

**Utility District Meeting
404 Lake Court, Dixon, Illinois
March 20, 2007**

I. Call to Order and Roll Call: Joe Olliges called the meeting to order at 7:00 pm. Trustees present: Joe Olliges, Bill Weronko, Jerry Pohlman, George Kersten, Ron Berger, and Nadine Portner. Roger Asplund arrived at 7:08 pm. Also present: Sheila Warner, Treasurer; Susan Steffens, Secretary; Jamie Rachlin of Griffin, Kubik, Stephens & Thompson, Inc.; and members of the community.

II. Pledge of Allegiance.

III. Approval of the Agenda:

Joe: requested permission of the Board to discuss and approve him to sign purchase agreement with Illinois Rural Water and Gene Armstrong when the time comes. Nadine made a motion to approve amended agenda. Ron seconded the motion. The motion was approved by Joe Olliges, Bill Weronko, Jerry Pohlman, George Kersten, Ron Berger, and Nadine Portner by roll-call vote (3-20-07-1).

IV. Approval of the Minutes:

Roger e-mailed corrections to Susan.

Susan: The following corrections have been made to the February 20, 2007 minutes. Page 2: *where* was changed to *were*. Page 3: the words “*to review*” have been added. Page 3 ordinances in the plural have been changed to the singular, and Page 4, c.: *by* has replaced a colon. Bill made a motion to accept the amended February 20, 2007 minutes, Roger seconded the motion. The motion was approved by unanimous roll-call vote (3-20-06-2).

V. Treasurer’s Report:

Sheila: There were four expenditures from January 1, 2007 through February 28, 2007: Software Program, \$169.25; Amcore, \$94.15; Insurance, \$2413.00; US Postmaster, \$7.80. Total expenditures: \$2684.20. Beginning balance: \$10,731.52; Ending balance: \$8047.32. Expenditures to pay: payroll from the time period of January 1, 2007 through February 28, 2007: Susan Steffens, \$155.00; and Sheila Warner, \$170.00. Ron made a motion to approve Treasurer’s Report and Payroll, Jerry seconds the motion. The motion was approved by Joe Olliges, Bill Weronko, Jerry Pohlman, George Kersten, Ron Berger, and Nadine Portner. Roger Asplund abstained (3-20-07-3).

VI. Old Business:

Joe: Update on the Purchase Order Agreement, as of this date the Agreement has not been signed. There are still issues concerning the water loss and the newly installed meter that is not working. There are still issues with the Phase I assessment concerning the debris under the tower; there is some indication that it is sandblasting material. The company that did the sandblasting is checking their records. The purchase agreement is not complete due to properties that are associated with the assets. Joe requests that he be authorized to sign the purchase agreement. Jerry made a motion to authorize Joe to sign preliminary Purchase Order Agreement, Roger seconded the motion.

Bill: questioned what legal affect this would have after signing it.

Joe: stated that this continues the process of acquisition of assets. The language states that if Gene Armstrong doesn't comply, we are not liable to purchase assets without complete compliance. There are two documents the Purchase Order Agreement and Sale Order Agreement. The first order must be signed in order to move forward. The receiver must then file the Sale Order Agreement with the Court. The Judge then orders the receiver to sign the Sale Order Agreement which outlines both agreements.

Discussion was held by the Board: as to the four properties which would be acquired. There is a question concerning the lot next to the water tower, Gene Armstrong believes it to be an easement, although, there is a parcel number. The Title Insurance Company may have to research this property.

Roger: is this a preliminary acceptance of the sale.

Joe: Yes. We are waiting for the discharge permit. We cannot purchase the assets until the permits are up-to-date.

Roger: requests a special meeting after the Purchase Order Agreement is signed. Called for the question.

The motion was approved by unanimous roll-call vote (3-20-07-4).

Naming of Bond Counsel:

Joe: Along with Nadine and Betsy, after interviewing two firms on February 1, 2007, the recommendation for bond counsel is the firm of Chapman and Cutler, 111 W Monroe, Chicago, Illinois, Attorney Kelly Kost. In his Letter of Engagement, he has outlined his fees as \$2500.00 plus one percent of the

purchased bonds (1.8 million dollars) and incidentals. Jamie will explain what incidentals are.

Jamie Rachlin: Fees should stay within that fee. Questions of Title could increase costs, when research is needed and becomes extensive or there are questions that the municipal attorney should handle.

Joe: made a motion to hire Chapman and Cutler as Bond Counsel, acceptance of fees, and approve his signing the Letter of Engagement, George Seconded the motion. The motion was approved by unanimous roll-call vote (3-20-07-5).

Ordinances:

Nadine: Waste-water formatting needs adjusting and will be ready for the municipal attorney within a few weeks. Copies will be provided to the water committee.

Roger: Water ordinance will be completed within a couple of weeks. He would like a reconciliation meeting to make sure formatting is the same for both ordinances.

Joe: Going back, Purchase Agreement and Purchase of the utility, Bill inquired as to what our expenses are as of this date. We are in debt so far in the approximate amount of \$120,000.00. The debt incurred: Attorney Ralph Lowe \$22,500; Fehr-Graham \$19,250; POA's, RCD, Taylor Township \$12,000, Griffin, Kubik, Stephens, Thompson \$45,000, Chapman & Cutler \$20,500, and the Municipal Attorney (no amount given).

Bill: We are trying to be cognizant of the debt being incurred. The utility has been left in a state that there are no other alternatives.

Hiring Municipal Attorney Update:

Nadine: Nadine and Jerry interviewed and researched many municipal attorneys and have narrowed it down to two firms. The rate for Firm A is \$175 per hour, litigation \$200 per hour. The rate for Firm B is \$140 per hour. Both firms have no conflicts of interest. They would both work without pay. Both have experience in passing and posting ordinances and working with bond counsel. Both would attend board meetings and represent the board. As of this time, there are some questions that need to be answered and recommendation will be given shortly.

Technology Preferences Update:

Joe: On Thursday, Joe and three board members will be looking at technology in Morris, Illinois. Fehr-Graham will be present and possibly they will be shown another location.

VII. New Business:

Joe introduced Jamie Rachlin of Griffin, Kubik, Stephens & Thompson, of Chicago, Illinois. The firm is 25 years old. There are 111 employees. It has 23 million dollars in equity. 47 percent of revenues come from municipal transactions and 100 percent from fixed-income markets. They are the underwriters of the Bonds. He will explain the Notice of Intent to issue bonds. It includes an ordinance No. 01-07, our first ordinance of 2007.

Jamie Rachlin: Explained the process of issuing bonds. He explained the Notice that will be published in the newspaper. He explained the petition process by the community. He also explained the ordinance. He explained that Alternate Bonds funds come from the operation of the water and sewer system. The rate structure has to have sufficient funds to pay the debt service that is why there is a bond reserve. In the credit structure of Alternate Revenue Bonds, the bond investor has a back-up. In the event the revenues are short in the rate structure, there would be a tax levy.

A motion was made to approve Ordinance No. 01-07 authorizing the issuance of General Obligation Bonds (Alternate Revenue Source) to the Lost Lake Utility District, Ogle County, Illinois in lieu of such district's Waterworks and Sewerage Revenue Bonds in an aggregate principal amount not to exceed \$3,500,000. Bill made a motion to approve authorization, Nadine seconded the motion.

Roger: Read the statute and questioned the publication and posting locations of the notice. We being in Ogle County, shopping in Lee County. He felt the one publication was not enough

Joe: Stated he would publish in Ogle County Life

Jamie: Stated the statute states "general circulation in the district".

Board Discussion: as to the publication in Ogle County Life and the Telegraph and the costs involved.

Roger: requested to amend the motion that notice is to be published in Ogle County Life and the Dixon Telegraph.

Jamie: Due to the legal costs, as to the purpose of not changing the ordinance, make it as an understanding that it would be published in both papers.

Roger: made a motion to amend that it be published in both papers. Bill seconded the motion.

Joe: Stated he will publish it the Telegraph and the Ogle County Life as not to change the ordinance.

Roger: Stated he is not comfortable with an “understanding” he would like the ordinance changed to Ogle County Life and the Dixon Telegraph. He would like the document amended. He made a motion to vote on the Amendment to the Ordinance that the Ordinance reads “Ogle County Life and the Dixon Telegraph”.

Board Voted on Amendment to Ordinance to include “Ogle County Life”: George, nay; Ron, nay; Jerry, nay; Bill, nay; Joe, nay, Nadine, nay, and Roger, yea. The motion was defeated by roll-call vote (3-20-07-6).

Joe: A motion was made to approve Ordinance No. 01-07 authorizing the issuance of General Obligation Bonds (Alternate Revenue Source) to the Lost Lake Utility District, Ogle County, Illinois in lieu of such district’s Waterworks and Sewerage Revenue Bonds in an aggregate principal amount not to exceed \$3,500,000. The motion was approved by roll-call vote George, yea; Ron, yea; Jerry, yea; Bill, yea; Nadine, yea; and Roger, Nay (3-20-07-7).

Bill: suggested a motion to be made that the Ordinance gets published in two papers.

Joe: Stated a motion is made that this gets posted in accordance with State Statute regarding postings in newspapers and published in the Dixon Telegraph and Ogle County Life. The motion was approved by unanimous roll-call vote (3-20-07-8). Roger requested that it also be posted. Joe stated he would post them at the gates and Lake Court Center.

Open Meetings Act:

Joe: Per the Freedom of Information Act, it is time to either release or keep the minutes sealed. After reviewing the eight closed session meetings from August 2006 through December 2006, it is his recommendation that the records remain closed until acquisition. Joe made a motion keep the records sealed, Bill seconded the motion. The motion was approved by unanimous roll-call vote (3-20-07-9).

VIII. Community/Guest Opinion:

Mike Robinson: Phase I Assessment what was left on the ground? **Joe:** I believes and Fehr-Graham believes it may be lead based paint that was sand-blasted from the tower. It is still being checked on.

Mike Robinson: Joe you are getting permission to sign the purchase agreement as one person rather than the whole Board? **Bill:** it is a preliminary agreement, it is not complete.

Mike Robinson: Where is the 2.19 acres, where is it located? **Joe:** to the east adjacent to the water-tower, outside the fence.

Mike Robinson: Are there any fees due for the permits? **Joe:** No the fees are up to date, not the permits.

Mike Robinson: Regarding 86 people can stop the petition? **Joe:** No, 86 people have to sign a petition, then it would go to referendum.

Tom Wendling: According to New Landing records, the lot east of the office is owned by the utility. There is some question at the county level as to whether the State has taken possession of that, or is it still owned by the New Landing Utility you may want to look into that. **Joe:** I believe the language states that land that has to do with the business itself. When title search is completed, we will find what the utility owns.

Tom Wendling: What are the gross quarterly revenues? **Joe:** we never received records from the Court. Betsy may have records for projections. Illinois Rural Water would provide the Court with those.

Tom Wendling: What is pay-back for Bonds. **Joe:** 20 years

Tom Wendling: The figure 1.8 million dollars is that the tentative amount requested. **Joe:** EPA loans are also being requested.

Tom Wendling: What are the Interest Rates? **Jamie:** 5 percent or less.

Tom Wendling: Will it change? **Jamie:** it shouldn't.

IX. Adjournment:

George made a Motion to Adjourn the meeting, Jerry seconded the motion. The motion was approved by unanimous roll-call vote. The meeting adjourned at 8:28 pm (3-20-07-10).

- 3-20-07-1 Approval of the Agenda
- 3-20-07-2 Approval of the Minutes
- 3-20-07-3 Approval of the Treasurer's Report
- 3-20-07-4 Approval of Signing Purchase Agreement Authorization
- 3-20-07-5 Approval of hiring Chapman & Cutler, Bond Counsel, and signing letter of engagement.
- 3-20-07-6 Defeated Amendment to Ordinance
- 3-20-07-7 Approval of the Ordinance No. 07-01
- 3-20-07-8 Approval of publishing and posting of Ordinance No. 07-01
- 3-20-07-9 Approval to retain minutes of 8/06 through 12/06 sealed
- 3-20-07-10 Adjournment

sfs 4/11/07