

**Lost Lake Utility District Meeting
404 Lake Court, Dixon, Illinois
November 21, 2006**

- I. Call to Order and Roll Call** Joe Olliges called the meeting to order at 7:00 pm. Trustees present: Bill Weronko, Jerry Pohlman, George Kersten, Ron Berger, Nadine Portner. Absent: Roger Asplund. Also present: Sheila Warner, Treasurer: Susan Steffens, Secretary; Betsy Young, and members of the community.

- II. Pledge of Allegiance**

- III. Approval of the Agenda** George made motion for approval of the Agenda, Bill seconded the motion. The motion was approved by unanimous roll-call vote (11-21-06-1)

- IV. Approval of the Minutes** October 17, 2006: Nadine requested that her name be spelled correctly. Ron made a motion to accept the amended minutes, Bill seconded the motion. The motion was approved by unanimous roll-call vote (11-21-06-2). November 11, 2006: George noted the adjourning time was not correct it should have been 6:15 pm, not 8:15pm. Nadine stated that Bill Weronko's name was spelled incorrectly. Ron made a motion to accept the amended minutes, Jerry seconded the motion. The motion was unanimously approved by roll-call vote (11-21-06-3).

- V. Treasurer's Report and Payroll** Sheila presented revenue and expenditure summary. Balance as of October 31, 2006: \$11,955.02. Sheila also provided expense report form.

Nadine: stated she provided an expense report for the board to decide which form would be acceptable.

Joe: suggested to use Sheila's form, as to, she is familiar with it.

Copies were provided to the Board.

Joe: Questioned as to whether any bills needed to be paid.

George: \$391 for the Bond insurance for one year. In order to obtain a directors and officer's policy, a general liability policy must be in place. Coverage is for one million dollars.

Joe: stated there is no liability at this time.

Discussion was held by the board.

Joe: requested that George research the least expensive policy.

George: stated the Directors and Officers policy is \$2097 plus liability. Policy would cover water and sewer when needed.

Joe: stated pay the bond.

Sheila: requested copy.

Nadine: payroll expenses submitted: Sheila, 14 hours for September and October; Susan, 27.25 hours for August through October. Nadine made a motion to pay salaries, Ron seconded the motion. Unanimous roll-call vote (11-21-06-4).

VI. Old Business

Joe: Lost Nation Boil Order: Illinois Rural Water has been informed that there is a leak on Maple. Pfoutz has been informed to fix the problem. After discussion with Frank Dunmire, the leak was to be fixed under pressure; Pfoutz turned the water off. Testing is being done. The Boil Order is still intact from Ash to the front gate.

Mike Robinson, member from the community: gave input as to the problem. (Communication break-down)

Joe: Monday, **November 20, 2006**, Status Hearing at the Ogle County Courthouse update. Present at court was the ICC Attorney; Ralph Lowe, District Attorney; Joe Olliges; Ron Berger and members of the community. Gene Armstrong is to contact creditors to rectify liens. There is not enough money to pay liens. Next hearing is December 18, 2006 at 11:00 am. The community is welcome. Jail sentence stay is January 7, 2007.

Joe: The engineering study is in process. The environmental Phase I is complete. We haven't received it yet from Fehr-Graham & Associates. Engineering review should be completed in about 30-45 days.

Bill: We have a signed Letter of Intent.

Joe: Letter of Intent has been signed. Negotiations are still in progress.

Joe: suggested to committee members to produce ordinance drafts that will be enacted. Attorney needs to review.

Nadine: started sewer drafts from the Illinois Recommended Ordinances and started making changes.

Ron: meeting is being set for water.

Bill: questioned that there is no information in the ordinances about grinder-pumps.

Joe: will contact Frank Dunmire as to see if there is another community that uses grinder-pumps

Joe: date of Executive Session will be set when draft report from Fehr-Graham is received.

VII. New Business

Joe: District Financing. Resolution was presented to the Board for approval.

Betsy: Griffin, Kubik, Stephens & Thompson, Inc. made a downward-fee adjustment.

Joe: \$32,500 plus \$9,836, not to exceed \$45,000.

Mike Robinson: questioned fees.

Discussion was held as to fees for bonds. Loans are a different fee.

Bill: requested the board vote for bond counsel. The board unanimously voted to accept Griffin, Kubik, Stephens & Thompson, Inc. as financial counsel as opposed to Harris Bank.

Joe: made a motion for the board to make a resolution for public financing to the firm of Griffin, Kubik, Stephens and Thompson, Inc. of Chicago, Illinois. Their fee service is not to exceed \$45,000. Nadine seconded the motion. The motion was approved by unanimous roll-call vote (11-21-06-5).

Bill: commented the fees were equitable from both firms.

Betsy: commented on the process of acquiring bonds.

VIII. Guest/Community Opinions

Mike Robinson: "Regarding court on the 20th. Mr. Armstrong is working with creditors to come to an agreement; IRWA feels it is too soon to make a settlement with creditors because the ICC amount of compensatory damages has not been determined. Judge Pemberton said he is not in a position to tell a creditor they have to compromise. IRWA feels it is not workable for Mr. Armstrong to work independently with the creditors. Judge Pemberton said there needs to be a comprehensive settlement and everyone is going to want to get the same

percentage. The fly in the ointment is, Mr. Armstrong is going about it by himself trying to negotiate a settlement and other people will think, wait, you shouldn't be doing this by yourself so that is one of the problems."

Bill: We sent a letter to the Court stating the same thing that we felt the Court had to be proactive in this, or it's not going to be done.

Joe: The Judge is hesitant at this point, he said in court to do that.

Betsy: We don't have a purchase agreement.

Mike Robinson: Is Ralph Lowe being paid yet? (No, no bill has been submitted yet)

The \$45,000 to obtain bonds, where does the money come from? (From the bonds)

I know you need an Engineering Study, and there are other studies that weren't as thorough. What actually does the engineering study do? (There is a scope of work that we have outlined that we need for funding purposes, for the EPA, for all those things that have to come into place to get the treatment plant in compliance.) It has nothing to do with value of the utility. It is what needs to be done to bring it into compliance? (Right, can you re-pay bonds, in that sense it goes to cash-flow of the Utility. It talks about financial stability. It makes a statement about whether the Utility in the end will serve the bonds.)

Herb O'Rourke: Fehr-Graham Report, are you expecting something different? (Yes, with my understanding with the scope of work there are time-lines that are going to be part of it. What it's going to take to rehabilitate or not rehabilitate or replace it. Some of that may be redundant. We're hoping it's not.)

If I recall correctly, the best job was to tear it down and start over again. (No, it would cost \$750,000 to 1.5 million dollars)

Would that be prorated to the community? (We don't know.)

Herb: How will it impact the agreement? (There may a possibility we cannot afford it. We have a figure for bonds. If it is too expensive, they're not going to give us the money. We haven't signed a purchase agreement. We have a Letter of Intent.)

Herb: What happened to the idea of a Receiver? (That wasn't a good plan.) That gave you the opportunity to understand the operational cost. (We understand the operation is not very good)

Mike Robinson: Are you asking for an amount before the engineering study or are you going to wait for the engineering study before asking for an amount for a loan? (After. The engineering study is going to tell us how much we are going to need, or if we can afford it.)

Herb: The ICC hearing proved a misappropriation of funds in the amount of \$250,000, are we going after that? (We don't have any say in that. It is up to the Judge. We are not buying his liability. Most likely that money would go to creditors and legal fees. Gene Armstrong believes the ICC is putting a cog in the wheel.)

(Further discussion was held on distribution of money)

Herb: When will we be able to see the financial information? (Once there is a definitive agreement signed and accepted that will be when.) Is there a game plan in place, strategies what happens next; are there any kinds of forward plan? (the hiring of the bond agent, he sets parameters, community involvement, meetings, passing ordinances, rate meetings, we have to wait until we know what the figures are. Rates have been discussed already. Everyone will be notified) The community will vote? (No, there is no vote. Seven members will vote. We have done our due diligence.) Sludge removal (Sludge tank has nothing in it.)

Harold Stromberg: Questioned a rumor. (No return call from the realtor who started it.)

IX. Adjourn

Joe: The next district meeting will be held on December 19, 2006 at 7:00 pm. Bill made a motion to adjourn and Jerry seconded. The motion was unanimously approved (11-21-06-6). The meeting was adjourned at (HELP).

Summary of motions:

- 11-21-06-1 Approval of the Agenda
- 11-21-06-2 Approval of the minutes 10/17/06
- 11-21-06-3 Approval of the minutes 11/21/06
- 11-21-06-4 Approval of salaries to be paid
- 11-21-06-5 Approval of finance firm
- 11-21-06-6 Adjournment

sfs 12/12/06

**RESOLUTION OF THE BOARD OF TRUSTEES FOR PUBLIC FINANCING
NO. 04-2006**

Joe made a motion for the board to make a resolution for public financing to the firm of Griffin, Kubik, Stephens and Thompson, Inc. of Chicago, Illinois. Their fee service is not to exceed \$45,000. Nadine seconded the motion. The motion was approved by unanimous roll-call vote (11-21-06-5).

Board Members Voted:

Joe Olliges: Yes

Bill Weronko: Yes

Nadine Portner: Yes

Ron Berger: Yes

Jerry Pohlman: Yes

George Kersten: Yes

Roger Asplund: Absent