

March 8, 2010

A Special Meeting of the Board of Trustees of the North Shore Sanitary District was held on Monday, March 8, 2010 at 1:00 P.M. at the District Office of the Raymond E. Anderson Complex located in Gurnee, Illinois.

The meeting was opened with the Pledge of Allegiance.

On roll call, the following Trustees were present:

Daniel M. Pierce, President  
Stephen J. Drew, Vice President  
John R. Paxton, Treasurer  
James E. Swarthout  
Effie Wroten

Staff members present were General Manager Brian Dorn, Assistant General Manager Dave Miller, Attorney Greg Jackson, Director of Engineering Services Jai Gupta, Director of Laboratory Services Joe Robinson, Director of Operations Gary Sowma and Director of Technology Services Pete Russo.

There were no comments from the public.

President Pierce presented the Consent Agenda, as follows:

- A. Approval of the Minutes of the Meeting held on February 10, 2010.
- B. Cancellation of Regular Meeting Scheduled for March 10, 2010.
- C. Consideration of Bills.  
Wastewater Treatment Fund \$2,410,300.39  
Check Nos. 148475 through 148480, Check Nos. 148482 through 148505,  
Check Nos. 148508 through 148706, Check Nos. 148722 through 148767.  
Void Check Nos. 148481, 148506 and 148507.
- D. Financial Report, January 2010.
- E. Hearing Summary, February 9, 2010.
- F. Fair Lending Violation Review.
- G. Authorize Payroll and Finance Department to issue District checks to meet expenses where necessary for payroll and to avoid interest and/or penalties before the next Board Meeting.

It was moved by Trustee Paxton and seconded by Trustee Swarthout, that the items under the Consent Agenda be approved.

On roll call, all Trustees present voted "Aye". Motion declared carried.

President Pierce presented the President report as follows:

President Pierce stated that he had two items to discuss. President Pierce stated that he and General Manager Dorn attended a meeting of the Skokie River Consortium on March 4, 2010 at the Highland Park City Hall. The meeting was attended by representatives from Highland Park, Lake Bluff, Lake Forest, Forest Preserve personnel and area Park Districts. The meeting focused on issues related to flooding associated with the Skokie River or as President Pierce prefers to refer to as, the East Fork of the North Branch of the Chicago River. President Pierce stated that he felt it is important that the District participate in these meetings since the group has merged the existing sanitary sewer consortium with the Skokie River Consortium, and since flooding issues related to the Skokie River impact our interceptor sewer and consequently our Clavey Road STP.

The second issue that President Pierce wanted to discuss is the fact that he had received in the mail a 2010 Lake County Fielders schedule stating that the opening night for the ball field would be June 11, 2010. President Pierce wanted it known that the District has entered into an agreement to sell the District's Landfill property to the City of Zion, including the parcel that Zion is proposing be used for the ball field, and at this point in time there has been no movement on the part of the City of Zion coming forward with

the money to purchase the parcel. Trustee Paxton stated that he tried to contact the Mayor of Zion to discuss the matter with him but that the Mayor had not responded.

President Pierce stated that he would like it known that the North Shore Sanitary District is ready, willing and able to move forward with the transfer of this property to the City of Zion. President Pierce stated that people are purchasing tickets for this ball field and the time is getting shorter and shorter for the ball field to be constructed by the proposed opening day. Any delays in the construction of the ball field are by no means the fault of the North Shore Sanitary District.

General Manager Dorn presented the Management Report as follows:

A. Presented Engineering Agreement.

1. Elara, Gurnee Administration Building HVAC Repairs, Phase I, \$93,160.00.

General Manager Dorn reported that this Engineering Agreement was for the Gurnee Administration Building HVAC Repairs. General Manager Dorn reported that the HVAC system serving the Administration Building was over 30 years old and was in great need of repair. General Manager Dorn stated that this Agreement would be for the design and construction of Phase I of the HVAC repairs, covering the most urgent repairs needed, and asked for Board approval in the not to exceed amount of \$93,160.00.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve the Engineering Agreement with Elara for the Gurnee Administration Building HVAC Repairs Phase I, in the not to exceed amount of \$93,160.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

B. Presented Request by Gurnee Fire Department to amend Agreement to Utilize Structure (Farmhouse).

General Manager Dorn reported that an Agreement to Utilize the Structure (Farmhouse) was approved at the September 9, 2009 Board meeting with the Gurnee Fire Department. The original Agreement was for the Gurnee Fire Department to conduct training and rescue drills and then burn the remaining structure to the ground. Because of budget constraints, the Fire Department will no longer be able to burn the structure to the ground as previously planned. The Gurnee Fire Department had provided a revised Agreement at the February Board meeting which Attorney Jackson and Staff wanted to review and extend until the next meeting for approval. Both Attorney Jackson and District Staff have since reviewed the Agreement. The revised Agreement allows the Gurnee Fire Department to conduct training within the structure through June 30, 2010, and provides that the District may terminate the Agreement upon 24 hour notice. General Manager Dorn asked for Board approval of this Agreement with the Gurnee Fire Department to Utilize Structure (Farmhouse).

It was moved by Trustee Swarthout and seconded by Trustee Drew to approve Gurnee Fire Department – Agreement to Utilize Structure (Farmhouse).

On roll call, all Trustees present voted "Aye". Motion declared carried.

C. Presented Revised Amendment No. 1 to Confidentiality Agreement between Andritz and NSSD.

General Manager Dorn stated that Amendment No. 1 to the Confidentiality Agreement between Andritz and NSSD was approved at the February Meeting for a 5<sup>th</sup> shredder or cutter, a key component for the Dryer at the Sludge Recycling Facility. General Manager Dorn stated that following its approval, Andritz contacted the District and realized that some language needed revision for clarification purposes. The revisions were minor in nature. General Manager Dorn asked for Board Approval of this Revised Amendment No. 1 to the Confidentiality Agreement between Andritz and NSSD.

It was moved by Trustee Swarhout and seconded by Trustee Drew that the Revised Amendment No. 1 to Confidentiality Agreement between Andritz and NSSD be approved.

On roll call, all Trustees present voted "Aye". Motion declared carried.

D. Presented Status of Zion Trumpet Park.

General Manager Dorn reported that a map was included in the Board handout showing the proposed Trumpet Park property. General Manager Dorn provided an additional map at the meeting showing where Cell B East and West were located in relation to Trumpet Park. Cell B East and West are not associated with Trumpet Park as defined in the 3<sup>rd</sup> Amendment to the Real Estate contract between the District and the City of Zion. General Manager Dorn explained that when the infrastructure property was transferred to the City of Zion for purchase, through this 3<sup>rd</sup> Amendment there was a requirement in the special warranty deed conveying such property that stipulated that Zion could not transfer any part of the infrastructure property without approval of the Board of Trustees. However, the County's tax records indicated that the parcel identified by Pin No. 03-12-103-003 was owned by Trumpet Park Industrial, LLC. Attorney Jackson has brought this issue to the attention of Zion's Attorney. The City of Zion's Attorney has since contacted Attorney Jackson and indicated that this issue is being worked out.

General Manager Dorn referenced the map that was handed out and indicated that Cell B West is the parcel where the City of Zion plans to construct a parking lot for the ball field. Cell B West has already been permitted with the IEPA for this development. Cell B East is the parcel where the City of Zion plans to develop the stadium. Cell B East is not permitted by IEPA for this development. The transfer of both Cell B East and West from the District to the City of Zion needs to be permitted by IEPA. Applications for the development of Cell B East and for the transfer of both Cell B East and West have been submitted to the IEPA but cannot be approved until the property is sold to Zion.

Assistant General Manager Miller gave the Administration Division report as follows:

A. Presented Investment Policy Revisions.

Assistant General Manager Miller stated that at the February Board meeting it was suggested by Trustee Pierce that District Staff contact First Midwest Bank and schedule them to attend the March Board meeting to explain the proposed investment policy revisions since many questions were raised on the provisions concerning collateral requirements. Assistant General Manager Miller introduced a team from the First Midwest Bank that was present at the meeting. The team included Beth Ragsdale, Nadine Johnson, Laura Schultz and Bill Maier. Also present was John Blackburn, the District's Auditor, from Swartrauber & Associates. Laura Schultz from the First Midwest Bank gave a brief overview and discussed asset management practices, maintaining responsible oversight of reserve funds, risk-management practices and collateralization of local governments' deposits. Several questions were raised by Trustee Pierce regarding the instruments utilized in collateralization, and their rating and security.

Bill Maier from First Midwest Bank also addressed the Board on several of the questions raised. John Blackburn the District's Auditor was asked what his thoughts were on the collateralization requirements and what recommendation he would give. Auditor Blackburn stated that collateralization has been around for at least 10 years and that several years ago he had researched thoroughly the Bank of New York which is the third party bank that is currently utilized by the First Midwest Bank for collateralization funds. Mr. Blackburn stated that from an audit standpoint the fair market value of the collateral is of greater concern than the rating and that any investment issue has its risks but overall he felt it would be a safe and secure move on the District's part.

Several discussions continued. Trustee Pierce stated that he felt more research needed to be done in reviewing the District's investment policies and procedures. Trustee Pierce stated that the District has a high duty to the taxpayers to ensure the safety of their dollars that the District is holding. Trustee Pierce asked what were the State of Illinois' minimum requirements for collateral investment ratings, and what municipalities have the toughest collateralization requirements? Trustee Pierce asked First Midwest Bank to research its customers' collateral policies and provide a summary to the District. Assistant General Manager Miller stated he would prepare a recommendation for the next meeting and check into the

concerns of Trustee Pierce. Trustee Pierce thanked the staff from the First Midwest Bank for their time and effort on this matter and for attending the meeting.

B. Presented Illinois Metropolitan Investment Fund.

Assistant General Manager Miller stated that it was important to move forward with the Illinois Metropolitan Investment Fund (IMET) proposal and requested that only those parts of the Investment Policy Revisions be approved to allow for participation into the IMET Fund.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Investment Policy Revisions to allow District participation in the Illinois Metropolitan Investment Fund.

On roll call, all Trustees present voted "Aye". Motion declared carried.

Attorney Jackson stated that Resolution No. 2010-01 which is a Resolution required to participate in the Illinois Metropolitan Investment Fund would also need approval.

It was moved by Trustee Paxton and seconded by Trustee Drew to approve Resolution 2010-01, Resolution Approving and Authorizing Execution of A First Amended and Restated Declaration of Trust.

On roll call, all Trustees present voted "Aye". Motion declared carried.

C. Presented Bid Summaries.

1. Bid No. 1310, Herbicide Spraying – Lawn Medix, \$40,830.00.

It was moved by Trustee Swarthout and seconded by Trustee Drew to award Bid No. 1310, Herbicide Spraying to Lawn Medix for a three year contract in the amount of \$40,830.00.

On roll call, all Trustees present voted "Aye". Motion declared carried.

2. Bid No. 1311, Lab Supplies – MG Scientific, \$53,656.19.

It was moved by Trustee Swarthout and seconded by Trustee Drew to award Bid No. 1311, Lab Supplies to MG Scientific for a two year contract in the amount of \$53,656.19.

On roll call, all Trustees present voted "Aye". Motion declared carried.

3. Bid No. 1312 Electrical Supplies – Connexion, \$26,478.80.

It was moved by Trustee Swarthout and seconded by Trustee Drew to award Bid No. 1312, Electrical Supplies to Connexion for a two year contract in the amount of \$26,478.80.

On roll call, all Trustees present voted "Aye". Motion declared carried.

4. Bid No. 1318, General Office Supplies – Office Plus of Lake County, \$56,722.10.

It was moved by Trustee Swarthout and seconded by Trustee Drew to award Bid No. 1318, General Office Supplies to Office Plus of Lake County for a two year contract in the amount of \$56,722.10.

On roll call, all Trustees present voted "Aye". Motion declared carried.

Director of Engineering Services Gupta gave the Engineering Division report as follows:

A. Presented the following Construction Change Order.

1. C.O. No. 2, MCC Ventilation Improvements, Total Mechanical, Inc., Decrease of \$4,170.00, Increase of 60 Calendar Days for Substantial and Final Completion.

It was moved by Trustee Drew and seconded by Trustee Paxton to approve C.O. No. 2, MCC Ventilation Improvements, Total Mechanical, Inc., Decrease of \$4,170.00, Increase of 60 Calendar Days for Substantial and Final Completion.

On roll call, all Trustees present voted “Aye”. Motion declared carried.

B. Presented Bid Waiver Request.

1. BW-188, Spare Dryer Coil, €170,000.
  - i. Payment Authorization – Andritz Environment & Process, €1,000.

Director of Engineering Services Gupta reported that the heat exchanger coil is a very critical component of the Dryer System. Presently there is no spare coil in the inventory. This is a long lead time item and it is therefore very important that we keep one coil in inventory. Andritz has offered to supply this coil for €170,000 (approximately \$240,000 at present exchange rate plus freight and customs charge). The coil is one of the critical spare parts that have been identified in the Sludge Drying Systems Improvements Project. Trustee Drew inquired if the new coil will last longer than the present one. Director of Engineering Services Gupta stated that the estimated life of the coil is 5 years, meaning it may last 1 year or last 10, there is no way of knowing. Trustee Pierce asked the question if there was a warranty period on the coil. Director of Engineering Services Gupta stated that the coil had a standard warranty which is one year from the date of purchase. Trustee Pierce commented that once the District purchases the coil for inventory and stores it, when installation does occur, if a manufacturing defect were detected, the warranty period would likely be void. Trustee Pierce stated that the District should try to negotiate with Andritz the possibility of the warranty being extended for 1 year after installation instead of the date of purchase. Director of Engineering Services asked for Board Approval of this Bid Waiver Request along with Payment Authorization – Andritz Environment & Process, €1,000 which is 30% of the cost in advance.

It was moved by Trustee Swarthout and seconded by Trustee Drew to approve Bid Waiver Request, BW-188, Spare Dryer Coil, in the amount of €170,000.

On roll call, all Trustees present voted “Aye”. Motion declared carried.

It was moved by Trustee Swarthout and seconded by Trustee Drew to approve Payment Authorization to Andritz Environment & Process, in the amount of €1,000.

On roll call, all Trustees present voted “Aye”. Motion declared carried.

Director of Laboratory Services Robinson gave the Laboratory Division report as follows:

- A. Presented Current Status of Significant Industrial Wastewater Violation(s) in the Service Area of the NSSD.

Director of Laboratory Services Robinson reported that all Significant Industrial Users are in compliance with their Discharge Control Document limits at this time.

Director of Laboratory Services Robinson reported that the Compliance and Engineering Departments have determined that the American Blending and Filling (ABF) facility located at 3505 Birchwood Drive in Waukegan, Illinois is discharging wastewaters which significantly exceed the Facility’s permitted PE. ABF’s 2009 discharge averaged 1,027 lbs/day of BOD which is equal to 6,041 PE/day. The facility has been permitted for 34 PE for the sewer connection serving this location.

Director of Laboratory Services Robinson also stated that 1,027 lbs/day BOD was calculated using 2009 water usage records (adjusted for credit) and representative composite effluent wastewater BOD concentrations. Water usage at the site in 2009 averaged over 32,000 gallons/day (320 PE). As the average daily flow and BOD loading both significantly exceed the 34 PE that has been permitted for the facility, ABF has been notified that additional NSSD and IEPA permitting is being required. In fact, records indicate that ABF has far exceeded their permitted discharge since 2005.

ABF has stated that they would not be able to incur significant permitting fees and stay in business and are therefore meeting with consultants to discuss the potential pretreatment of wastewaters to reduce their long term average pollutant loadings. ABF has also requested to meet with NSSD Staff and its Trustee to further discuss this issue.

Trustee Pierce stated that he felt the meeting should be scheduled as soon as possible. Trustee Pierce commented that the District does not need the IEPA cracking down on them. Director of Laboratory Services Robinson stated that the Compliance Department was evaluating all industries as well as commercial customers to be sure they are all in compliance with these guidelines. Enforcement is being stepped up.

There was no report requiring Board action for the Operations Division. Director of Operations Sowma gave a brief overview of activities in the Operations Division. All three Sewage Treatment Plants have met their permit requirements. Operations has been working on budget items. Director of Operations Sowma also reported that two tours were given to Boy Scout Groups.

There was no report requiring Board action for the Technology Services Division. Director of Technology Services Russo gave a brief overview of activities in the Technology Division. Director of Technology Services Russo stated that the programming and control functions were completed on the Sludge Screen Project.

Attorney Gregory Jackson gave the Attorney Report as follows:

A. Status of Agreement with Property Owners – S8 Interceptor Protection Project.

Attorney Jackson summarized the activities taken by the District to seek funding from the US Army Corps of Engineers (Corps) through the Continuing Authorities Program – Section 14 to protect the exposed interceptor sewer sheeting along the S8 Interceptor in Highland Park. The project covers a length of approximately 700 feet of exposed sheeting. Prior to NSSD approving an agreement with each property owner, 150% of the estimated construction costs in exceedance of the estimated construction costs of the Corp's plan must be placed in an interest bearing escrow account. Attorney Jackson stated that all 3 of the homeowners whose property is involved with the project have responded and that one homeowner is willing to provide 150% of the estimated construction costs in an escrow account. Two of the homeowners have indicated a preference to provide a letter of credit versus the escrow account. Trustee Pierce stated that the escrow account is preferred but a letter of credit would also be sufficient and that a lien on the property would be enforced if the letter of credit failed. Attorney Jackson stated that he would continue to work on the project and have the escrow account language in motion before the next meeting.

It was moved by Trustee Swarthout and seconded by Trustee Drew to move into Executive Session to discuss:

A. Personnel.

1. Agreement with Service Employees Local No. 73.

On roll call, all Trustees present voted "Aye". Motion declared carried.

It was moved by Trustee Paxton and seconded by Trustee Swarthout to end the Executive Session and resume the regular meeting.

On roll call, all Trustees present voted "Aye". Motion declared carried.

There being no further business to come before the Board, on motion duly made, seconded and unanimously passed, the meeting was then and there adjourned until the next regular meeting to be held on Wednesday, April 14, 2010 at 9:30 A.M. at the District Office of the Raymond E. Anderson Complex in Gurnee.

---

PRESIDENT

---

SECRETARY

