

**South Suburban Joint Action Water Agency
Rescheduled Regular Board Meeting**

October 31, 2013 at 3:30 PM

South Suburban Joint Action Water Agency

Regular Agency Board Meeting

October 31, 2013

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SECTION 1

South Suburban Joint Action Water Agency

Notice of Regular Meeting

A regular meeting of the South Suburban Joint Action Water Agency will be held at 3:30 p.m. on Thursday, October 31, 2013 in the Council Chambers of Markham City Hall 16316 South Kedzie Parkway Markham, Illinois 60428.

Regular Meeting Agenda **Thursday, October 31, 2013**

1. Call to Order
2. Pledge of Allegiance
3. Attendance Roll Call
4. Agency Secretary Report
5. Approval of Minutes
 - a. October 3, 2013 rescheduled meeting
 - b. October 3, 2013 rescheduled executive session
 - c. October 16, 2013 special meeting
 - d. October 16, 2013 special executive session
6. Agency Chairman Report
7. Agency Counsel Report
 - a) status of negotiations
 - b) due diligence
8. Agency Treasurer Report
9. Agency Financial Advisor Report
10. Agency Program Manager Report
11. Public Comments
12. Executive Session
 - a) pending/imminent litigation
 - b) purchase/lease of real estate property
 - c) employment of specific employee/personnel
13. Potential Action on Executive Session Items
14. Adjournment

Any Disabled individual requiring accommodation who would like to attend the meeting to participate should contact Quianna Hayes at (708) 331-4905 - extension 328.

SECTION 2

South Suburban Joint Action Water Agency

Minutes of October 3, 2013 Rescheduled Regular Meeting

A public notice and agenda for the October 3, 2013 rescheduled regular meeting of the South Suburban Joint Action Water Agency was posted in the Markham city hall on Tuesday, October 1, 2013.

The regular meeting held in the city council chambers in Markham, Illinois was called to order by agency chairman Webb at 3:35 pm. Webb informed the directors agency secretary Ward was absent and requested action to appoint agency counsel Stillman acting secretary for the meeting.

A motion and second offered by Directors Nesbit and Kitching to appoint Micheal Stillman acting secretary for the meeting was approved 5 aye/0 nay/0 abstain/2 absent by roll call vote.

Agenda Item 3 - Acting secretary Stillman conducted an attendance roll call and determined directors Webb, Nesbit, Bilotto, Killelea, Kitching and a legal quorum present.

Also in attendance: Michael Stillman, agency counsel; Brett Postl, agency program manager; Agency Alternate Director Kevin Michaels; Dave Schutter, Public Funding, Inc.; and Dan Donahue, Odelson & Sterk.

Agenda Item 4 - Secretary Ward was absent.

Agenda Item 5 - Approval of Minutes

5a) A motion and second offered by Directors Nesbit and Kitching to accept the agency regular meeting minutes of July 25, 2013 was approved 5 aye/0 nay/0 abstain/2 absent by roll call vote.

5b) A motion and second offered by Directors Kitching and Bilotto to accept the agency regular meeting minutes of August 29, 2013 was approved 4 aye/0 nay/1 abstain/2 absent by roll call vote.

5c) A motion and second offered by Directors Killelea and Kitching to accept the agency executive session meeting minutes of August 29, 2013 was approved 4 aye/0 nay/1 abstain/2 absent by roll call vote.

Agenda Item 6 - Chairman Webb offered no report.

Agenda Item 7 - Agency Counsel Report

7a) Stillman reported several meetings with the attorney for the Hammond Water Department and noted the agency and department are close to a definitive water source agreement. Stillman referred the directors to a memo he drafted and distributed on the substance of the agreement and reminded the directors the memo is confidential in nature. Stillman informed the directors his goal was to conclude negotiations with Hammond and have a final agreement before the board for the directors consideration at the agency's October 31st meeting. Stillman added, if the agency approved the agreement at the October meeting, the Hammond Water Department board would tentatively consider the measure at their November 13th meeting.

7b) Stillman requested direction from the board on the draft agency MBE/WBE policy. Director Nesbit asked if a policy draft developed by Harvey and presented to the agency last year was included in the new draft documents. Stillman answered the Harvey policy was included in the new draft documents. Stillman suggested he, Director Nesbit and the law firm which volunteered its services in drafting the policy meet and develop a policy to present to the agency. Chairman Webb concurred.

7c) Stillman discussed the need to begin discussing water supply agreements between the agency and its members. Stillman noted he and Mr. Donahue, Postl and Schutter had developed a draft agreement and would like to meet with the directors and their respective municipal staffs to discuss the draft.

Stillman stated in the near future he would place consideration of agency by-law amendments on the regular meeting agenda. Stillman's opinion was the provision to conduct meetings with telecommunications technology is important to have in place.

Nesbit inquired if the agency board needed a resolution to permit a director to participate in a meeting by phone. Stillman agreed the agency board would need to pass a resolution to permit phone participation by a director but the needed to first adopt the the bylaw amendment to permit consideration of a resolution.

Nesbit inquired if a bylaw amendment and resolution were passed would the directors need to vote to permit telecommunication meeting participation every time someone needed to call in or would call ins be automatically allowed. Stillman replied participation could be permitted either way but recommended automatically allowed.

Agenda Item 8 - Treasurer Report

8a) Nesbit explained the hand out distributed prior to the meeting are revisions of Letke invoices going back to July when Letke lowered his hourly fees to the agency. Nesbit requested the directors substitute the hand out Letke invoices for the Letke invoices in the treasurer's report.

A motion and second offered by Directors Kitching and Nesbit to accept and place on file the Letke memo was approved by voice vote.

Treasurer Nesbit recommended payments for July 2013 as follows:

Letke & Company \$8,738.75 invoice #13565 dated 8/8/13 services for July 2013

Odelson & Sterk \$12,256.25 invoice #12289 dated 8/9/13 services for July 2013

JDSS LLC \$18,939.90 invoice #1006, 1007, 1008 dated 5/31/13, 6/30/13, 7/31/13 for services May, June, July 2013

Treasurer Nesbit requested approved of payments totaling \$40,034.09 and noted his summary report included additional invoices from an agency vendor not recommended for payment at this time.

Director Bilotto requested a copy of the agency insurance policy. Financial advisor Schutter commented on the insurance binder documentation in the directors packet and agreed to furnish Bilotto with all agency insurance information.

Program Manager Postl noted for clarification his documentation included in the treasurer's report was a statement not an invoice and the month of July 2013 invoice submitted by Postl-Yore was \$45,000.00.

A motion and second offered by Directors Bilotto and Kitching to accept the agency treasurer's report of August 23, 2013 for the July bills and approve recommended payments was approved 5 aye/0 nay/0 abstain/2 absent by roll call vote.

8b) Treasurer Nesbit recommended payments for August 2013 as follows:

Letke & Company \$10,855.00 invoice #13591 dated 9/17/13 services for August 2013

Odelson & Sterk \$12,787.50 invoice #12394 dated 9/9/13 services for August 2013

JDSS LLC \$6,162.75 invoice #1009 dated 8/31/13 services for August 2013

Owens Group \$34,456.00 invoice #7077 dated 8/29/13 insurance binder

Ice Miller \$780.05 invoice #1282604 dated 9/25/13 services for June-August 2013

Treasurer Nesbit requested approved of payments totaling \$65,041.30

A motion and second offered by Directors Nesbit and Webb to accept the agency treasurer's report of August 23, 2013 for the August bills and approve recommended payments was approved 5 aye/0 nay/0 abstain/2 absent by roll call vote.

Kitching requested of Schutter a copy of the insurance information requested by Bilotto.

8c) Stillman stated board action to pay the agency insurance premium in the August bills negated the need for board action to vote to approve renewal of the policy.

Agenda Item 9 - Financial Advisor Report

Financial Advisor Schutter distributed a water rate sensitivity analysis and report to the directors. Schutter explained the risks and factors most influential on a future agency wholesale water rate are project construction costs, bond interest rates and duration of debt service. Schutter answered directors questions on the report.

Killelea stated he did not believe the Chicago water rate ordinance was not fully disclosed to Chicago's suburban municipal customers because the letter send to the municipalities contained very little information. Killelea stated the information missing from the Chicago rate increase notification letter were details of annual increases after the stated percentage amount increases. Killelea informed the directors the annual increase details were: Chicago would annually raise its water rate the urban cost of living or 5% whichever is lower. Killelea asked Postl what factor the agency was using as the projected increase in the Chicago rate over time. Postl responded 5% annually. Killelea told the board he contacted the general counsel of the city of Chicago Water Department Irene Caminer and told her the city rate increase letter was defective due to the lack of reference to future rate increases.

Killelea noted future Chicago water rate increase factors of 5% or lower are not the factors currently applied in the agency's rate models to calculate future agency wholesale water rates and asked Schutter to recalculate the projected agency wholesale water rates savings based on the Chicago rate ordinance. Killelea stated Schutter's recalculation showed substantially less savings to agency members than currently projected. Killelea questioned whether Chicago could hold their rate increase to the cost of living and asked Schutter to confirm urban cost of living increases have been 2.5 or 2.6% over the last few years. Schutter agreed with Killelea's estimate of cost of living increases but noted Chicago rate increases since the 1980's were raised an average of 6%, over the last 12 years 8.3% and over the last 10 years 7.3% all of which are multiples larger than 2.5%. Schutter concluded if Chicago had not been able to control water rates over the last 20 prosperous years, he had little hope they could control cost increases going forward. Schutter added 2.5% increases are very conservative estimates.

Killelea stated he wanted the agency board to know Chicago's intended water increase formula and questioned whether Chicago's water ordinance rate increase formula was a

ploy to get the suburbs to stop developing alternate water sources only to amend the ordinance and spike the rates when alternative development stops. Killelea noted if Chicago did not hold its water rate increases down it risked losing more suburban customers and their revenue. Killelea said Chicago has offered to send water system commissioner Tom Powers to an agency meeting to tell us why we shouldn't build our own system and why we should stay with Chicago. Killelea told the directors whether the agency invites Powers to appear or not, he will call Powers and ask how Chicago can keep average annual water rate increases below 5% in the future when the could not do it in the past. Killelea stated for his peace of mind he needs an answer to that question.

Bilotto stated reasons why he did not believe or trust Chicago when it came to water rate increases.

Kitching said he also thinks Chicago can not be believed or trusted and anything they say is a ploy to derail the agency project. Kitching continued, he believes the agency is doing the right thing and is close to putting all the pieces together.

Agenda Item 10 - Program Manager Report

Program manager Postl referred the directors to his written program manager's report not included in their meeting packet and mentioned agency counsel Stillman had covered much of his material. Postl requested the directors make time to meet with Stillman and him and review the agency draft water supply agreement. Postl reminded the directors the feasibility study has been on hold since January, pressed the directors to restart the study and discussed a revised timetable in his written report to complete the study.

Kitching motioned to restart the feasibility study. Stillman informed Kitching the board could not act on restarting the feasibility study as the item was not on the agency agenda for the meeting.

Killelea noted the Item 13 of the agency meeting agenda permits potential action on executive session items. Stillman stated in his opinion discussion of restarting the feasibility study would not fall under executive session eligible discussion items.

Postl reminded Stillman the agency board took a vote to enter into agreements with the engineering companies completing parts of the feasibility study but the pause of the study was not by a vote.

Stillman stated there are executive session items which could have an effect on the decision to restart the study and requested the opportunity to discuss the matter with the directors in executive session. Kitching withdrew his motion.

Agenda Item 11 - Public Comments

Carol Green of Blue Island expressed personal views and opinions of the agency, agency finances and project for 7:00 minutes.

Agenda Item 12 - Executive Session

Chairman Webb requested directors move to executive session to discuss matters related to purchase or lease of real estate, specific employee matters and probable or imminent litigation

A motion and second offered by Director's Killelea and Kitching to recess to executive session was approved 5 aye/0 nay/0 abstain/2 absent by roll call vote.

The meeting was recessed to executive session at 4:25 pm and reconvened at 5:09 pm.

A motion and second offered by Director's Webb and Nesbit to reconvene the regular meeting was approved 5 aye/0 nay/0 abstain/2 absent by voice vote.

A motion and second offered by Director's Nesbit and Kitching to convene a special meeting of the agency board on October 16th at 3:30pm in the Markham City Hall was approved 5 aye/0 nay/0 abstain/2 absent by voice vote.

A motion and second offered by Directors Nesbit and Bilotto to adjourn was approved 5 aye/0 nay/0 abstain/2 absent by voice vote.

Meeting was adjourned at 5:07 pm.

The next regularly scheduled meeting of the agency is Wednesday, October 16, 2013

SECTION 3

South Suburban Joint Action Water Agency

Minutes of October 16, 2013 Special Meeting

A public notice and agenda for the October 16, 2013 special meeting of the South Suburban Joint Action Water Agency was posted in the Markham city hall on Tuesday, October 11, 2013.

The special meeting held in the city council chambers in Markham, Illinois was called to order by agency chairman Webb at 3:37 pm. Agency counsel Stillman announced he would act as secretary for the meeting in the absence of agency secretary Ward

Agenda Item 3 - Acting secretary Stillman conducted an attendance roll call and determined directors Webb, Markham; Nesbit, Harvey; Bilotto, Blue Island; Killelea, Midlothian; Kitching, Alsip and a legal quorum present.

Also in attendance: Michael Stillman, agency counsel; Brett Postl, agency program manager; Alsip Alternate Director Kevin Michaels; Dave Schutter, Public Funding, Inc.; Dan Donahue, Odelson & Sterk and Aaron Fundich, Robinson Engineering.

Agenda Item 4 - Executive Session

Chairman Webb requested directors move to executive session to discuss matters related to purchase or lease of real estate, specific employee matters and probable or imminent litigation

A motion and second offered by Director's Killelea and Kitching to recess to executive session was approved by voice vote.

The meeting was recessed to executive session at 3:39 pm and reconvened at 4:39 pm.

A motion and second offered by Director's Killelea and Kitching to reconvene the regular meeting was approved by voice vote.

Agenda Item 6 - Adjournment

A motion and second offered by Directors Kitching and Nesbit to adjourn was approved by voice vote.

Meeting was adjourned at 4:40 pm.

The next regularly scheduled meeting of the agency is Thursday, October 31, 2013.