u>(137.03)</u>	<u>(122.37)</u>	
TOTAL ENDING CASH AND INVESTMENTS	<u>1,486,929.13</u>	<u>1,214,086.60</u>	
GENERAL CORPORATE FUND			

**LAKE IN THE HILLS SANITARY DISTRICT**  
**MONTHLY TREASURER'S REPORT - O&M/SEWERAGE FUND**  
Month of October, 2017

		MONTH	YTD	BUDGET
<b>Beginning Cash and Investments</b>				
First National Bank - O & M Account	O&M	332,679.70	591,000.14	
First National Bank - Certificate Fund	Bond & Int	72,326.61	35,581.38	
First National Bank - Depreciation Account	Construction	1,485,460.57	1,439,040.41	
First National Bank - Surplus Funds	Construction	15,034.34	55,994.07	
First National Bank - Bond & Interest Fund	Bond & Int	534,744.53	445,863.97	
First National Bank - Sinking Funds	Bond & Int	429,327.56	355,362.64	
Algonquin Bank & Trust - Cash Mgr	O&M	2,454,644.96	2,686,621.18	
Algonquin Bank & Trust - Operating	O&M	-	1,005.00	
Home State Bank	O&M	36,635.36	32,557.72	
Illinois State Bank	O&M	23,925.35	21,779.86	
Credit Cards		(1,329.60)	(352.69)	
<b>TOTAL BEGINNING CASH AND INVESTMENTS</b>		<b>5,383,449.38</b>	<b>5,664,453.68</b>	
<b>Revenues and Receipts</b>				
Sewer Bill Income		777,928.90	1,871,325.38	3,600,000.00
Septage Income		19,827.60	144,795.20	230,000.00
Wastewater Discharge Income		54.50	15,183.55	45,000.00
Refunds		(1,015.20)	(3,006.71)	-
Connection/Tap-On Fees		20,800.00	46,800.00	100,000.00
Annexation Fees (inc. GIS)		-	-	5,000.00
Downstream & Misc Charges		1,789.50	1,789.50	500.00
Liftstation Recapture		-	-	-
Gain/Loss - Sale of Equipment		2,605.00	2,605.00	-
Interest Income		2,590.56	12,844.32	5,000.00
<b>TOTAL REVENUES AND RECEIPTS</b>		<b>824,580.86</b>	<b>2,092,336.24</b>	<b>3,985,500.00</b>
<b>Expenditures</b>				
<b>PERSONNEL SERVICES</b>				
District Personnel Salaries		38,378.93	258,412.96	580,000.00
<b>ADMINISTRATIVE EXPENSES</b>				
Telephone		229.13	1,382.69	3,000.00
Postage		303.39	9,603.22	20,000.00
Printing and Publications		584.00	773.10	2,000.00
Office Supplies		201.81	3,575.39	8,000.00
Collection and Billing Expenses		3,828.20	30,588.12	80,000.00
Professional Service		642.80	20,240.37	5,000.00
Training, Travel and Education		-	220.00	5,000.00
Computer Hardware, Software, and Support		843.65	10,635.52	20,000.00
Community Affairs		-	555.30	2,000.00
Medical and Life Insurance		14,256.44	87,102.23	195,000.00
		20,889.42	164,675.94	340,000.00
<b>OPERATIONS AND MAINTENANCE</b>				
Operating Supplies		7,317.52	29,127.09	60,000.00
Maintenance and Repair (Plant)		5,945.88	63,286.41	130,000.00
Maintenance and Repair (Collection Systems)		10,322.53	73,290.34	295,000.00
Utilities and Energy		32,278.63	185,641.95	378,000.00
Grounds Upkeep		1,374.41	10,719.35	30,000.00
Gasoline/Oil		1,598.14	6,065.54	15,000.00
Computer and Support Services		-	99.95	2,000.00
Emergency Communications		3,958.94	28,704.32	48,000.00
Sludge Management		33,690.63	232,586.35	500,000.00
Professional Services		3,262.41	8,315.36	24,000.00
Residential Reimbursement		-	-	10,000.00
Compliance Requirements/Permits		-	17,500.00	28,000.00
GIS		-	-	10,000.00
		99,749.09	655,336.66	1,530,000.00

**Expenditures (continued)****CAPITAL IMPROVEMENTS**

New Construction	46,221.19	443,825.05	3,000,000.00
Plant Equipment	-	16,900.00	30,000.00
Collection System	-	-	280,000.00
Vehicles	-	29,790.00	50,000.00
Legal Expense	-	-	5,000.00
Engineering Expense	18,470.38	122,071.81	375,000.00
Bond, Finance Consulting Expense - Series 2014A	-	-	1,000.00
	<u>64,691.57</u>	<u>612,586.86</u>	<u>3,741,000.00</u>

**BOND TRANSFERS**

2008 Debt Certificates, Principal	-	-	100,000.00
2008 Debt Certificates, Interest	-	28,293.76	60,000.00
Administration Fees - 2008 Debt Certs	-	-	3,500.00
	<u>-</u>	<u>28,293.76</u>	<u>163,500.00</u>
Series 2014 Bond, Principal	-	-	100,000.00
Series 2014 Bond, Interest	-	57,493.75	118,000.00
Administration Fees - 2014 Series Bond	-	-	3,500.00
	<u>-</u>	<u>57,493.75</u>	<u>221,500.00</u>

**CONTINGENT AND MISCELLANEOUS EXPENSES**

Not Otherwise Appropriated	<u>2,524.43</u>	<u>2,524.43</u>	<u>3,000.00</u>
	<u>2,524.43</u>	<u>2,524.43</u>	<u>3,000.00</u>

**TOTAL EXPENDITURES**

<u>226,233.44</u>	<u>1,779,324.36</u>	<u>6,579,000.00</u>
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**EXCESS OF REVENUES OVER (UNDER) EXPENDITURES**

<u>598,347.42</u>	<u>313,011.88</u>	<u>\$ (2,593,500.00)</u>
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**Ending Cash and Investments**

First National Bank - O & M Account	O&M	582,875.80	376,199.49
First National Bank - Certificate Fund	Bond & Int	85,336.20	48,586.29
First National Bank - Depreciation Account	Construction	1,508,793.57	1,446,961.99
First National Bank - Surplus Funds	Construction	38,820.01	36,529.72
First National Bank - Bond & Interest Fund	Bond & Int	537,282.15	510,471.32
First National Bank - Sinking Fund	Bond & Int	444,126.89	370,152.55
Algonquin Bank & Trust - Cash Mgr.	O&M	2,716,781.87	2,725,881.72
Algonquin Bank & Trust - Operating	O&M	1,436.00	93.00
Home State Bank - Now Account	O&M	40,386.52	32,731.35
Illinois State Bank	O&M	25,648.14	21,860.24
Credit Cards	O&M	<u>(791.37)</u>	<u>(1,369.13)</u>

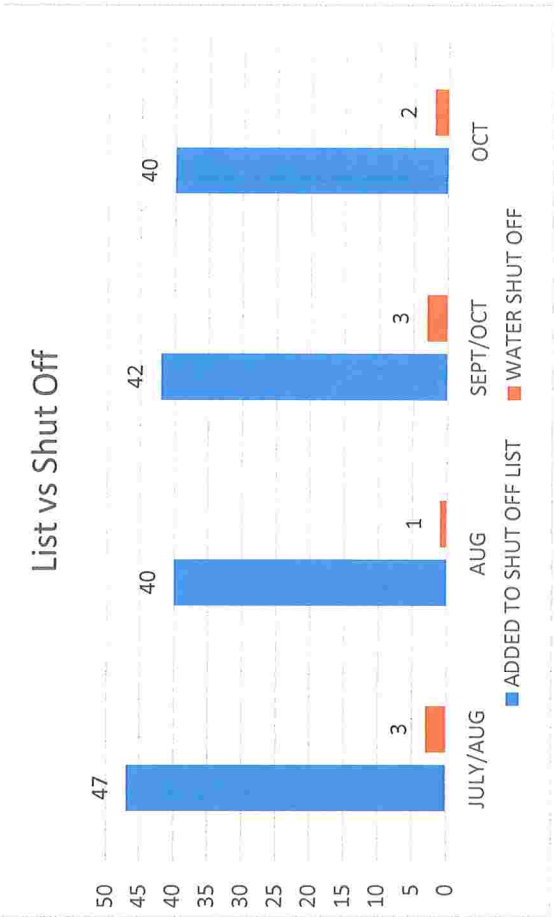
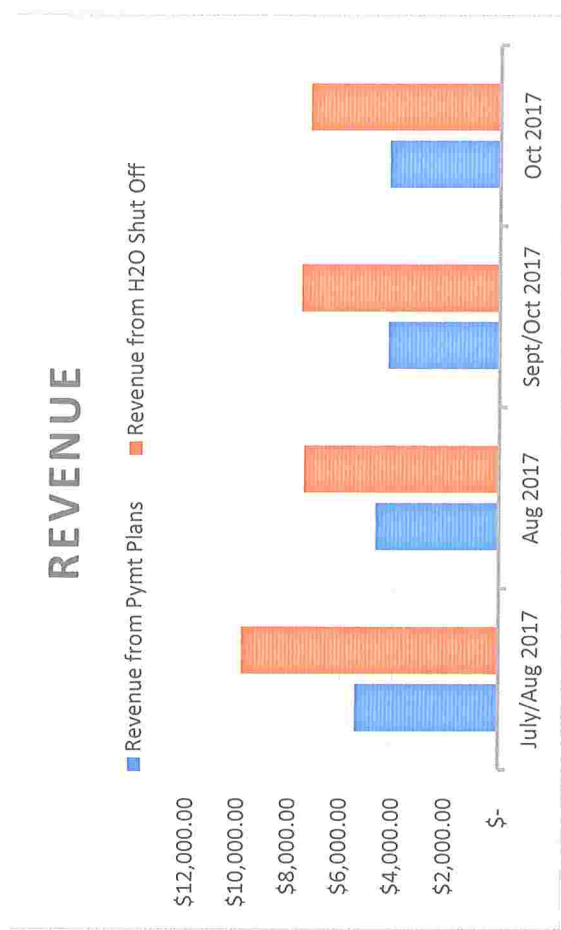
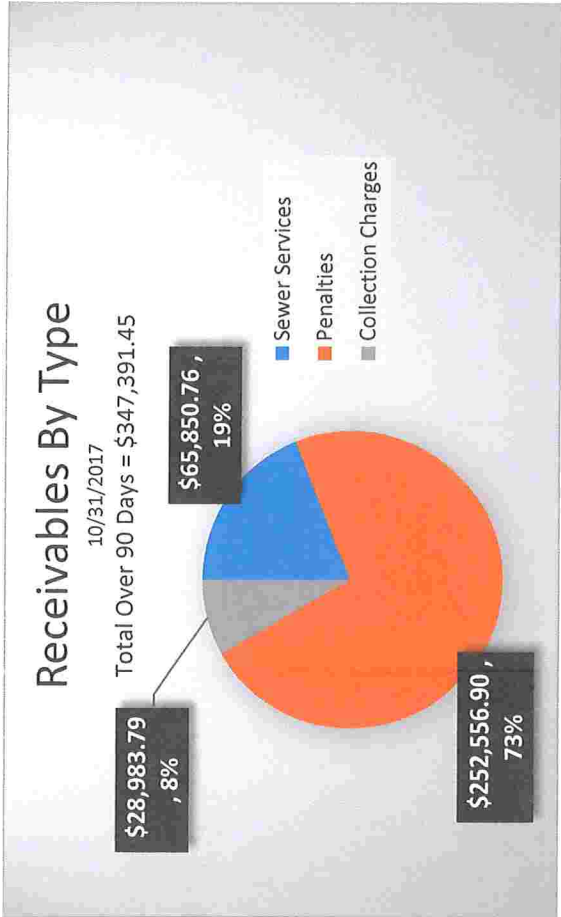
**TOTAL ENDING CASH AND INVESTMENTS**

<u>5,980,695.78</u>	<u>5,568,098.54</u>
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**SEWERAGE FUND**

Accounts Receivable Analysis

October 2017



Monthly Shut Off Summary

Lake in the Hills

- 2 Shut off – Both paid in full post shut off.

Huntley

- NONE

Crystal Lake

- NONE

**LITH SANITARY DISTRICT  
Bills Paid Before Meeting  
November 9, 2017 Meeting Date**

Name	Memo	Amount
<b>General Fund</b>		
TOTAL GEN FUND TO BE PAID BEFORE MEETING		\$ -
<b>O &amp; M Fund</b>		
AT&T	Emerg Comm	\$ 274.92
Kane County Records Office	Printing & Pub - Recording of Ord No. 388	\$ 47.00
TOTAL O & M TO BE PAID BEFORE MEETING		\$ 321.92

**LITH SANITARY DISTRICT  
Recurring Bills  
November 9, 2017 Meeting Date**

Name	Memo	Amount
<b>General Fund</b>		
Illinois Municipal Retirement Fund	Employer Portion of IMRF - October 2017	\$ 9,878.12
United States Treasury	District Pd Payroll Taxes (SS & Med)	\$ 3,973.23
TOTAL GENERAL FUND RECURRING BILLS		\$ 13,851.35
<b>O &amp; M Fund</b>		
Humana	Health Insurance Premiums	\$ 14,256.44
Payment Services Network	Collections Expenses September 2017	\$ 380.95
TOTAL O & M RECURRING BILLS		\$ 14,637.39

Approved \_\_\_\_\_

\_\_\_\_\_  
President Hansen

**LITH SANITARY DISTRICT - Governmental Fund**  
**Bills Presented to Board for Approval**  
**November 9, 2017**

Name	Memo	Amount
<b>GENERAL CORP FUND BILLS</b>		
Costco Wholesale	Membership/Dues	\$ 120.00
First National Bank of Omaha - Visa	Membership, Software Support, Pub, Computer Support	\$ 236.98
Hawkins Inc	Chlorination	\$ 2,180.40
Interstate Gas Supply	Utilities - Nat Gas	\$ 5.31
Jones Insurance Services	Cont & Misc/Not Otherwise Appropriated - Trustee Bonds	\$ 150.00
Nicor Gas	Utilities - Nat Gas	\$ 204.50
Water Environment Federation	Membership/Dues	\$ 170.00
<b>TOTAL GENERAL CORP FUND BILLS</b>		<b>\$ 3,067.19</b>

**LITH SANITARY DISTRICT - O&M/Sewerage Fund**  
**Bills Presented to Board for Approval**  
**November 9, 2017**

Name	Memo	Amount
<b>O &amp; M BILLS</b>		
Air Filter Engineers	Maint/Repair - Plant, Blowers	\$ 184.05
Airgas USA LLC	Maint/Repair - Plant	\$ 92.26
Ansercall 24 LLC	Emerg Comm	\$ 100.00
AT&T	Emerg Comm	\$ 3,139.57
AT&T	Emerg Comm, Decatur LS	\$ 136.45
Automatic Control Services	Pro Svs	\$ 339.15
AutoZone, Inc.	Maint/Repair - Vehicles, 550 Crane Truck	\$ 125.48
AutoZone, Inc.	Maint/Repair - Vehicles, Dakota	\$ 33.59
Calco, Ltd. Inc.	Supplies - Lab	\$ 108.00
Cintas Corp	Supplies - Personnel	\$ 1,007.05
Comcast Cable	Comp Support & Telephone	\$ 354.59
ComEd, Inc.	Utilities - Coll Sys Beach	\$ 74.49
ComEd, Inc.	Utilities - Coll Sys Dam	\$ 269.18
ComEd, Inc.	Utilities - Coll Sys Meadowbrook	\$ 221.58
Controls Consulting Inc	Maint/Repair - Collection Sys, Pyott Rd LS	\$ 675.00

Controls Consulting Inc	Engineering	\$	560.00
Controls Consulting Inc	Pro Svs	\$	1,960.00
Dynegy Energy Services	Utilities - Concord, Decatur & Pyott LS & Plant	\$	23,921.48
Element Materials Tech Daleville LLC	Pro Svs Lab	\$	469.90
First National Bank of Omaha - Visa	Pro Svs Intuit Fees, Personnel Supplies	\$	262.96
Flood Brothers Disposal & Recycling Svs	Building/Grounds	\$	318.00
Fox Valley Fire & Safety	Pro Svs	\$	80.70
Fox Valley Fire & Safety	Maint/Repair - Plant	\$	24.74
Grainger, Inc.	Oper Supplies	\$	512.24
Karen Thompson - Reimbursement	Medical & Hlth Insurance	\$	500.00
Liberty Process Equipment Inc	Maint/Repair - Plant, Moyno Pump P-1220	\$	369.00
Liberty Process Equipment Inc	Maint/Repair - Plant, Moyno Pump P-1220	\$	82.00
Logsdon Office Supply	Office Supplies	\$	101.57
Logsdon Office Supply	Office Supplies	\$	123.81
Logsdon Office Supply	Office Supplies	\$	100.13
Logsdon Office Supply	Office Supplies	\$	18.50
Logsdon Office Supply	Office Supplies	\$	7.05
Logsdon Office Supply	Office Supplies	\$	304.35
McHenry County Recorder	Collections , Printing & Publications	\$	97.50
Michael Kruse	Grounds Upkeep	\$	7,220.00
PetroChoice LLC	Gas/Fuel	\$	904.77
PetroChoice LLC	Oper Supplies - Grease	\$	104.90
PetroChoice LLC	Gas/Fuel	\$	732.04
Postl-Yore and Associates	Engineering - Gen Svs	\$	1,020.00
Postl-Yore and Associates	Engineering - Barium	\$	3,722.25
Postl-Yore and Associates	Engineering - Plant Capacity	\$	1,639.75
Ryco Landscaping	Grounds Upkeep	\$	1,480.00
Suburban Laboratories, Inc.	Compliance Requirements/Permits	\$	2,145.00
Suburban Laboratories, Inc.	Pro Svs Lab	\$	528.00
Synagro WWT	Sludge Mgt	\$	36,528.65
Technology Masters Inc	Computer Support	\$	795.00
Technology Masters Inc	Computer Support	\$	31.25
The Home Depot	Supplies Maint & Grounds Upkeep	\$	612.83
The Sherwin Williams Co.	Maint/Repair - Plant, VLR Blowers	\$	76.93
United Laboratories	Supplies - Maint	\$	332.60
USA BlueBook	Maint/Repair - Plant	\$	1,348.68
Verizon Wireless	Emerg Comm	\$	334.54
Village of Lake In The Hills	Collections - 10/24/17 Shut Off Fees	\$	157.50
Warehouse Direct	Pro Svs	\$	22.27
Water One, Inc.	Supplies - Personnel	\$	70.00
Wilkens-Anderson	Supplies - Lab	\$	185.55
Zieglers Ace Hardware	Supplies - Maint	\$	259.32

**TOTAL O&M FUND BILLS**

**\$ 96,926.20**

**CONSTRUCTION FUND BILLS**

Controls Consulting Inc	Engineering - Fiber Optics	\$	1,400.00
Controls Consulting Inc	Engineering - Air Supply	\$	2,100.00
Controls Consulting Inc	Engineering - Air Supply	\$	1,680.00
Controls Consulting Inc	Engineering - 2014 Bonds	\$	1,820.00
Peerless Fence/Gate Options	New Construction	\$	9,795.00
Postl-Yore and Associates	Engineering - Digester #4	\$	12,401.75
Postl-Yore and Associates	Engineering - Electrical	\$	15,384.63
Postl-Yore and Associates	Engineering - Air Supply	\$	1,306.00
The Fence Store	Access Gate	\$	1,500.00

**TOTAL CONSTRUCTION FUND BILLS**

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\$	47,387.38
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**BOND & INTEREST FUND BILLS**

Ehlers & Associates	Admin Fees 2014 Bonds (Continuing Disclosures)	\$	750.00
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**TOTAL BOND & INTEREST FUND BILLS**

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\$	750.00
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GRAND TOTAL OF ALL BILLS PRESENTED FOR APPROVAL IS \$ 176,941.43 OF WHICH \$ 16,918.54 IS FROM THE GENERAL CORPORATE FUND, \$ 111,885.51 IS FROM THE OPERATIONS AND MAINTENANCE FUND, \$ 47,387.38 IS FROM THE CONSTRUCTION FUND, AND \$ 750.00 IS FROM THE BOND AND INTEREST FUND.

Approved \_\_\_\_\_

\_\_\_\_\_  
President Hansen





# **LAKE IN THE HILLS SANITARY DISTRICT**

515 PLUM STREET • LAKE IN THE HILLS, ILLINOIS 60156 • 847-658-5122 • FAX 847-658-4523

November 7, 2017

To: LITHSD Board of Trustees  
From: Rick Forner, District Manager  
Subject: Manager's Report

## **Trustee Bonding**

Trustee bonding has been finalized and copies of bonds have been distributed to all Trustees and a copy has been submitted to the McHenry County Administrator.

## **Transparency**

The new District web site is now active and can be found by typing lithsd.com in the address bar at the top of your web browser. We are still gathering and adding some additional information to make the site complete. Please take an opportunity to review and offer any comments you may have.

## **Billing**

Next billing date will be the end of December 2107. As per the agenda, there will be discussion on the bill due dates for the District. Currently the District's Code of Rules and Regulations stipulate that the bills are due on the 15<sup>th</sup> day after the bills are mailed.

## **Barium**

The testing of Barium concentrations in the raw water, finished water and filtrate backwash for the Village of Lake in the Hills Wells 11, 14 and 15 and the influent and effluent of the District's Water Pollution Control Facility is completed. The Village of Huntley is testing the raw water, finished water and filtrate backwash from Well #8 as the Well was recently put back on line due to maintenance of the filters.

## **Holiday Schedule**

The District offices will be closed on November 23<sup>rd</sup> and 24<sup>th</sup> in recognition of the Thanksgiving holiday.

**Uncollectable Write Offs**

Uncollectable write offs are brought before the board semi annually to ratify the actions of District Management. As you will note that a majority of the write off is on the penalties. This is done primarily to bring the bill down to a manageable range to be paid by the customer through payment plans. You will note that the total amount billed was \$29,805.12 of which \$14,371.97 was collected and \$15,886.38 was written off. Of the \$15,886.38 written off \$13,093.12 was in penalties.

# LAKE IN THE HILLS SANITARY DISTRICT



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## LITHSD Info

### Office Hours

Monday - Friday 8:00am - 3:30pm

### Address

515 Plum St. Lake in the Hills, IL  
60156

**Phone:** 847.658.5122

**Fax:** 847.658.4523

**Email:** [contactus@lithsd.com](mailto:contactus@lithsd.com)



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## The Lake In The Hills Sanitary District

### Mission Statement

The mission of the Lake in the Hills Sanitary District is to Protect Public Health, Protect the Natural Environment, Maintain Public Trust and assist other units of local government in achieving prosperity. We accomplish this by efficiently collecting wastewater and providing treatment that exceeds the IEPA permit requirements while retaining and developing qualified staff and exceeding present community needs while planning for the future.



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# MANAGER'S REPORT

## Month of October, 2017

<u>Customers:</u>	CURRENT	TOTAL for YEAR	DATA for October 2016
Total accounts thru October 2017:	11,686		11,669
New Customers:	3	11	2
Connections:	1	12	0
Permits Issued:	4	14	1
Permits Issued Past 13 Months:	18		
Total Permits Issued to Date:			
<i>Residential:</i>	10,045		
<i>Commercial:</i>	121		
<i>Industrial:</i>	1		

### ILLINOIS E.P.A. SANITARY SEWER EXTENSION PERMITS ISSUED PAST 12 MONTHS

NAME	PE	DWELLINGS	
Bear Paddle Swim School	50	Pool Facility	(March 2017)
Melody Living of Lake in the Hills	388	Assisted Living	(September 2017)

### COLLECTION SYSTEM EMERGENCY RESPONSES:

DATE	LOCATION	PROBLEM	DISTRICT PROBLEM
10/30/17	504 E. Oak Street	Service Line Blocked	No

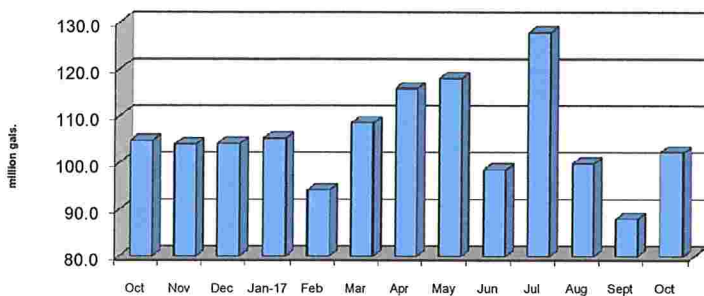
### COLLECTION SYSTEM ACTIVITIES:

District personnel televised 41 line segments of sanitary sewer totaling 7,090 lf.  
District personnel cleaned and root cut 1,430 lf of sanitary sewer.

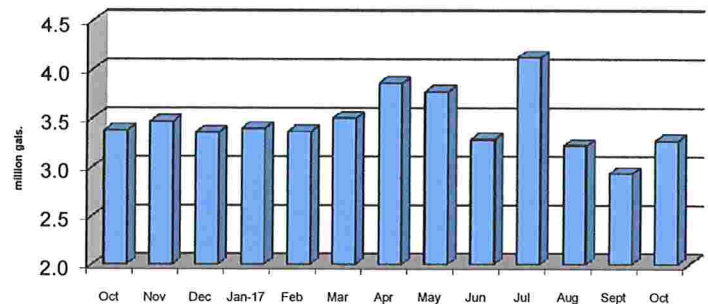
### FLOWS:

Total Flow for Month:	102.184	million gallons
Average Daily Flow:	3.270	mgd
Maximum Daily Flow:	5.979	mgd (10/16)
Precipitation Total:	7.41	inches
Historical Monthly Precipitation Avg.:	2.91	inches
Septage Accepted:	319,032	gallons

**Total Monthly Flows**



**Monthly Average Daily Flows**



# MANAGER'S MONTHLY REPORT

October, 2017

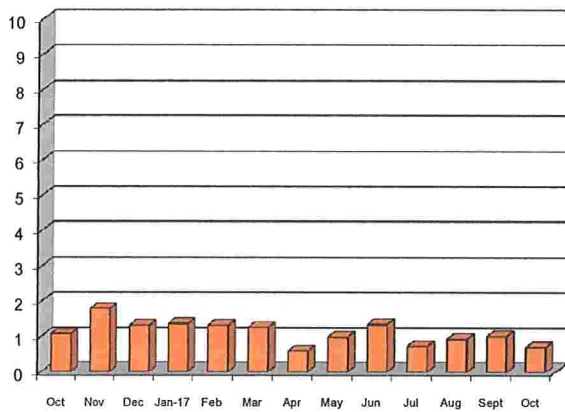
Page 2

## TREATMENT PLANT OPERATIONS:

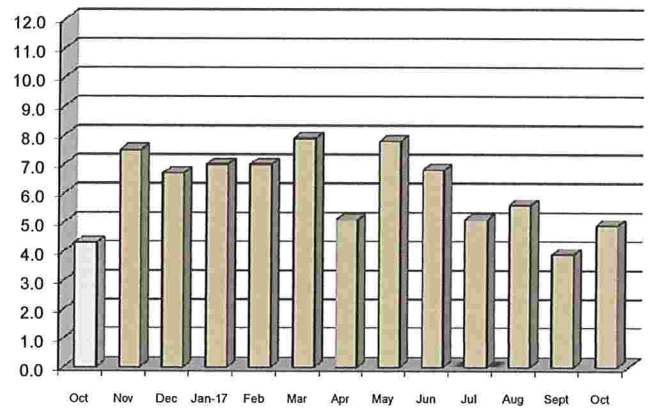
	<u>Average in</u>	<u>Average out</u>	<u>Average % reduction</u>
C.B.O.D:	126 mg/L	0.7 mg/L	99.4%
Total Suspended Solids:	287 mg/L	4.9 mg/L	98.3%
Ammonia Nitrogen:	14.5 mg/L	0.06 mg/L	99.6%
Phosphorus:		0.66 mg/L	
Fecal Coliform:		86 colonies (daily max.)	

This data represents the monthly averages taken from District records and not yet submitted to the Illinois E.P.A.

**Effluent Monthly Average -  
CBOD**



**Effluent Monthly Average -  
Total Suspended Solids**



Shaded = Filters By-Passed Either Fully or Partially.

## PLANT OPERATIONS SUMMARY:

Wasted:	3.565 million gallons
Decanted:	0.000 million gallons
Thickened	3.620 million gallons
To Digester	0.901 million gallons
Pressed	0.785 million gallons

## PERSONNEL ACTIVITIES:

None

Respectfully submitted,

Rick Forner, Manager



## KNIGHT

Engineers & Architects

October 30, 2017

Ann Williams  
Counsel Lake In the Hills Sanitary District  
Storino, Ramello & Durkin  
9501 West Devon Avenue  
Rosemont Illinois 60018

Re: Proposal

Dear Ms. Williams;

Knight E/A, Inc. is pleased to submit this proposal for professional services related to the assessment of the Lake in the Hills Sanitary District operations. Knight understands that the County and the District are considering consolidation of the District with the Village of Lake in the Hills. Recent financial audits indicate that the District is financially in good order. We understand that the District is now in need of an assessment of the operations, professional service contracts and the associated fees, the construction contracts and awarded values, engineering services, and current and future staffing needs.

### **Scope of Services**

The Lake in the Hills Sanitary District provides wastewater collection and water pollution control funded through taxes and user fees to roughly 40,000 residents (11,700 residential customers) within 11 square miles. The District serves the Village of Lake in the Hills and relatively small areas of the City of Crystal Lake and the Village of Huntley. This assessment is limited the following items and not intended to evaluate the District's wastewater treatment process.

Knight proposes to perform the following services to assist in this assessment:

1. Visit the Lake in the Hills facilities to tour the operations and conduct interviews with key staff to identify/assess their roles/functions in operating the facility.
2. Review of District files related to procurement of engineering services and contractors as wells as review of the executed professional service contracts and construction contracts. This information will be provided by the District and or by their Engineer.
3. Review available reports that assess the condition of sanitary sewer mains and treatment plant.
4. Review of relevant documents such as Technical Reports supporting past and future facility improvements.
5. Prepare a brief report summarizing the evaluation process and the documents reviewed, observations/conclusions and any recommendations as applicable.
6. Attend one meeting with the District to discuss and answer questions related to this assessment.

This work is potentially the first Phase in evaluating the Sanitary District's operations. A more in depth Phase II assessment can be performed pending the initial findings.

KNIGHT

**Schedule of Performance**

Knight is prepared will work with the Client to develop the preferred schedule for the work. The completion of this assignment is dependent on District's Engineer providing Knight with necessary technical reports as well as District staff providing copies of various documents and access to the Districts files. We expect that the work will be completed within 2 months of a notice to proceed.

**Compensation**

Knight proposes to perform this work for a lump sum fee of \$8,000.

We appreciate the opportunity to present this proposal and look forward to working with you on this project.

Respectfully Submitted,

KNIGHT E/A, INC.

A handwritten signature in blue ink, appearing to read "Daniel G. Kavanaugh".

Daniel G. Kavanaugh, P.E.  
Senior Vice President

**Attachment A**  
**General Terms and Conditions**

- 1. General Conditions.** The Terms and Conditions set forth herein and in the attached cover letter constitute and offer by Knight E/A, Inc. ("Knight") to perform for the Company to whom this letter is addressed ("Client"), all of the professional design services described in said cover letter as Scope of Services ("Services") for Client's project as defined therein ("Project"). Knight's offer becomes a contract on these same terms and conditions when accepted by Client. This contract supercedes all previous understandings, if any, and constitutes the entire agreement between Knight and Client relating to the Services. Pre-printed terms and conditions on Client purchase orders are not accepted regardless of when issued. Knight shall have the right, at its sole option, to rescind its offer if the Services have not commenced within ninety (90) days of the date of Knight's offer.
- 2. Knight's Obligations.** Knight will endeavor to perform its Services using that degree of care and skill ordinarily exercised by reputable members of its profession performing similar Services. No other warranty, express or implied, is made or intended.
- 3. Client's Obligations.** Client shall provide the following unless specifically included in Knight's scope of services: (i) all criteria and full information as to Client's requirements for the Project, including design objectives and constraints, borings, probings and subsurface explorations, hydrographic surveys, laboratory tests, environmental assessment and impact statements, property, boundary, easement, right-of-way, topographic and utility surveys, property descriptions, zoning, deed and other land use restrictions; all of which Knight may use and rely upon in performing services under this Agreement; (ii) arrange for access to and make all provisions for Knight to enter upon public and private property as required for Knight to perform services under this Agreement; and (iii) give prompt written notice to Knight whenever Client observes or otherwise becomes aware of any development that affects the scope or timing of Knight's services, or any defect or non-conformance in the work of any Contractor.
- 4. Consultant Services.** When Knight procures consultant services required for the Project on behalf of Client, Knight does so as an administrative/invoicing convenience to Client and such consultants shall be considered Client's independent Consultants. Knight makes no representation of, and does not assume responsibility or liability for, the work or services of Client's Independent Consultants. Knight shall be entitled to rely upon the accuracy of services, including reports or surveys, provided by Client's Independent Consultants.
- 5. Additional Services.** Changes in scope or extent of Services may be made from time to time by mutual written agreement. Any additional Services required because of such changes will be charged at Knight's customary rates in effect at that time. Unless otherwise agreed in writing all Terms and Conditions of this contract shall apply. Changes in these Terms and Conditions can only be made by written consent of Knight. Projects suspended for more than thirty (30) days through no fault of Knight shall be subject to a re-mobilization fee compensated as Additional Services.
- 6. Opinions of Probable Cost.** Knight's opinions of probable construction cost represent its best judgment as a design professional familiar with the construction industry and are not guarantees by Knight of actual construction cost. Knight has no control over material cost, labor, methods of construction or bid procedures. Accordingly, Knight does not warrant or represent that contractor bids will not vary from the Project budget or Knight's opinion of probable construction cost. If Client desires greater assurance of cost, Client shall engage the services of an independent construction cost estimator.
- 7. Payment.** Knight shall be entitled to payment for Services rendered on the basis of Knight's invoices submitted monthly. Invoices shall be due and payable within thirty (30) days after receipt. Past due invoices shall accrue interest at the rate of one and one-half percent (1.5%) per month. No retention shall be withheld. All accounts receivable must be current before Knight shall seal drawings, issue drawings to contractors for bidding, or issue drawings for permit application. Knight reserves the right to stop Services



and/or withhold documents for reasons of non-payment and Knight shall not be liable for delays which may result from such stoppage.

Knight shall be compensated for reimbursable expenses such as travel, duplication, plotting, prints, messenger services, additional insured provisions or increased limits of insurance, and other reasonably identifiable costs incurred in connection with the Services. Such reimbursable expenses shall be invoiced at cost or Knight's customary rate, plus five percent (5%) handling and, unless specifically stated otherwise in the cover letter, are in addition to any amounts stated as maximum compensation. The amount of any excise, Value Added Tax (VAT) or gross receipts tax may be imposed by any Authority having jurisdiction shall be added to compensation due hereunder and shall be in addition to any amounts agreed to as maximum compensation.

In the case of lump-sum fee arrangements, invoices shall reflect the percentage of work completed as estimated by Knight to the date indicated on the invoice. For all other fee arrangements, invoices shall indicate the fees earned on the basis of effort expended. Waivers of Lien will be provided, upon request, after receipt by Knight of monies due.

**8. Documents.** Any and all documents and plans (including Knight's independent professional associates and consultants) in whatever form, including electronic media (disks, tapes, telecommunication, etc.) prepared pursuant to or otherwise resulting from this contract are instruments of professional service and shall be and at all time remain the sole property of Knight. Client shall be entitled to retain hard copy of such documents and plans for informational use and references in connection with Client's use and occupancy of this specific property only. Computer diskettes of project documents will not be released by Knight without agreement in writing stipulating the terms and restriction of usage. Knight will not be responsible for any consequence of re-use, other use, or adaptation of such documents without Knight's express written approval.

**9. Facsimile Transmissions.** The parties agree that each may rely, without investigation, upon the genuineness and authenticity of any document, including any signature or purported signature, transmitted by facsimile machine, without reviewing or requiring receipt of the original document. Each document or signature so transmitted shall be deemed an enforceable original. Upon request, the transmitting party agrees to provide the receiving party with the original document transmitted by facsimile machine; however, the parties agree that the failure of either party to comply with such a request shall in no way affect the genuineness, authenticity or enforceability of the document. Each party waives and relinquishes as a defense to the formation or enforceability of any contract between the parties, or provisions thereof the fact that a facsimile transmission was used.

**10. Certifications, Guarantees and Warranties.** Knight shall not be required to sign any documents that would result in Knight having to certify, guarantee or warrant the existence of conditions whose existence Knight cannot ascertain. Client also agrees not to make resolution of any dispute with Knight or payment of any amount due to Knight in any way contingent upon Knight signing any such certification.

**11. Insurance.** Knight is protected by Professional Liability Insurance, Worker's Compensation Insurance, Commercial Automobile and Vehicle Liability Insurance, and Commercial General Liability Insurance and will furnish certificates upon request. Any additional insurance or limits or "additional insured endorsement" shall be provided as a reimbursable expense at actual cost or Knight's scheduled charge. Client agrees to cause the Contractor to (i) provide Commercial General Liability Insurance and Commercial Automobile and Vehicle Liability Insurance for the Project naming Knight E/A, Inc. and Client as Additional insureds; and (ii) to defend, indemnify, and hold harmless Knight E/A, Inc. and Client from any and all losses, cost, damages, and expenses resulting from the Contractors Work on the Project, including without limitation claims arising out of or in connection with construction worker injuries. Client agrees to notify Knight of the existence of any Project-Specific Professional Liability Policy applicable to the Project which includes Knight as an Insured by name or reference so that Knight may, in a timely and effective manner coordinate its own insurance program. Should such a Project-Specific Professional Liability Policy be purchased by Client or Client's contractors, Client agrees to make available to Knight a

certified copy of the Policy and to cooperate with Knight in obtaining data with respect to possible claims against that Policy.

**12. Indemnification.** Knight agrees to the fullest extent permitted by law, to indemnify and hold Client harmless from any loss, cost (including reasonable attorney's fees and costs of defense) or expense for property damage and bodily injury, including death, caused by Knight, or its employees' negligent acts, errors or omissions in the performance of professional services under this Agreement. Client agrees to the fullest extent permitted by law, to indemnify and hold Knight harmless from any loss, cost (including reasonable attorney's fees and costs of defense) or expense for property damage and bodily injury, including death, caused solely by Client, its agents or employees, negligent acts, errors or omissions in the performance of professional services under this Agreement. In no event shall Client be entitled to obtain from Knight, its agents, representatives, officers, employees, or independent contractors, 'damages' arising from Knight's breach of this Agreement, or for its failure to perform its services in accordance with the standard of care provided for herein, in excess of fifty thousand dollars (\$50,000) or the total fee amount paid by client, whichever is less. "Damages" as used herein, shall include tort damages, contract damages, strict liability damages, liquidated damages, economic losses, penalties, fines and attorney's fees. No Claims shall be made more than two (2) years after substantial completion of the Project.

**13. Waiver of Contract Breach.** The waiver of one party of any breach of this Agreement or the failure of one party to enforce at any time, or for any period of time, any of the provisions hereof, shall be limited to the particular instance, shall not operate or be deemed to waive any future breaches of this Agreement and shall not be construed to be a waiver of any provision, except for the particular instance.

**14. Suspension of Services.** Client may, at any time, by written order to Knight require Knight to stop all, or any part, of the services required by this Agreement. Upon receipt of such an order Knight shall immediately comply with its terms and take all reasonable steps to minimize the occurrence of costs allocable to the services covered by the order. Client, however, shall pay all costs associated with the suspension.

**15. Termination.** This Agreement may be terminated by either party upon thirty (30) days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. This Agreement may be terminated by Client, under the same terms, whenever Client shall determine that termination is in its best interests. In the event of termination, Knight shall be compensated by Client for all Services performed up to and including the termination date, including reimbursable expenses, and/or the completion of such Services and records as are necessary to place Knight's files in order and/or protect its professional reputation. In the event of bankruptcy or insolvency of Client or if the financial condition of Client at any times does not, in the judgment of Knight, justify continuance of the work, Knight shall be entitled to cancel this contract and receive reimbursement for its reasonable and proper cancellation charges.

**16. Force Majeure.** Neither party to this agreement will be liable to the other party for delays in performing the services, or for direct or indirect cost resulting from such delays, that may result from Acts of God, acts of governmental authorities, extraordinary weather conditions or other natural catastrophes, or any other cause beyond the reasonable control or contemplation of either party. Each party will take reasonable steps to mitigate the impact of any force majeure.

**17. Asbestos/Hazardous Materials Disclaimer.** Client is hereby notified that asbestos is prevalent in building constructed prior to 1978. Client agrees to defend, indemnify and hold harmless Knight from any and all asbestos, pollution, and/or hazardous waste-related claims arising against Knight relative to the presence, detection, removal or disposal of asbestos and or other hazardous wastes at the Project site.

**1718. "ADA" Compliance.** For Projects of new construction, Knight shall endeavor to design the Project in conformity with the Americans with Disabilities Act ("ADA") Accessibility Guidelines, 28 CFR Part 36 (July 26, 1991) (hereinafter the "Act") and advise Client if any accommodation is structurally impractical. For modifications to an existing facility of any type, Knight shall endeavor to identify existing barriers and needed accommodations as those terms are used in the Act, and inform Client of the existence of these

barriers and needed accommodations. It is the Client's sole responsibility to determine whether to exclude a specific accommodation because the accommodation is not readily achievable or unduly burdensome. Knight shall not be responsible to determine whether it is necessary to remove all barriers identified in order to comply with the Act. Such determination shall be made by Client.

**1819. Compliance with Codes.** Knight's design shall conform to local applicable codes in effect, and as interpreted by building official, at the time the design is prepared; however, Knight shall not be responsible for changes to the Project resulting from changes in local or applicable codes or changes in interpretation thereof by authorities having jurisdiction.

**1920. Applicable Law.** The rights and obligations of the parties under this contract shall be interpreted in accordance with and governed in all respects by the State of Illinois.