

**MINUTES OF REGULAR MEETING
BOARD OF TRUSTEES
ROCK RIVER WATER RECLAMATION DISTRICT
MONDAY, MARCH 27, 2017**

President Massier called the Regular Meeting of the Board of Trustees of the Rock River Water Reclamation District to order at 5:15 p.m. in the Board Room at the District Administration Building, 3501 Kishwaukee Street, Rockford, Illinois. The following Trustees were present:

Donald Massier	President
Lloyd Hawks	Vice President
Rick Pollack	Clerk/Treasurer
Elmer Jones	Trustee
John F. Sweeney	Trustee

Staff present: Timothy S. Hanson, District Director; Christopher Baer, Engineering Manager; Larry McFall, Plant Operations Manager; David Cook, Supporting Services Manager; Frank Papke and Chris Black, Business Managers; Michael Robertson, ITS Supervisor/Chief Information Officer; and Deborah Lyons, Executive Services Coordinator.

Others present: Robert Torbert, Attorney for the District; and Les Peach, The Horton Group.

President Massier stated the meeting was being recorded.

Trustee Hawks moved to approve the Minutes of the Regular Meeting of February 27, 2017; seconded by Trustee Pollack; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Business Manager Papke introduced Les Peach. Mr. Peach stated his firm went out for quotes for District's Property & Casualty, Workers Compensation, and Storage Tank Insurance Renewals, which proved to be beneficial. Significant decreases in premiums were realized for General Liability/Public Official Liability (-9.8%) and Excess Liability (-20.8%). Increases were Boiler/Machinery 9.8%; Workers Compensation 8.3%, reflecting the increase in payroll over the past year; Property Insurance 7.8%. All other changes were minor. Mr. Peach reviewed which companies quoted and the reasons others did not quote. All carriers are A-rated. Total Property values are up 6.9%; computers went up 20.3% but the cash difference is a minor number.

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Trustee Pollack moved to approve Property and Casualty, Workers Compensation, and Storage Tank Insurance renewals as presented; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

President Massier stated there was no WinGIS meeting this month.

Trustee Pollack stated the Investment Report showed the District had \$22,701,799.61 Total Funds invested for the month of February and earned interest in the amount of \$12,032.75. Report placed on file.

Trustee Pollack moved to approve General Fund expenditures for the month of February 2017 in the amount of \$2,813,232.52; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Trustee Pollack moved to approve Special Assessment Fund expenditures for the month of February 2017 in the amount of \$3,945.61; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Staff reported no change in the status of the agreements for McDonald Creek Trunk South Branch; W. State Street Reconstruction, Phase 2; or McCurry Road Trunk Sewer Phase 4, City of Loves Park. The N. Alpine Phase 3 Roadway Improvements – Sewer Rehabilitation agreement for reimbursement has been fully executed and approved; it will be removed from the report. The Harlem-Roscoe Fire District, Lateral Sanitary Sewer Extension – Special Assessment No. 130, project was not approved by the residential property owners at the public meeting held Tuesday, March 21, 2017, so the draft is being revised and reviewed by staff for submittal to the Fire District. Staff is coordinating the preliminary design for Soper Street (Swift Street to Westfield Road) Water and Sewer Main Improvements (Village of Winnebago) with the Village. This project is part of the work that must be done prior to abandoning the Winnebago Wastewater Treatment Plant.

Trustee Pollack moved to accept staff’s recommendation and award the contract for Annual Ferric Chloride Solution Supply to the low responsive and responsible bidder, Kemira Water Solutions, Inc., for the cost of \$0.979 per gallon for a two-year term; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

District Director Hanson presented ideas for the monument and plaque renaming the Administration Building and noted the plaque could be on order for a number of weeks. Staff is looking at using rocks or stones for the tribute.

District Director Hanson stated Joseph Hanley, III will be starting Wednesday and joining staff at the IAWA conference in Springfield. He is formerly of Hinshaw Culbertson. He is a very bright young man and has a good background.

Attorney Torbert had no report.

Trustee Jones moved to approve the Plumber Bond Report for February 1 – 28, 2017, as presented; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Company	Bond No.	Expiration
Abitua Sewer & Plumbing	9179585	5/31/2017
Abitua Sewer & Plumbing	9179556	5/31/2017
Infinity Plumbing	63074955	5/31/2017

Trustee Pollack moved to approve Main Pump Station – Pumps 1 and 3 Replacement, CIP No. 1422, Change Order No. 1, extending the contract completion date 120 days to June 30, 2017, to accommodate late shipment of pumps supplied by a separate equipment supply contract with the District; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Manager McFall presented Ordinance No. 16/17-O-09, an ordinance which adds language to Title 2, Article IV, Section 1, clarifying District’s authority to enter restaurants at reasonable

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times to do inspections. The District has always had this authority. Per USEPA definitions, an industrial entity is anything other than a residence, but proprietors are not familiar with those definitions.

Trustee Pollack moved to approve Ordinance No. 16/17-O-01, an Ordinance Amending the Code of Ordinances, Title 2, Article IV, Section 1, adding Paragraph E entitled, “Food Service Establishment (FSE) Discharge Permits” which clarifies the language allowing the District to enter restaurants at reasonable times to do inspections; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Manager McFall stated wipes and rags cause a lot of problems in sewer pumps and equipment and presented documentation and videos of grinder pumps that cut and chop materials. The cross-cutting equipment cuts material into shorter pieces so they do not wrap around the equipment. If staff writes a bid document for cross-cutting equipment, it will likely mean the District will have a single respondent to the Request for Bids. Staff will proceed to write a bid for cross-cutting equipment for the Machesney Park Lift Station.

Manager McFall stated staff was approached by Blue Delta Energy, a company involved in the sales of renewable energy credits. A few years ago, selling the District’s credits required too much time for the amount of income that would be realized. Blue Delta Energy will contract with an entity, either to coordinate sales for a percentage of the sales or to buy the credits and sell them for whatever profit they can achieve. At the present, the District could perhaps realize \$20,000. The prices fluctuate with political changes. If the Board is interested, staff will ask Blue Delta Energy to make a presentation at the April Regular Board Meeting. The Board expressed interest; staff will arrange for that presentation.

Manager McFall stated the anaerobic digester boilers are in need of repair. Only one company in Rockford has the necessary equipment and expertise to do these repairs. They quoted the District \$12,880 to do the work. Staff looked at purchasing the parts independently and found the savings to be minimal. Staff requested authorization to issue a purchase order for this work.

Trustee Jones moved to authorize staff to issue a purchase order for the repair of the anaerobic digester boilers; seconded by Trustee Pollack; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

In the month of February, staff responded to 12 emergencies, and completed 43 services, 4 main line repairs, and 32 manholes tickets. The back-log of manhole tickets decreased for the month. District crews also responded to 2 mainline backups during the month.

For the month ending February 28, 2017, the Income Statement shows user fee revenue 15% over budget month to date, 1% under budget year to date. Total revenue is 13% over budget month to date, 2% under budget year to date. O&M expenses are 5% under budget year to date. The Income Statement shows \$4,906,318 net operating income through February 28, 2017. The Statement of Cash Flows shows \$942,538 increase in cash for the 2016-2017 fiscal year. General Fund cash ended the month at \$20,953,226. District had 113 full time positions; 111 employees on staff, and 3 vacant positions.

Manager Black stated staff has provided the Board information about refunding of the 2007 and 2008 Series bonds. A bond ordinance for the advanced refunding of both of these series has been prepared for the Board's consideration. Both series are callable in December of 2017 and December of 2018 respectively. Based on the interest rate environment and discussions with our financial advisor staff believes it best to proceed with refunding prior to the call date. By refunding the existing bond issues at the lower rate, the District will reduce its principal and interest in debt service payments going forward. The estimated savings based on current market conditions is \$640,000, about 7% of the total principal being refunded. District will be doing a competitive sale based on its ratings, market conditions, and maturities.

The ordinance before the Board, written by bond counsel, authorizes the issuance and sales of bonds, sets parameters for the maximum amount of bonds we can issue, and delegates authority to two officers and the District Director to sign the bonds. The sale will occur on April 6, and the closing will be April 27. Our bond rating of Aa2 has been retained with positive comments regarding our financial management as well as our financial health in terms of fund balances and ability to raise rates. The negative aspects include the local unemployment rate and the decline of equalized assessed valuation that has occurred in recent years. Staff will need signatures from the President or the Clerk/Treasurer on the day of the sale.

Trustee Pollack moved to approve Ordinance No. 16/17-M-09, authorizing the issuance and providing for the sale by the District of not to exceed \$9,900,000 General Obligation Refunding Alternate Bonds (Sewerage System Alternate Revenue Source), Series 2017, for the purpose of refunding portions of the District's Series 2007 Bonds and Series 2008 Bonds, delegating to authorized officers of the District the authority to determine certain terms of the Series 2017 Bonds within limits established by the ordinance, authorizing the execution and delivery of certain documents, and concerning related matters; seconded by Trustee Hawks; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

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There being no further business to come before the meeting, Trustee Hawks moved to adjourn; seconded by Trustee Jones; motion passed upon roll call as follows:

Elmer Jones	Aye
Lloyd Hawks	Aye
Donald Massier	Aye
Rick Pollack	Aye
John Sweeney	Aye

Meeting adjourned at 5:53 p.m.

Clerk