

Minutes

June 22, 2010 – Board Meeting

On June 22, 2010, the Board of Trustees of the Lake County Public Water District met in a regularly scheduled meeting at the hour of 5:30 p.m. in the conference room of the District, 500 – 17th Street, Zion, Illinois. Chairman Topcik opened the meeting at approximately 5:50 p.m. Upon the roll being called, Trustees Jaeger, Ruchti, Mitchell, Monk, and Topcik were present. Trustees Moe and Hill were absent. Also present were General Manager Albrecht, Plant Operator Ioan Pintescu, District Attorney Dan Kucera, and District Secretary Karen Johnston. Mr. M. David Cain from Milburn Cain & Company was present as guest speaker.

Chairman Topcik stated that the first order of business was a presentation of the annual audit report and supporting documents for fiscal year ending April 30, 2010, by Mr. M. David Cain of Milburn Cain & Company. Mr. Cain began his presentation by handing out the draft audit report. He directed the board's attention to the independent auditor's report on page one. He stated that this report has a clean opinion, stating that the financial statements fairly presents the financial position for the District resulting from operations over the year. He then went on to the remainder of the audit report, highlighting the following:

- Operations for the year resulted in a net income of \$316,000 (rounded number).
- The 2010 demand for water decreased 3.4% from 2009 levels.
- Operations and Maintenance cash was down, and the receivables period increased from customers paying in approximately 60 days to approximately 90 days.
- Operating expenses were close to the previous year.
- Availability charges were reinstated in April 2009 in response to the District's sale of bonds in February, 2009.
- During FY2010, \$212,000 in renewal and replacement charges were billed.
- Personnel costs were up from 2009.
- Pension costs were up from 2009.
- Property/Plant Equipment increased due to the addition of the new SCADA equipment.
- Accounts Payable were higher due to the retainage on the construction projects.
- New rate calculation, increased by 6.56 cents per 1,000 gallons to a new rate of \$1.4955 per 1,000 gallons.
- New R&R Contribution amount for FY2011 changed to \$190,681. A discussion of the ratios owed by each of the District's customers followed.

Mr. Cain then went on to discuss various bookkeeping issues that had arisen during the year and his recommendations. He also discussed as a matter of Generally Accepted Accounting Principles (GAAP) any material weaknesses. These items were fully discussed with no action necessary on the part of the Board. He then went on to present his letter explaining the auditing standards and the responsibilities of the auditor. The Board then proceeded to discuss the audit. Upon the conclusion of that discussion, Trustee Mitchell made a motion to approve the audit report, which was seconded by Trustee Jaeger and unanimously approved. Trustee Mitchell further made a motion to accept the new rate of \$1.4955 for FY2011, and \$190,681 as the amount to be contributed by the District's customers to replenish the R&R fund, which was seconded by Trustee Jaeger and unanimously approved. Trustee Jaeger then made a motion to approve a pension plan contribution by the District to those eligible employees of 15% of their annual compensation. This motion was seconded by Trustee Mitchell and unanimously approved.

Chairman Topcik stated in consideration of the computer generated financial reports included for the board members, he would request that the minutes, disbursements, and MOS report be placed on a consent

Minutes

June 22, 2010 – Board Meeting

agenda. Trustee Mitchell made a motion for those items to be placed on a consent agenda, which Trustee Jaeger seconded and was unanimously approved. The Treasurer's Report and Budget Report would be discussed individually.

OPERATIONS & MAINTENANCE ACCOUNT June, 2010 – Disbursements

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
2920	FICA Withholding Taxes (EE Portion)	May-10	3,272.76
2921	Federal Withholding Taxes	May-10	7,275.84
2922	IL Department of Revenue	Monthly Remittance	1,205.48
2923	WI Department of Revenue	Monthly Remittance	385.86
7205	FICA Withholding Taxes (ER Portion)	May-10	3,272.11
7211	Commonwealth Edison	Electricity	16.12
7211	Integrus	Electricity	26,793.86
7212	North Shore Sanitary Dist.	Waste Water	5,710.44
7221	Hydrite	Chlorine Shipment	1,562.00
7221	Usalco	Aluminum Sulfate Shipment	5,335.40
7222	Ace Hardware	Misc. supplies	101.90
7222	Grainger	Misc. supplies	406.25
7222	McMaster Carr	Misc. supplies	113.48
7222	Olson Oil	Fuel for generator	439.02
7223	Becker's Landscaping	Remove log jams in creek	3,675.00
7223	Gordon Flesch Co.	Annual Maintenance Contract	2,367.70
7223	Hach Company	Refrigerator Sampler & Cable Assembly	5,008.95
7223	HD Waterworks	Meter & power supply	841.00
7223	Lakeland Larsen Elevator	Quarterly Elevator Maintenance	318.64
7223	RJ Underground	Fused HDE Pipes	1,443.31
7223	Scaleton Industries	Repair scale indicator	233.74
7223	Sensus Metering	Equipment Repair	77.43
7223	SKF Reliability Systems	Monthly Vibration Test	565.00
7225	K. Erickson Designs	May Maintenance	230.00
7225	Klean Korner	Janitorial Services for May	565.00
7231	Gordon Flesch Co.	Copier Lease	548.00

Minutes

June 22, 2010 – Board Meeting

7232	Cimco Communications	Telephone service for February	1,422.95
7232	Verizon Wireless	Cellular Phone Service	250.81
7234	FedEx	Shipping Charges	97.28
7234	Reliable	Office Supplies	283.53
7234	UPS	Shipping Charges	86.27
7235.1	West's Insurance	Property & Casualty Ins. Renewals	63,940.00
7235.2	AARP Medical	Medical Insurance for P & D Fragassi	401.84
7235.2	AARP Prescription	Prescription coverage for P&D Fragassi	74.20
7235.2	Humana Choice Care	Monthly Med/Dent Premium	5,190.71
7235.2	Illinois Public Risk	3rd Qtr. Work Comp. Ins.	4,015.00
7235.2	Johnston, Karen	Deductible Reimbursement	1,720.18
7235.2	Sun-Life Financial	3rd Qtr. Disability	1,260.55
7239	Bull's-Eye Boring, Inc.	Move Concrete Blocks	825.00
7241	James Hamlin & Co.	Payroll Service Fees	166.48
7242	Daniel J. Kucera	General Legal Services	3,600.00
7251	Correll Co.	Quarterly Services Fee	1,396.00
7251	Filter Fresh	Coffee Service	266.45
	First Bankcard		
	Acct. #7236	Transportation	182.30
	Acct. #7237	Meetings	206.68
	Acct. #7234	Office Supplies	364.98
	TOTAL		\$157,515.50

CONSTRUCTION FUND EXPENDITURES

ACCT #	VENDOR NAME	DESCRIPTION	AMOUNT DUE
7266	CDM	Plant upgrade to 6.5 mgd	27,326.94
7266	Maxim	Plant upgrade to 6.5 mgd - Payout #13	242,558.10
7268	Baxter & Woodman	SCADA System Improvements	515.00
7269	Clark Dietz	Chlorine Scrubber Project	3,194.69
7272	Huff & Huff	Streambank Stabilization	5,444.18

Minutes

June 22, 2010 - Board Meeting

Total	\$279,038.91
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- **Treasurers Report** - Chairman Topcik discussed the financial reports provided to the board and the Treasurer's Report in the board packet. He then briefly discussed what each statement was and what they mean. A complete discussion of the Treasurer's Report followed with several of the board members expressing their preferences. Trustee Monk made a motion to approve the Treasurer's Report and financial statements, which was seconded by Trustee Mitchell. Trustees Mitchell, Monk, Jaeger, and Topcik all voted to approve the reports with Trustee Ruchti voting no. The motion was passed.
- **Budget Report** - Chairman Topcik moved on to the Budget Report. A discussion of the differences in the Budget report in the board packet vs. the financial statement followed. Trustee Mitchell made a motion to accept the budget report for May, 2010, which was seconded by Trustee Jaeger and unanimously approved.
- **Executive Session Minutes** - Trustee Mitchell presented the executive session minutes from the May Board meeting, with the percentage number filled in relating to the cost of living increase. Trustee Jaeger made a motion to approve the executive session minutes, subject to the 1.8% number being filled in, which was seconded by Trustee Jaeger and unanimously approved.

Reports:

- **Long Range Planning Committee Report** - Trustee Jaeger wrote this report in conjunction with Trustee Mitchell and guidance from Operations Manager White and Trustee Mitchell as well. Trustee Jaeger gave a brief overview of the report, but due to the lateness of the evening and extensive material to be covered, the subject was tabled until the July board meeting.

ORDINANCES/RESOLUTIONS:

- **Prevailing Wage Ordinance:** The Chairman then presented the following Resolution:

RESOLUTION

WHEREAS, the State of Illinois has enacted the Prevailing Wage Act, 820 ILCS 130/0.01, et seq (1996) ("Act"); and

WEREAS, the Act requires that the Lake County Public Water District ("District") investigate and ascertain the prevailing rate of wages for laborers, workers and mechanics employed in performing construction of public works of the District, all as such terms are defined in the Act;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LAKE COUNTY PUBLIC WATER DISTRICT AS FOLLOWS:

To the extent and as required by the Act, the general prevailing rate of wages in this locality for laborers, workers and mechanics who become engaged in construction of public works of the District is hereby ascertained to be the same as the prevailing rate of wages for construction work in Lake County area as

Minutes

June 22, 2010 – Board Meeting

determined by the Department of Labor of the State of Illinois as of June, 2010, a copy of which determination is attached hereto and incorporated herein. The definition of any terms appearing in this Resolution which are also defined in the Act shall be the same as in the Act.

Nothing contained in this Resolution shall be construed to apply to any work or employment except public works construction of the District to the extent required by the Act.

The General Manager of the District shall publicly post or keep available for inspection by any interested party in the main office of the District this determination.

The District Secretary shall promptly file a certified copy of this Resolution with the Illinois Secretary of State.

The District Secretary shall cause to be published in a newspaper of general circulation within Lake County notice of this determination.

The General Manager of Lake County Public Water District shall mail a copy of this determination to any employer, any association of employers and any person or association of employees who have filed with the District their respective names and addresses requesting copies of any determination stating the particular wage rates and the particular class of workers whose wages will be affected by such rates.

Trustee Ruchti made a motion to accept the prevailing wage ordinance as presented, which was seconded by Trustee Mitchell. Upon a roll call vote, Trustees Mitchell, Monk, Ruchti, and Topcik all voted aye, and no nays. Trustee Jaeger abstained. Trustees Moe and Hill were absent.

➔ **Administrative Ordinance:** Chairman Topcik read the following resolution:

ADMINISTRATIVE ORDINANCE

AN ORDINANCE PRESCRIBING RULES FOR THE CONDUCT OF THE BUSINESS OF LAKE COUNTY PUBLIC WATER DISTRICT.

BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE LAKE COUNTY PUBLIC WATER DISTRICT:

Chapter 1

OFFICERS

Section 1. The Officers of the Board shall be Chairman, Vice-Chairman, Secretary, Attorney, Treasurer, General Manager, and Operations Manager.

Section 2. CHAIRMAN. The Chairman shall be the executive officer of the Board. It shall be the duty of the Chairman to preside at all meetings when present; to sign all contracts and other papers authorized by the Board; to see that all ordinances of the Board are enforced, and that all orders of the Board are faithfully executed; and to exercise general supervision of all elected and appointed officers and employees and over the business and property of the District, all subject, however, to the direction, ratification and approval of the Board of Trustees.

Section 3. VICE-CHAIRMAN. The Vice-Chairman in the absence of the Chairman, or in the event of his refusal or inability to act, shall be vested with the powers and perform the duties of the Chairman.

Section 4. SECRETARY. The Secretary shall have the custody of the corporate seal and of all books and papers pertaining to the office; shall attest and affix the corporate seal to all instruments requiring such action when

Minutes

June 22, 2010 – Board Meeting

authorized by ordinance or vote of the Board, and shall cause all ordinances, resolutions and other actions of the Board requiring publication, to be duly published; shall attend all meetings of the Board and keep a full and true record of its proceedings.

Section 5. ATTORNEY. The Attorney shall have charge of all legal matters and of the prosecution and defense of all litigation in which the District is interested; shall draft all ordinances, resolutions and other instruments required by the Board and shall give opinions on all questions referred by the Board.

Section 6 TREASURER. The Treasurer shall receive and safely keep all monies belonging to the District and received from whatever source, in a Bank or Banks, or Savings and Loan Association or Savings and Loan Associations, approved and designated by the Board, in the name of the District and shall disburse the same only upon the authority of the Board. The Treasurer shall make monthly reports to the Board of all receipts and disbursements and shall submit at the annual meeting of the Board a detailed statement showing all receipts and disbursements during the preceding year.

Section 7. GENERAL MANAGER. The General Manager's time shall be devoted exclusively to the affairs of the District. The General Manager shall have power, within the limits of the budget and the job descriptions as approved by the Board of Trustees, to employ, discharge and fix compensation of all employees of the District except as in the Act under which the District is organized and is operating otherwise provides and shall perform and exercise such above and other powers and duties as may be conferred upon the General Manager by the Board of Trustees.

Section 8. OPERATIONS MANAGER. The Operations Manager is appointed by the Board. He reports to and his salary is fixed by the General Manager. The Operations Manager shall supervise the operating employees under his charge and manage the day-to-day operations of the District in the production of safe drinking water meeting quality regulations. The Operations Manager holds the Operating License of the District and is responsible for ensuring that the plant is operated in compliance with the regulations of the Illinois Environmental Protection Agency. The Operations Manager shall regularly attend Board meetings as an Officer of the Board and will report to the Board of Trustees and the General Manager all water quality irregularities.

Section 9. ADDITIONAL DUTIES OF OFFICERS. In addition to the duties hereinbefore specified, each officer shall perform such other duties as may be required by law or by the ordinances or the resolutions of the Board.

Section 10. ELECTIONS AND APPOINTMENTS OF OFFICERS. All officers shall be chosen by the Trustees at the annual meeting hereinafter provided for, and at such other times as a vacancy occurs, and each of said officers shall hold office until the next annual meeting and thereafter until their successor is chosen and has qualified. Vacancies may be filled at any regular or special meeting of the Board, and in case of the temporary absence or inability of any officer to act as such, the Board may fill that office pro tempore.

Section 11. COMPENSATION OF OFFICERS. The officers shall receive such compensation as determined by resolution annually at their first meeting in May in accordance with Section 4 of the Public Water District Act, 70 ILCS § 3705/4. However, the Operations Manager is excluded from this officer compensation determination.

Chapter 2.

MEETINGS AND RULES OF ORDER

Minutes

June 22, 2010 – Board Meeting

Section 1. ANNUAL MEETING. The annual meeting of the Trustees shall be held in May of each year, at 5:30 O'clock P.M. on the date specified by the Resolution establishing meeting dates.

Section 2. REGULAR MEETINGS. Regular meetings of the Board shall be held each month at 5:30 o'clock P.M. on the dates specified by the Resolution establishing meeting dates.

Section 3. SPECIAL MEETINGS. Special meetings of the Board may be called by the Chairman, or any two Trustees, whenever deemed necessary. Notice shall be given by the Secretary to each Trustee of the date, time, place, and agenda of such special meeting by email to each Trustee's email address on file with the Secretary, and/or other appropriate means, at least 48 hours before the special meeting.

Section 3.1 EMERGENCY SPECIAL MEETINGS. The 48 hour advance notice requirement may be waived if written waivers are signed by all Trustees. In the event of an emergency special meeting, such notice shall be given to Trustees as soon as practicable prior to the meeting.

Section 4. PLACE OF MEETING. The meetings of the Board shall be held at the office of the District, at 500 - 17th Street, Zion, Illinois; provided that meetings may be held at any place with the consent of not less than four Trustees.

Section 5. QUORUM. A majority of the duly appointed and qualified Trustees shall constitute a quorum for the transaction of business.

Section 5.1. ATTEND MEETING BY VIDEO OR AUDIO CONFERENCE. Provided that a quorum of the Board of Trustees is physically present, a Trustee may attend a meeting by video or audio conference if the Trustee is prevented from physically attending because of (i) personal illness or disability; (ii) employment purposes or the business of the District; or (iii) a family or other emergency. (Open Meetings Act Resolution passed February 13, 2007).

Section 5.2. NOTIFICATION OF SECRETARY OF THE DISTRICT. If a Trustee wishes to attend a meeting of the Board of Trustees by video or audio conference, the Trustee must notify the Secretary of the District before the meeting unless advance notice is impracticable. (Open Meetings Act Resolution passed February 13, 2007).

Section 6. ORDER OF BUSINESS. The order of business at all meetings of the Board shall be as follows: (1) Guest Speakers (2) Consent Agenda; (3) Minutes of last meeting; (4) List of Disbursements; (5) Report of Treasurer; (6) Budget Report; (7) Monthly Operation Summation; (8) Ordinances/Resolutions (9) Unfinished business; (10) New business.

Section 7. ORDINANCES AND REPORTS TO BE IN WRITING. All ordinances, resolutions, and orders shall be in writing.

Section 8. VOTE - MANNER OF. The yeas and nays shall be taken upon the passage of all ordinances and upon all propositions to create any liability or for the expenditure or appropriation of money, and in all cases, at the request of any Trustee, and shall be entered upon the journal of the proceedings

Section 9. RULES OF ORDER. The most current edition of Robert's Rules of Order shall govern in all questions of procedure not herein provided for.

Section 10. All Ordinances and parts of ordinances in conflict or inconsistent with any of the provisions of this ordinance are hereby repealed, and this ordinance shall be in force from and after its passage and approval.

Minutes

June 22, 2010 – Board Meeting

The significance of certain individual sections of this ordinance was completely discussed. Upon concluding this discussion, Trustee Mitchell made a motion to delete the first sentence of Chapter 2, section 3.1, *“The 48 hour advance notice requirement may be waived if written waivers are signed by all Trustees”*, which was seconded by Trustee Jaeger, and unanimously approved. Trustee Mitchell then made a motion to approve the resolution with this change, which was seconded by Trustee Monk. Upon a roll call vote, Trustees Mitchell, Monk, Ruchti, Jaeger and Topcik all voted aye, no nays. Trustees Moe and Hill were absent.

OLD BUSINESS:

- ***Plant Upgrade to 6.5 mgd Project*** – General Manager Albrecht indicated that Maxim Construction, by contract, was to have reached substantial completion by May 28, 2010. General Manager Albrecht pointed out that substantial completion meant that the District could take over the main parts of the plant and that quality drinking water could be produced and sold to the District’s customers. Maxim Construction did not meet that date. General Manager Albrecht also indicated that the District has a liquidated damages clause of \$1,000 per day for each day beyond the substantial completion date in the contract with Maxim Construction. A full discussion of the liquidated damages and whether the District should assess them to the contractor followed. The Board opted to make no decision at this point in time.
- ***Kellogg Creek:*** - As there was a considerable amount of material to evaluate, the board agreed to table this discussion until the July board meeting.
- ***Chlorine Scrubber*** – General Manager Albrecht stated that Bulls Eye Contracting is working on the Chlorine Scrubber. He indicated that they had poured the concrete pad and backfilled. The board briefly discussed this project.
- ***North West Lake Michigan Planning Group:*** - General Manager Albrecht stated that this group has been attempting to involve the District in their proposed revisions to their present MOU. Because he had difficulty accepting this document as presented, General Manager Albrecht stated he had, therefore through Chairman Topcik requested Attorney Kucera to review the newest draft MOU from this group. Upon review Attorney Kucera recommended a true letter of intent be prepared for consideration by the attorney for this group. This draft letter of intent has not yet been accepted. General Manager Albrecht indicated that he had attended the meeting of this group the previous week. At that time it appeared that the Central Lake County JAWA (CLCJAWA) would shortly authorize a study to look at what would be required for that existing group to increase the size of their treatment facility and transmission facility to serve all of the communities in the North-West Water Group. This study is to be done by September. A complete discussion of the North-West Lake Michigan group followed, including the financing issues. Attorney Kucera discussed his reaction to Barbara Adams’ (attorney for the group) letter and the draft MOU. He indicated that the way it stood at the present time this document was structured as to take away the District’s negotiating position. Attorney Kucera and the board fully discussed the proposed document and the District’s possible role in this group. He further recommended that the District should not sign the revised draft MOU as is. Attorney Kucera requested what action the board would like him to take, to which they indicated they would like him to proceed in the manner in which he had already been going.

Minutes


June 22, 2010 – Board Meeting

- **Intake Pipeline Project:** General Manager Albrecht stated that the District had received satisfactory performance and payment information for Big Lake Marine. He indicated that as Jere Lapish was no longer physically capable of going out on the barge, we would need to find a new consultant to perform that duty. Jere Lapish recommended a Mr. Dennis White, who had previously worked for Mr. Lapish and was a certified diver. A discussion of related insurance issues in relation to hiring Mr. White for this project followed. The board and Attorney Kucera felt that the liability issues should be explored with the District's insurance agent, Mr. Brad West, of West's Insurance Agency. General Manager Albrecht indicated that he would do so.

NEW BUSINESS:

- **Peeling Tank** – Although Operations Manager White was not in attendance, General Manager Albrecht indicated that he had prepared a memo stating that the 3 mg tank coating had failed. General Manager Albrecht indicated that this was an issue that must be resolved, but that it could wait until fall to do so.

With no further business to conduct, Trustee Ruchti made a motion to adjourn, which was seconded by Trustee Mitchell and unanimously approved.

X 

Donald J. White
Secretary