

MEETING MINUTES
SANGAMON VALLEY PUBLIC WATER DISTRICT
REGULAR BOARD MEETING
JUNE 27TH, 2022
3:30PM

Held in Person at the SVPWD Water Treatment Plant

MEMBERS PRESENT: Bob Buchanan, Michael Melton, Monte Cherry, Michelle Grindley, Meghan Hennesy, Colleen Schultz, Kerry Gifford, & Lindsey Wallen. A Quorum was present.

MEMBERS ABSENT:

GUESTS PRESENT: Attorney Ed Flynn, Garrett Kerr & Grant Ames of Martin Hood, & Besa Beguin

1. CALL TO ORDER: Chairman Hennesy called the meeting to order at 3:30pm.

2. APPROVE AGENDA: Chairman Hennesy asked if everyone had a chance to review the agenda. She also asked to add item C under 6-Discussion, for Board Emails, and Gifford asked to add item D under 6-Discussion, for Surge Protection.

MOTION by Grindley and 2nd by Schultz to approve the agenda with those changes.
All voting yes, Motion carries.

3. PUBLIC COMMENT: Chairman Hennesy asked if anyone wanted to share during public comment this evening. Three requests were made.

1. Ron White – He stated that he talked to several people to come to this board meeting and the most interesting thing is that they really don't want to attend. What they are seeing now, the question on this ballot, they just don't want chaos to follow everything, especially their water, it is just a utility. You just need to provide services and they just want to get their water at a reasonable price. Whether or not that is going to come later.
2. Gloria Cherry – She stated that she kind of has the same message about the chaos, except that she thinks people need to look a little further as to where the chaos is coming from because the board members that are being vilified are not saying anything, their very quiet, its other people from the outside. She stated what people need to reconsider is, whatever decisions are being made, who benefits. Always follow the dollar. She stated that Meghan, Colleen and Monte, she knows for sure, have absolutely zero benefit from the decisions that are being made and she added that she has dealt with Meghan and Colleen, she did not know them before, but she has dealt with them on school board things, and she finds them highly competent. They do their homework, they do the research and time and time again they bring up things, they are totally destroyed at the meetings and afterwards people quietly say, afterward they did some research and they were right, but they never say that publicly. She

stated that she hasn't gotten to know any of the other board members but she has gotten to know those two on issues and they are spot on and it really bothers her the way they are being vilified and for what. Follow the dollars.

3. Mike Larson – He stated that he wanted to share that following the meeting at which he was not reappointed, Darlene Kloppel sent to him and Meghan and in it she said “current trustees may continue to serve until replaced by a qualified appointee”, so following the receipt of that, his presumption was to continue to serve. He stated that he knows the District attorney had weighed in on that and he said that his advice is that he is not on the board. His belief is that he is still on the board, he is still a trustee and is able to serve. He is here tonight and he wants it on record that he's here and is available to serve, to take roll call vote. He stated that they have clearly made a decision since he wasn't included on the board packet, he can see if on the table, but he just wants it on record that he is here and again, his understanding is that he is willing to serve as a trustee. The other thing he wanted to mention, stating it would probably come up, but he won't have a chance to comment, since there is confusion about what happened with the pumps, if they haven't already done it, please have an engineer look into it, it sounds like Kerry already has solutions, but again, if you aren't already doing it, he urges a report to document what did and didn't happen so they can be resolved for the future.

Mr. Flynn spoke to the public participators and noted that he understands there is some conflict at this District, and added this isn't the first unit of local government that has had conflict before. He said that he is familiar with the email Mr. Larson referred to. He stated MR. Larson sent him an email this morning regarding his status on the board and Mr. Flynn responded by stating that under normal circumstances, when there is a vacancy on the board and the vacancy hasn't been filled, the seated board member could continue to fill that spot until the vacancy has been filled. The difference in this situation is that Mr. Larson's tenure of office was set to expire and the Champaign County Board was asked to vote on that and they refused to reappoint him. So that is what created that vacancy and that is unique with Mr. Larson's position. Mr. Flynn added that he only met Mr. Larson last month and he seemed like a reasonable and intelligent person, and he is not passing judgement on him and he is not joining sides on either of the issues of conflict between board members. Since the Champaign County Board decided not to extend his term that creates a vacancy and then, the County Board Administrator has done nothing to fill that spot despite the fact that she has three or four other candidates for that position, and they have already had another county board meeting and at that meeting she did not put on the agenda to fill the spot where the county board refused to appoint Mr. Larson. Mr. Flynn has taken the legal position, and he believes that he is accurate, that Mr. Larson's position is now vacant and they have a six-member board. He stated it is not a personal issue with Mr. Larson, it is just his legal opinion.

4. NEW BUSINESS:

A. Customer Request – Besa Beguin – Mrs. Beguin stated that she sent a letter to the board members in May and the only update she has since the letter is that they did get the repairs done from where they received a letter from Kerry stating that they were mandated to add that shut off valve. She does have a receipt for that, and that total was \$2,680.00. She stated that they still need to have a landscaper. She stated that Kerry was kind enough to send out some of the staff members and cover it up roughly, but it still needs some finished top soil and reseeding probably in the fall. She stated that they wanted to come to the board and ask for 50% of the cost of the repairs because it is a problem that they inherited and she stated she had tried previously to have the

water district come out and try to identify where that shut off valve was, so they could replace that weak spot in the pipe. She said two or three time, they moved into the house in 2015, somebody was sent out but they just kind of walked around the yard and left. Since Classic Plumbing has come out and put in a shut of valve in their neighbors yard, they were told there was a shut off valve and its under there driveway, which was done in 2013 before they purchased the home, so again, she had no way of knowing any of this. She said they tried to years to resolve the problem without any success. Not only did they have a \$300+ bill for Classic Plumbing to come out and install new shut off valves, they also have this mandated \$2,680 they had to pay. In addition, they had about \$2,000 worth of damage to the finished basement and furniture and rugs and all of the trim. She stated that she did send videos and pictures. She stated that is her request to the board and they feel like it is fair being that it was an inherited problem and maybe a little bit of negligence in getting that water shut off sooner, could have prevented some of that damage to the home and belongings in the home.

Chairman Hennesy asked if anyone from the Board had any questions and added that by Ordinance the shut off valve is the responsibility of the homeowner, but completely sympathizes with her, inheriting a driveway over the shut off valve, she stated she has actually had the thought of where is her own shut off valve since her story. She said for her, part of the issue they have as the District is that the Ordinance does dictate that the District own the mains. She stated that the staff wanted to help and she hopes that they were helpful, she had heard feedback that they were very helpful and yet that really wasn't their responsibility. She said there is a fine line trying to work with customers and where that delineation of responsibility falls. She said she thinks they are just in a situation where unfortunately the shut off valve by the previous owner was put under a driveway, and the District doesn't have control over that either. Besa stated that the Chairman was saying "by Ordinance" but that Ordinance was adopted in 2020. Kerry noted that it has always been in the Ordinance, but that the Ordinances were update in 2021. He added that the District is only responsible up to the main. Gifford also noted that the office was unable to find any work orders for the Beguins. Wallen confirmed this stating there were for the previous resident but not the Beguins. Mr. Beguin added that when Classic Plumbing came out that the curb stop could be underneath their driveway, but it was not a definite. He added that there are no shut valves for anybody's houses out there besides the main, so that is the District's problem. Gifford and Mr. Beguin discussed who's responsibility it was to install proper fittings in the home. Chairman Hennesy apologized noting everyone is upset and they have reason to be as there is very real damage done to their home. She stated that in terms of understanding where the developer built the home and installed all of it, that was actually where the responsibility lies. She stated that she understands they aren't the ones who built the home and people before them probably weren't either. She stated that the District doesn't have the ability to go onto their property, nor does the District run the pipes when the home is being built, that was done by the builder. She stated that the District can read the meter, and they can turn off the water but those are for very strict things like not paying your bill. She stated, in terms of ownership, they are the owner of the meter and the pipes on their property. She added that unfortunate thing here is that the real responsibility is with the builder and they just didn't do a great job when they built, and the District isn't responsible for that either. She stated that she would like to figure out something and it sounds like they have taken steps so that this doesn't happen in the future, but in fairness to the District

were asking all of the other customer's in the District to pay for that and when other customer's have come with things like water leaks, they have to fall back on their Ordinances because it has to be fair to everyone. Mr. Beguin added that he had called Chairman Hennesy and never received a call back from her. He also stated that Kerry could have shut the water main off in 20 Scminutes and he chose not to and his whole basement flooded six inches, and that is the issue is that he could have shut the main off to stop this and then they could have figured out what to do from there. Chairman Hennesy stated that the Beguins are the only people on the main, so in fairness to the customers when its said that you can just turn the main off there is a cascade effect in that it turns the water off to everyone on that main and then causes a boil order to be issued. Additional discussion was held between Mr. Beguin and Chairman Hennesy. Besa asked why where they mandated and additional \$2,680 to have a shut off valve put in, but their neighbors have not. Cherry asked when the house was built and they told him 1984. He stated it seems they've passed the statute of limitations but if this issue is prevalent in their subdivision, and if it was possible, the responsibility does fall on the developer or builder. He recommended asking an attorney if there could be any relief from a long-term effect because this is going to cost a whole lot of money if all of the houses there are in the same condition. Grindley asked if there is a code or something that has to be inspected when you build a house. Gifford explained that the District makes sure the meter is put in properly, verify backflow prevention is installed properly, and make sure the shut off is working for the homeowner in their yard. Gifford explained that he is not sure what was done back when this home was built, but that that is what is done now. Grindley stated that for her she feels this is a shared fault because it seems like that should have been caught by the District when the home was built. Attorney Flynn asked the Beguins to have time to speak to the staff and board and make a recommendation. Schultz asked the Beguins when they first knew they had an issue. The Beguins stated they knew that issue with the fitting existed when they purchased the home in 2015. Schultz asked Gifford and Wallen what the protocol is if a customers calls in and says they have an issue with an internal line like this. Wallen explained that it would depend on the specific situation, but typically they would recommend the customer call a certified plumber as the staff is not allowed in the home. Gifford added that if it outside they can still take a look and try to help them find shut offs. Chairman Hennesy asked if anybody had any additional comments or questions and made sure the Beguins were okay with the District following up with them. They were okay with that and no additional comments were made.

B. Martin Hood – 2021 Audit Presentation & Approval (ACTION ITEM) –

Garrett Kerr and Grant Ames from Martin Hood attended the meeting to present the 2021 audit. Grant was the field rep for this audit and Garret was the manager on the audit. Garrett reviewed the audit report with the board and noted that it was unmodified and a clean opinion on the audit this year, which is exactly what a board wants to hear. Melton asked about the retirement line item and asked who that is to. Garrett stated that he doesn't have specific vendor information with him and recommended getting that information from management. Gifford and Wallen confirmed that is was Lincoln Financial. Melton asked if that is a deferred comp plan. They confirmed it is a 457b plan. Melton asked if that was for employees only. Wallen stated for 2021 it included any employees and trustees that were in the plan then. Melton provided a copy of the Ordinances where it stated trustees could deferred their compensation into the plan. Grindley asked Melton what the questions is because the audit clearly shows the amount that was paid. Melton asked if that plan was for both

trustees and employees. Wallen explained that on the 2021 audit the number in the audit is for both employees and trustees, but the trustee portion of that plan was cancelled in December of 2021. Melton stated that it was his understanding that Gifford couldn't just cancel one person's plan, he could cancel the whole plan, but not just one person's plan. Wallen confirmed that he canceled the entire trustee plan because he is the authorized agent for Lincoln Financial. Melton said that Gifford changed plans just for him. Wallen asked how this was relevant to the audit. Melton then asked if snacks and drinks are included in the OTHER category on the audit. Garrett stated that he doesn't have a detail of what is all in there and recommended having management pull that detail. Chairman Hennesy asked Melton what he wants them to get for him after the meeting. Melton asked for details on snacks and where they got it, and receipts. Chairman Hennesy note that has been in all of their monthly bills and budget tracker. Melton also asked for the Ace Hardware receipts. Chairman Hennesy asked Melton if they could pause on that for right now and get through the audit then they can get to the part of the consent agenda that goes over the Treasurer's Report. Garrett continued reviewing the audit. He added that the last thing they need to do as part of the audit is submit the AFR to the Illinois Comptroller and that will get done in the next couple of weeks. The board had no additional questions for the auditor's and thanked the board for their time. Chairman Hennesy thanked Martin Hood for their work and time on the audit.

MOTION by Buchanan and 2nd by Grindley to approve the 2021 Audit as presented by Martin Hood.

Roll Call Vote as Follows:

Roll Call Vote:

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Cherry: Yes		

With a vote of 6 Ayes and 0 Nays motion carries.

C. Approval of CWE Water Modeling (ACTION ITEM) - Chairman Hennesy noted that in the packet Gifford provided a description of task order number 35.

MOTION by Cherry and 2nd by Hennesy to approve the CWE Water modeling task order as presented.

Discussion: Grindley asked if this stemmed from their conversation last month because she was under the impression that they were going to have a study session for further board discussion on the topic before they went to this because of the cost of this study. Gifford noted that it could become a capital project eventually and they could spend \$150,000, but he doesn't know until this design work is done. Gifford explained this is just to do a study to see if they want to make CWE go through one or two or three meters, they need to still be able to provide an expected service level to the customer. Grindley understands that and just thought the board was going to have a study session before it got to this step, with details, some of the history, easements, etc. Schultz asked Gifford if he is saying that he wants to have this design work completed before the study session so the board has and understanding if they decided to move forward, what that cost would be. Grindley stated she was even one step before that in the board discussing if they even want to do a meter. Buchanan stated that he has gotten the impression that there is paperwork that states some of that, so they can get that and discuss before they spend \$15,000.

MOTION by Grindley and 2nd by Buchanan to table the CWE Water modeling task order until a study session is done.

Discussion: Chairman Hennesy proposed scheduling a date for the study session. The board agreed to July 6th at 3:30pm for a study session.

All voting yes, Motion carries.

5. CONSENT AGENDA: Chairman Hennesy proposed removing item A from the consent agenda for further discussion before voting. The board agreed and no other recommendations were made to pull items out for individual discussion.

MOTION by Hennesy and 2nd by Cherry to approve the Consent Agenda Items B-G as presented.

Roll Call Vote as Follows:

Roll Call Vote:

Hennesy: Yes	Melton: Abstain	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Cherry: Yes		

With a vote of 5 Ayes, 0 Nays, and 1 Abstain, motion carries.

- A. 2022-2023 Regular Board Meeting Schedule Approval** – Chairman Hennesy noted that a schedule was presented in the packet, but then she recommended changes and brought a new schedule. The board discussed dates that would work well for everyone. Most meeting are held on the 4th Monday at 3:30pm with the exception of three meetings.

MOTION by Hennesy and 2nd by Grindley to approve the 2022-2023 Regular Board Meeting Schedule as presented, with the modifications and changes discussed.

All voting yes, Motion carries.

B. Secretary’s Report

- i. Approval of Regular Meeting Minutes held Mar 28th, 2022
- ii. Approval of Special Meeting Minutes held April 20th, 2022
- iii. Approval of Regular Meeting Minutes held May 23rd, 2022
- iv. Approval of Closed Meeting Minutes held May 23rd, 2022

C. Treasure’s Report

- a. Approval of Accounts Payable listing for May, June, & July 2022 - \$178,865.23

D. Procurement Policy

E. Cash Reserve Policy

F. Final Pay Request – Briarcliff Sewer Lining - \$18,488.46

G. Asst. General Manager Contract

6. DISCUSSION ITEMS:

- A. 2022 Revenue Bond** – Chairman Hennesy noted in going through the bond process they received some really great news, the District has a AA- rating. A statement was passed out from Kevin Wills of Bernardi’s Securities and when he was there for the signing of the Bond he was very complimentary to the District on all the work that had been done and the movement that they’ve had in their rating and he was nice enough to prepare a statement.

“Mr. Gifford and Board of Trustees:

I would like to congratulate the District on achieving a ‘AA-’ rating from Standard and Poor’s. This is something the Administration and Board should be very proud of!

By now you have likely read the public Report issued by Standard and Poor’s regarding their ‘AA-’ rating rationale—if you have not read it, I have attached to this email for convenience and I encourage all of you to read it. It’s hard to state the facts better than Standard and Poor’s, but credit needs to be given to what Management—led by Mr. Gifford—have accomplished over the past 10 years, or so, as it relates to implementing strong operational policies and procedures, rate increases, and keeping the District’s debt burden at manageable levels. The District’s first rating was assigned in 2010 from Moody’s and it was an ‘A3’ rating—which is roughly the equivalent to an ‘A-’ rating from Standard and Poor’s. So that means the District has increased their rating by 3 levels since that time! You are only 2 levels from the highest possible rating of ‘AAA’! That is a direct result of the polices and procedures that have been implemented, and more importantly, followed, over the past 10+ years. It is also a direct result of the sound financial management practices that have been recommended and followed by Management. Standard and Poor’s does not publish a report that shows only the ratings of Illinois water/sewer districts, but does publish a list of ratings for municipalities. I have attached that list for your reference and have highlighted the municipalities south of I-80 (it’s possible that I missed some) that carry a rating of ‘AA-’ or higher. As you can see, of the approximate total ratings of 82, only around 24 have a rating of ‘AA-’ or higher.

The benefit of a ‘AA-’ rating also saved the District on interest cost. Had the District maintained a Standard and Poor’s rating of ‘A-’ (which is roughly the equivalent rating to Moody’s ‘A3’ rating) the net interest rate on this bond issue would likely have been around 3.80%, as opposed to its current rate of approximately 3.60%.

Again, congratulations on achieving an excellent rating!

Sincerely,

Kevin R. Wills”

Chairman Hennesy stated she wanted to give a shout out to the employees and to the management team who have worked hard over the last year. She stated it was a significant amount of work by the employees to get to this point and she wanted to make sure everyone heard that all of that work has paid off in a significant way and saved the customers with respect to the interest rates. Gifford noted that this was the first time that Wallen assisted with the bond process and when they went through the interview process, the interviewer said there were no holes in their system and it was a record interview, they had never had one completed that quickly before because they do what they are supposed to and everyone takes it seriously, and they should all be proud of where they are at. They were very impressed with all of the policies and procedures in place and the fact that the District has a 20 year capital improvements plan with annual rate increases factored in.

- B. Well Repairs Update** – Gifford stated they had a surge in the water plant, that tripped the main breaker in the plant, and blew the surge protection over the motor control center which protects all of the motors through out the system. It burned up the motor in well #4. Well #3 wasn’t running and they assumed they had a power

problem their too and it blew that up but it wasn't the issue. Well #3 there is a plug in the pit less adaptor that actually corroded out and it was shooting water up and it shorted the motor out. They were fortunate enough to be able to pull it up and get a plug and get it fixed with parts we had here and that is back in operation. Well #4 had to have all of the column pipe pulled out and put a new pump in there. An insurance claim will be made for well #4. Gifford noted that they will be keeping a backup pump and motor moving forward, and everything is now back up and running. Cherry praised the employees and vendors for getting everything up and running in a timely manner.

C. Board Emails – Chairman Hennesy informed the Board Wallen would be sending out individual emails for board members from SVPWD at the attorney's recommendation.

D. Surge Protector – Gifford informed the board he spoke with Donohue and they are going to get a task order together for an additional surge protector for a double layer of protection.

7. GENERAL MANAGER'S REPORT: Gifford's GM/Treasurer's Report is below.

General Manager/Treasurer Report May 2022.

District Covid-19 Operation Level: The Water District is at cautionary level of operation.

Income: May water sales were typical at \$154,949.24. Total operating revenue for the month was in line with budget expectations at \$159,041.09. Total operating revenue through May is at \$753,557.49. With the warm dry season still ahead expect water sales to increase and operating revenue will catch up with the budget expectations. Non-operating revenue from new housing starts is slowing due to mortgage interest rates increasing and high cost of building material driving up the cost of a new home. Due to a strong first quarter, total non-operating revenue through May is strong at \$98,734. The district issued 20 new housing permits through June 16, 2022.

Expenses: Operating expenses for May are slightly below budget expectations at \$142,469.93. Expenses for the year are at \$699,029.24 or 10.8% below budget. Expenses will increase as we move through the construction season.

Billing: Total of 1,977 customer accounts were billed in May with 13 meters estimated. The average water usage per customer were as follows: homeowners 5,318 gallons, candlewood 2,934 gallons.

Water Accountability: The unaccounted-for water loss for the year is at 13.9%. The Water District typical unaccounted for water loss range is between 3% - 6%. The District discovered a water main leak in Cobble Creek subdivision in the month of February. Also, two irrigation systems in Thornwood were found to be leaking. We will continue to search for reason for the high-water loss.

Water Distribution System: Dead end fire hydrant flushing was completed in May.

Water Treatment Plant: The spent backwash storage tank will have the iron sludge vacuumed out this summer.

Wastewater Collection: We had no sewer back-ups in the month of May.

Mahomet Public Works Lift station: The replacement of worn out and aged electrical/mechanical equipment will be done this year. This project will be let out for bid sometime around August.

Wastewater Plant: Effluent seasonal chlorination and dichlorination is on-going. The headworks washer/compactor has been ordered.

Lagoon Dredging: We will be advertising for bid sometime in late June with sludge removal planned for the fall of the year.

Subdivision Updates:

6th addition to Thornwood Phase 1: The subdivision is now in the 2-year maintenance bond period several new housing permits have already been issued.

Trustee Melton asked Gifford how the District fills gas for the trucks. Gifford stated there is a gas tanker on site for the District trucks to use to get gas, but the District also has a Diesel tractor that they have to get gas from a gas station for.

8. EXECUTIVE SESSION:

A. General Manager Personnel Discussion – 5 ILCS 120/2(c)(1)

MOTION by Hennesy and 2nd by Grindley to go into Executive Session at 5:03pm for the purpose of discussing personnel **5 ILCS 120/2(c)(1)**.

Roll call Vote as follows:

Roll Call Vote:

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Cherry: Yes		

With a vote of 6 Ayes and 0 Nays, motion carries.

Trustees Grindley left during Executive Session.

MOTION by Hennesy and 2nd by Cherry to come back into Open Session at 7:20pm.

Roll call Vote as follows:

Roll Call Vote:

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Absent
Buchanan: Yes	Cherry: Yes		

With a vote of 5 Ayes, 0 Nays, and 1 Absent motion carries.

9. ADJOURNMENT:

MOTION by Cherry, and 2nd by Hennesy to adjourn at 6:00pm.

With a Vote of 4 AYES, 0 NAYS, and 3 Absent, Motion carries.

Respectfully submitted,

Lindsey Wallen
Secretary, Board of Trustees