

COMMITTEE OF THE WHOLE
APRIL 24, 2024
VILLAGE BOARD ROOM
2200 HARNISH DRIVE, ALGONQUIN
7:45 P.M.

Trustee Auger – Chairperson
Trustee Spella
Trustee Glogowski
Trustee Dianis
Trustee Smith
Trustee Brehmer
President Sosine

∞ AGENDA ∞

- 1. Roll Call – Establish a Quorum**
- 2. Public Comment – Audience Participation**
(Persons wishing to address the Committee must register with the Chairperson prior to roll call.)
- 3. Community Development**
- 4. General Administration**
 - A. Consider a Cable Franchise Agreement with Comcast of Northern Illinois
 - B. Consider a Revision to the Investment Policy
 - C. Consider Authorized Financial Institutions as Designated Depositories
- 5. Public Works & Safety**
 - A. Consider an Agreement with Hayes Industries for the Lead Service Replacement Project
 - B. Consider an Agreement with Utility Service Co. Inc. for the Huntington Standpipe Renovation and Maintenance Project
- 6. Executive Session (if needed)**
- 7. Other Business**
- 8. Adjournment**



VILLAGE OF ALGONQUIN
GENERAL SERVICES ADMINISTRATION

- M E M O R A N D U M -

DATE: March 19, 2024

TO: Tim Schloneger, Village Manager

FROM: Michael Kumbera, Deputy Village Manager/Chief Financial Officer

SUBJECT: Comcast Franchise Agreement Renewal

Background:

In 2018, the Village entered into a cable service franchise agreement with Comcast (2018-R-62) effective for five years. This agreement mirrors prior agreements, granting Comcast authorization to utilize Village rights of way in compliance with municipal codes and establishing a 5% fee on Comcast's gross revenues derived from its operations within the Village.

Under Federal law, before the Village can renew this proposed franchise agreement, a public hearing must be held. Accordingly, the Village has published a notice to hold a hearing on May 21, 2024, to allow the public the opportunity to comment on the proposed franchise renewal. After that hearing, if this franchise agreement is in acceptable form, the Village Board may approve it at that same meeting.

Recommendation:

Staff recommends the Committee of the Whole forward this item to the Village Board for approval by resolution at their meeting on May 21, pending the outcome of a public hearing on the same date.

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April 2, 2024

President and Board of Trustees
Village of Algonquin
2200 Harnish Drive
Algonquin, IL 60102

RE: Comcast/Renewal of Franchise Agreement

Ladies and Gentlemen:

In 2014 and again in 2018 the Village entered into a “short-form” cable service franchise agreement with Comcast for a five-year term. This “short-form” agreement was largely similar among several McHenry County area municipalities represented by our firm and was based upon a similar “short-form” agreement executed five years previously. The execution of these short-form agreements followed several years of changes to state law governing cable and video service providers, including the establishment of state laws regulating customer service (which had long been a major municipal concern). Given added state consumer protections and the increasingly less controversial provision of service from Comcast, at the time it was considered no longer necessary to enter into protracted negotiations for a very detailed franchise agreement governing many aspects of cable service. Instead, the municipal participants – including Algonquin – entered into a relatively short agreement that largely relied on the new and existing state and federal laws.

While a longer-form franchise agreement remains in use in many areas in the region, since 2009 the “short form” agreement has proven to be sufficient to address the Village needs, and the Village has had no material issues operating under this or an earlier version of the agreement. Comcast has again asked the Village to consider renewing the short-form agreement that the Village last approved in 2018. The proposed agreement grants Comcast a five-year franchise authorizing Comcast to operate in the Village’s rights of way in a manner consistent with the Village Code and imposes a 5% franchise fee on gross revenues. Comcast is already subject to the customer service obligations of the Illinois Cable and Video Customer Protection Act which sets the default provisions for customer service standards, so this Agreement does not include extensive customer service requirements. State law rules also now govern the authority of the Village to audit Comcast, and Comcast has included a reference to those laws in this franchise agreement.

Under Federal law, before the Village can renew this proposed franchise agreement, the Village is required to afford the public adequate notice and opportunity for comment. Accordingly, the Village has published notice and the Board is scheduled to hold a public hearing to allow the public the opportunity to comment on the proposed franchise renewal. After

ZUKOWSKI, ROGERS, FLOOD & McARDLE

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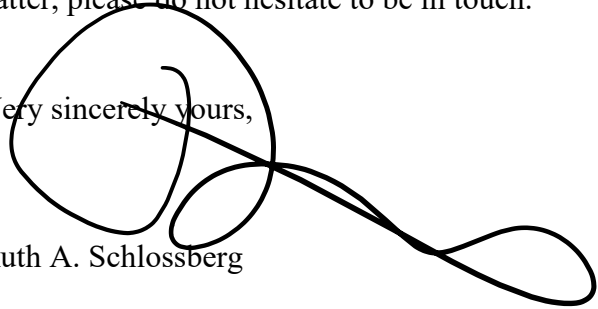
April 2, 2024

that hearing, if this franchise agreement meets with your approval, you can consider the renewal at the same meeting.

If you have any questions about this matter, please do not hesitate to be in touch.

Very sincerely yours,

Ruth A. Schlossberg

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by a long, sweeping horizontal stroke that ends in a small loop.

CABLE TELEVISION FRANCHISE AGREEMENT

BY AND BETWEEN

THE VILLAGE OF ALGONQUIN, ILLINOIS

AND

COMCAST OF NORTHERN ILLINOIS, INC.,

THIS FRANCHISE AGREEMENT (hereinafter, the "Agreement" or "Franchise Agreement") is made between the Village of Algonquin, Illinois (hereinafter, the "Village"), an Illinois municipal corporation and Comcast of Northern Illinois, Inc., (hereinafter, "Grantee"), this _____ day of _____, 2024 (the "Effective Date").

The Village, having determined that the financial, legal and technical abilities of the Grantee are reasonably sufficient to provide the services, facilities, and equipment necessary to meet the future cable-related needs of the Village, desires to enter into this Franchise Agreement with the Grantee for the construction, operation and maintenance of a Cable System on the terms and conditions set forth herein.

This Agreement is entered into by and between the parties under the authority and shall be governed by the Cable Communications Policy Act of 1984, as amended from time to time, 47 U.S.C. Sections 521 *et seq.*, and the Illinois Municipal Code, as amended from time to time; provided that any provisions of the Illinois Municipal Code that are inconsistent with Cable Act shall be deemed to be preempted and superseded.

Article I – Franchise Hereby Granted

a. The Village hereby agrees to permit the Grantee to construct, operate and maintain a cable system in the Village subject to the terms and provisions of the Village's generally applicable ordinances governing the streets and rights of way of the Village.

b. The Village hereby agrees that, provided the Grantee is in compliance with all generally applicable Village codes and ordinances, this Franchise Agreement shall be effective for a period of five (5) years from and after the Effective Date.

Article II – Operations within the Village's Rights of Way

a. The Grantee hereby agrees to occupy the rights of way in accordance with the terms and provisions of Illinois State law and the Village's generally applicable ordinances governing the streets and rights of way of the Village including, but not limited to, the provisions of Chapter 39 of the Algonquin Municipal Code governing Construction of Utility Facilities in the Rights of Way, as currently in effect and as may be subsequently amended.

b. The Grantee shall at all times maintain insurance and shall provide the Village with certificates of insurance in accordance with the provisions of Chapter 39 of the Algonquin Municipal Code governing Public Ways and Property, as currently in effect and as may be subsequently amended. Said certificates of insurance shall name the Village and its elected and appointed officers, officials, agents and employees as an additional insured.

Article III – Franchise Fee

a. The Grantee shall pay a franchise fee to the Village for the privilege of operating in the Village's rights of way in a manner consistent with the provisions of the Cable Communications Policy Act of 1984, as now in effect and as may be subsequently amended from time to time. The franchise fee shall be in an amount equal to five percent (5%) of annual Gross Revenues received from the operation of the cable system to provide cable service in the Village, and shall be made on a quarterly basis, and shall be due forty-five (45) days after the close of each calendar quarter. If mailed, the Franchise Fee shall be considered paid on the date it is postmarked. The Village hereby agrees that the total franchise fee, as interpreted under the Cable Communications Policy Act of 1984, shall not exceed the greater of the percentage of fees any other video service provider, under state authorization or otherwise, providing service in the Franchise Area pays to the Village.

b. As used in this agreement, gross revenue means the cable service revenue derived by the Grantee from the operation of the cable system in the Village's Rights of Way to provide cable services, calculated in accordance with generally accepted accounting principles. Gross revenues shall also include such revenue sources from the provision of cable service as may now exist or hereafter develop from or in connection with the operation of the cable system within the Village, provided that such revenues, fees, receipts, or charges may lawfully be included in the gross revenue base for purposes of computing the Village's permissible franchise fee under the Cable Communications Policy Act of 1984, as may be amended from time to time.

c. The Village and Grantee acknowledge that the audit standards are set forth in the Illinois Municipal Code at 65 ILCS 5/11-42-11.05 (Municipal Franchise Fee Review; Requests For Information). Any audit shall be conducted in accordance with generally applicable auditing standards.

d. In accordance with 65 ILCS 5/11-42-11.05 (k), the Village shall provide on an annual basis, a complete list of addresses within the corporate limits of the Village. If an address is not included in the list or if no list is provided, the Grantee shall be held harmless for any franchise fee underpayments (including penalty and interest) from situsing errors.

Article IV – Cable Communications Policy Act of 1984

Nothing in this Agreement shall be construed to limit, in any way, the Grantee's rights or responsibilities under the Cable Communication Policy Act of 1984, as amended and the renewal of this Agreement shall be governed by that Act.

Article V - Customer Service Standards

The Village and Grantee acknowledge that the customer service standards and customer privacy protections are set forth in the Cable and Video Customer Protection Act (220 ILCS 5/22-501 *et. seq.*). Enforcement of such requirements and standards and the penalties for noncompliance with such standards shall be consistent with that Act.

IN WITNESS WHEREOF, this Franchise Agreement has been executed by the duly authorized representatives of the parties as set forth below, as of the date set forth below:

For the Village of Algonquin, Illinois:

For Comcast of Northern Illinois, Inc.:

By _____

By: _____

Its _____

Its: _____



VILLAGE OF ALGONQUIN
GENERAL SERVICES ADMINISTRATION

– M E M O R A N D U M –

DATE: April 11, 2024

TO: Tim Schloneger, Village Manager

FROM: Michael Kumbera, Deputy Village Manager/Chief Financial Officer

SUBJECT: *Investment Policy Revision*

The Village's Investment Policy, last revised in 2020, provides a strategic framework for managing treasury operations. Our primary goal remains the safekeeping and liquidity of principal, alongside achieving a market-competitive yield on Village reserves.

Following the acquisition of our primary banking institution by a credit union, staff conducted a thorough review of our policy to ensure it continues to meet our operational needs and maintains robust safeguards. Key updates proposed are as follows:

1. **Management of Police Pension Fund:** Responsibility for the investment activities of the Police Pension Fund has been transferred to the Illinois Police Officers' Pension Investment Fund.
2. **Expanded Investment Options:** We have updated our policy to include the possibility of investing in financial institutions insured by the National Credit Union Association (NCUA).
3. **Standby Letter of Credit:** Introduced as a new option for securing deposits, providing an alternative to traditional pledged securities/collateral.
4. **Benchmark Adjustment:** The investment benchmark has been updated to the three-month U.S. Treasury Bill to better align with the Village's passive investment strategy.

A redlined version of the policy highlighting these changes is attached for review. Staff will be available to address any questions both prior to and during the upcoming Committee of the Whole meeting.

Recommendation

Staff recommends that the Committee of the Whole forward this item to the Village Board for approval by Resolution at their meeting on May 7, 2024.

C: Amanda Lichtenberger, Deputy Chief Financial Officer



Village of Algonquin

Investment Policy

1. POLICY

It is the policy of the Village of Algonquin (“Village”) to prudently invest public funds in a manner ~~which~~ that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state statutes governing the investment of public funds.

2. SCOPE

This investment policy applies to all financial assets of the Village except for the Police Pension Fund which is subject to the order of the Board of Trustees of that particular fund. These funds are accounted for in the Village’s Annual Comprehensive ~~Annual~~ Financial Report (ACFR) and include:

2.1. FUNDS

- 2.1.1. *General Fund*
- 2.1.2. *Special Revenue Funds*
- 2.1.3. *Capital Project Funds*
- 2.1.4. *Enterprise Funds*
- 2.1.5. *Trust and Agency Funds*
- 2.1.6. *Debt Service Fund*
- 2.1.7. *Any new fund created by the Village Board (unless specifically exempt)*

2.2. POOLING OF FUNDS

Except for cash in certain restricted and special funds, the Village will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the proper funds based on their respective participation and in accordance with generally accepted accounting principles.

3. GENERAL OBJECTIVES

The primary objectives, in priority order, of the Village’s investment activities shall be safety, liquidity, and ~~yield rate~~ yield rate of annual return on investments.

3.1. SAFETY

~~Safety~~ The safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

3.1.1. *Credit Risk*

Credit Risk is the risk of loss due to the failure of the security issuer or backer. Credit risk may be mitigated by: (1) limiting investments to the safest types of securities listed in Section 7.0 of this Investment Policy, (2) pre-qualifying the financial institutions, brokers ~~and~~ dealers, intermediaries, and advisors with which an entity will do business in accordance with Section 5.0, and (3)

diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

3.1.2. Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, (2) managing fixed-income investments where the investor builds a ladder by dividing his or her investment dollars evenly among bonds or ~~certificates~~CDs that mature at regular intervals such as every six months, once a year, or every two years, and (3) investing operating funds primarily in ~~shorter terms~~shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy. (See Section 8.2.)

3.2. LIQUIDITY

The investment portfolio will remain sufficiently liquid to meet all operating requirements ~~which that~~ might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3.3. YIELD-RATE OF ANNUAL RETURN ON INVESTMENTS

The investment portfolio shall be designed ~~with the objective of attaining to attain~~ a market rate of return throughout budgetary and economic cycles, ~~taking into account~~considering the investment risk constraints and liquidity needs. Return on Investment is of secondary importance compared to ~~the~~ safety and liquidity objectives described above. The core of investments is limited to relatively ~~low risk~~low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions: (1) a declining credit security could be sold early to minimize loss of principal, (2) a security swap would improve the quality yield, or target duration, in the portfolio; or (3) liquidity needs of the portfolio require that the security be sold.

4. STANDARDS OF CARE

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

4.1. PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.2. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Village Manager any material financial interests in financial institutions that conduct business. They shall further disclose any large personal financial/investment positions that could be related to the performance of the Village's portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

4.3. DELEGATION OF AUTHORITY

Authority to manage the Village's investment program is derived from the following: Management and administrative responsibility for the investment program is hereby delegated to the ~~Assistant Village Manager~~ Treasurer who, under the direction of the Village Manager, shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to safekeeping, delivery versus payment, PSA repurchase agreements, wire transfer agreements, and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the ~~Assistant Village Manager~~ Treasurer. The Village may enter into an agreement with an investment advisor that is registered under the Investment Advisors Act of 1940.

The ~~Assistant Village Manager~~ Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The ~~Assistant Village Manager~~ Treasurer may from time to time amend the written procedures in a manner not inconsistent with this policy or with state statutes.

The responsibility for investment activities of the Police Pension Fund rests with the Illinois Police Officers' Pension Investment Fund~~Board of Trustees of the Police Pension Fund~~.

The Village Treasurer, appointed by the Village President with the advice of the Trustees, advises the Village Board on investment policy and is an ex-officio member of the Police Pension Fund.

5. AUTHORIZED FINANCIAL INSTITUTIONS, ~~DEPOSITORIES~~ DEPOSITORIES & BROKER/DEALERS

The ~~Assistant Village Manager~~ Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker-~~dealers~~, selected by ~~credit worthiness~~ creditworthiness, who maintain an office in the state of Illinois. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state statutes.

The Village Board authorizes the ~~Assistant Village Manager~~ Treasurer to invest up to \$~~249~~250,000.00 in any FDIC or NCUA-insured financial institution.

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

All financial institutions and broker-dealers who desire to become qualified bidders for investment transactions must supply the ~~Assistant Village Manager~~/Treasurer with the following:

- audited financial statements demonstrating compliance with state and federal capacity adequacy guidelines
- proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificates of Deposit counterparties)
- proof of state registration
- completed broker-dealer questionnaire
- certification of having read the Village's investment policy
- depository contracts

A current audited financial statement is required to be on file for each financial institution and broker-dealer in which the Village invests.

6. SAFEKEEPING AND CUSTODY

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

Securities will be held by an independent third-party custodian selected by the Village as evidenced by safekeeping receipts in the Village's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standard No. 70, or SAS 70) or other appropriate Internal Control Letter.

6.1. INTERNAL CONTROLS

The ~~Assistant Village Manager~~/Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft, or misuse.

Details of the internal controls system shall be documented in an investment procedures manual and shall be reviewed and updated annually.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived, ~~and, and~~ (2) the valuation of cost and benefits requires estimates and judgment by management.

The internal control shall address the following points:

- control of collusion
- separation of transaction authority from accounting and ~~record keeping~~record-keeping
- custodial safekeeping
- avoidance of physical delivery securities
- clear delegation of authority to subordinate staff members
- written confirmation of transactions for investments and wire transfers
- development of a procedure for making wire transfers

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

Accordingly, the ~~Assistant Village Manager~~ Treasurer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures.

7. AUTHORIZED AND SUITABLE INVESTMENTS

The Village may invest in any type of security allowed for in Illinois statutes ([Public Funds Investment Act - 30 ILCS 235/2](#)) regarding the investment of public funds. Consistent with the [Government Finance Officer Association \(GFOA\)](#)-Recommended Practice on Use of Derivatives by State and Local Governments, extreme caution should be exercised in the use of derivative instruments.

7.1. COLLATERALIZATION

It is the policy of the Village, and, in accordance with the GFOA's Recommended Practices on the Collateralization of Public Deposits, that funds on deposit in excess of FDIC or NCUA limits are secured by some form of collateral. The Village will accept any of the following assets as collateral:

- U.S. Government Securities
- Obligations of Federal Agencies
- Obligations of Federal Instrumentalities
- Obligations of the State of Illinois
- Investment-grade obligation of provincial and local governments and public authorities

(The Village reserves the right to accept/reject any form of the ~~above-named~~above-named securities.)

The Village also requires that all depositories that hold Village deposits in excess of the FDIC or NCUA limit must agree to utilize the Village's Collateralization Agreement.

The amount of collateral provided will not be less than 105% of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed quarterly, and additional collateral will be requested when the ratio declines below the level required. Collateral will be released if the market value exceeds the required level. Pledged collateral will be held in safekeeping by an independent third-party depository designated by the Village and evidenced by a safekeeping agreement. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the Village. The Village realizes that there is a cost factor involved with collateralization, and the Village will pay any reasonable and customary fees related to collateralization.

7.2. STANDBY LETTER OF CREDIT (LOC)

As an alternative to deposits being secured by collateral, our policy allows for the use of Standby Letters of Credit (LOCs) issued by the Federal Home Loan Bank (FHLB). These LOCs provide an additional layer of credit enhancement, allowing for the investment while maintaining safety and liquidity. All LOC arrangements should be documented in writing.

8. INVESTMENT PARAMETERS

In order to reduce the risk of default, the Village will diversify the portfolio in accordance with GFOA's Recommended Practices on the Diversification of Investments as follows:

8.1. DIVERSIFICATION

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

- No financial institution shall hold more than 40% of the Village's investment portfolio unless collateralized, exclusive of U.S. Treasury securities in safekeeping.
- Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution.
- Commercial paper shall not exceed 15% of the Village's investment portfolio.
- Brokered certificates of deposit shall not exceed 25% of the Village's investment portfolio.
- Investing in securities with varying maturities.
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (~~LGP's~~LGIPs), money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

8.2. MAXIMUM MATURITIES

To the extent possible, the Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than three years or, in the case of mortgage-backed securities, the expected average life of any ~~fixed-income~~fixed-income security shall not exceed three years, from the date of purchase.

Reserve funds may be invested in securities exceeding three (3) years if the maturity or average life of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Any investment purchased with a maturity or average life longer than five (5) years must be supported with written documentation explaining the reason for the purchase and must be specifically approved by the Board of Trustees.

8.3. ILLINOIS SUSTAINABLE INVESTING ACT

The Village recognizes ~~that~~ that material, relevant, and decision-useful sustainability factors have been or are regularly considered by the Board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act. (40 ILCS 5/1-113.6 and 1-113.17)

9. REPORTING

The ~~Assistant Village Manager~~ Treasurer shall prepare an investment report at least monthly, including a management summary that provides an analysis of the status of the current investment portfolio. This management summary will be prepared in a manner that will allow the Village to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Village Manager and the Village Board and will include the following:

- listing of individual securities held, by fund, at the end of the reporting period
- listing of investments by maturity date
- the purchase institutions

9.1. PERFORMANCE STANDARDS

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

environment of stable interest rates. Portfolio performance should be compared to appropriate benchmarks on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmark shall have a similar weighted average maturity as the portfolio.

9.2. MARKET YIELD (BENCHMARK)

The Village's investment strategy is passive. Given this strategy, the basis used by the ~~Assistant Village Manager~~ Treasurer to determine whether market yields are being achieved shall be the ~~six~~three-month U.S. Treasury Bill.

9.3. MARKING TO MARKET

The market value of the portfolio shall be calculated at least quarterly, and a statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that a review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA-Recommended Practices on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools". In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

10. INVESTMENT POLICY ADOPTION

The Village's investment policy shall be adopted by resolution of the Village Board of Trustees. The policy shall be reviewed ~~on an annual basis~~periodically by the ~~Assistant Village Manager~~ Treasurer, and any modifications made thereto must be approved by the Village Board of Trustees.

GLOSSARY

AGENCIES: Federal agency securities.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report for the Village of Algonquin. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure public monies.

~~COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Village of Algonquin. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.~~

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is the delivery of

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

securities with an exchange of money for the securities. Delivery versus receipt is the delivery of securities with an exchange of a signed receipt for the securities.

DEBENTURE: A bond secured only by the general credit of the issuer.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below the original offering price shortly after the sale also is considered to be at a discount.

DISCOUNT SECURITIES: ~~Non-interest-bearing~~ Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&Ls, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL FUNDS RATE: The rate of interest at which fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by FHA, VA, or FMHM mortgages. The term "~~pass-through~~pass-throughs" is often used to describe Ginnie Maes.

ILLINOIS POLICE OFFICERS' PENSION INVESTMENT FUND (IPOPIF): The Illinois Police Officers' Pension Investment Fund is a centralized investment fund established to manage the pooled assets of police pension funds across Illinois, aiming to optimize returns, minimize risks, and ensure the financial stability of police officers' retirement benefits.

LETTER OF CREDIT (LOC): A legal document that guarantees a financial institution's commitment of payment to a third party in the event that the financial institution's client defaults on an agreement. It acts as a safety net, providing assurance to the recipient that they will receive payment even if the buyer (or the bank's client) fails to fulfill their obligations.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that ~~establishes~~establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NATIONAL CREDIT UNION ADMINISTRATION (NCUA): A federal agency established to regulate, charter, and supervise federal credit unions. It ensures the safety and soundness of the credit union system by administering the National Credit Union Share Insurance Fund (NCUSIF), which protects deposits at federally insured credit unions, promoting confidence in the national system of cooperative credit.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, [XX/XX/2024](#)

volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the most important and most flexible monetary policy tool of the Federal Reserve.

PORTFOLIO: Collection of securities held by an investor.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state-the-so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking reasonable income and preservation of capital.

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission- (SEC-) registered securities broker-dealers, banks, and a few unregulated firms.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer," in effect, lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SEC RULE 15C3-1: See uniform net capital rule.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A ~~non-interest-bearing~~[non-interest-bearing](#) discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Established: 8/17/1999

Updated: 12/20/2011, 3/20/2012, 10/6/2015, 3/17/2020, XX/XX/2024

TREASURY BOND: Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: ~~Intermediate-term~~ Intermediate-term ~~coupon-bearing~~ coupon-bearing U.S. Treasury securities having initial maturities of from one to ten years.

YIELD: The rate of annual income return on an investment, expressed as a percentage.

(a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security.

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(b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms, as well as non-member ~~broker-dealers~~ broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1, also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.



VILLAGE OF ALGONQUIN
GENERAL SERVICES ADMINISTRATION

– M E M O R A N D U M –

DATE: April 10, 2024

TO: Tim Schloneger, Village Manager

FROM: Michael Kumbera, Deputy Village Manager/Chief Financial Officer

SUBJECT: *Authorizing Financial Institutions as Designated Depositories*

As part of its treasury management activities, the Village maintains several bank and investment accounts at multiple financial institutions. The Village Board, from time to time, shall designate depositories in which the funds and moneys belonging to the Village, in the custody of the Village Treasurer, and also all moneys collected by the Village, shall be kept.

Attached is a Resolution listing the nine (9) banks and financial institutions the Village is actively engaged with, including Michigan State University Federal Credit Union, which is in the process of acquiring Algonquin State Bank.

Recommendation

Staff recommends that the Committee of the Whole forward this item to the Village Board for approval by Resolution at their meeting on May 7, 2024.

C: Amanda Lichtenberger, Deputy Chief Financial Officer

RESOLUTION NO. 2024-R-_____

**DESIGNATION OF DEPOSITORIES FOR FUNDS AND OTHER PUBLIC MONIES
IN THE CUSTODY OF THE VILLAGE OF ALGONQUIN**

WHEREAS, the investment of municipal funds is governed by the Public Funds Investment Act, 30 ILCS 235; and

WHEREAS, the Village of Algonquin (“Village”) has established an investment policy to further guide investment activities to achieve safety, liquidity, and yield-rate of annual return; and

WHEREAS, Public Funds Investment Act calls for the designation of depositories for fund and other public monies in the custody of the Village and sets certain requirements to be followed by financial institutions so designated; and

WHEREAS, the Village Treasurer requests the Board of Trustees to designate banks or other financial institutions, including brokered investments, in which the funds and monies of the Village may be deposited.

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of the Village of Algonquin, Kane and McHenry Counties, Illinois that the following named banks and other financial institutions are hereby designated as depositories for fund and other public monies in the custody of the Village:

- ALGONQUIN STATE BANK, N.A.
- BANK OF NEW YORK MELLON CORPORATION
- CHARLES SCHWAB CORPORATION
- HOME STATE BANCORP, INC
- ILLINOIS FUNDS
- ILLINOIS INSTITUTIONAL INVESTORS TRUST FUND
- ILLINOIS METROPOLITAN INVESTMENT FUND
- JP MORGAN CHASE BANK, N.A.
- MICHIGAN STATE UNIVERSITY FEDERAL CREDIT UNION

BE IT FURTHER RESOLVED, before any funds are deposited into any of the designated depositories, a copy of the aforesaid financial statements of the depository will be placed on file.

PASSED AND APPROVED, by the Board of Trustees for the Village of Algonquin on the _____ day of _____ 2024.

Aye:

Nay:

Absent:

Abstain:

(SEAL)

APPROVED:

Debby Sosine, Village President

ATTEST: _____

Fred Martin, Village Clerk



VILLAGE OF ALGONQUIN
PUBLIC WORKS DEPARTMENT

– M E M O R A N D U M –

DATE: April 11, 2024

TO: Tim Schloneger, Village Manager
Committee of the Whole

FROM: Jason Schutz, Utilities Superintendent

SUBJECT: Recommendation to Award a Contract for Lead Service Line
Replacements to Hayes, Industries Inc.

In alignment with the Lead Service Line Replacement and Notification Act mandated by the state of Illinois in 2022, our Village has been at the forefront in cataloging water service line materials and devising an initial lead service line replacement plan. This legislation obligates communities to conduct a comprehensive inventory of water service lines by April 15, 2024. A water service line, for clarification, is the small diameter pipe facilitating water flow from the Village water main into private properties. Ownership of the service line is divided between the Village (from the main to the parkway shutoff valve) and private homeowners (from the parkway shutoff valve into the home).

Our proactive efforts over recent years have significantly advanced our lead service line identification and replacement endeavors. Among the 11,809 active service lines within the Village, only 66 remain unidentified. Of the total, 35 are confirmed lead and are slated for full replacement within this year. The downtown area predominantly hosts these lead service lines. In our commitment to infrastructure improvement, we have preemptively replaced lead service lines during area constructions, thus avoiding the necessity to disturb newly paved roads. To date, 122 lead service lines have been replaced by a private contractor, encompassing the full scope from the water main to the water meter inside the homes. The preferred method of replacement has been directional boring, aimed at minimizing restoration efforts. All internal restorations have been executed with minimal disruption, ensuring the new copper pipe is seamlessly integrated into the property. These interventions are thoroughly inspected by certified plumbing inspectors and are backed by a one-year warranty from the executing contractor.

Currently, with a relatively minor tally of 101 lead service lines awaiting replacement, the Village is positioned to set a commendable example for lead mitigation within community

distribution systems. The FY-2024/2025 budget includes \$400,000.00 in the Water/Sewer Capital fund dedicated to the replacement of approximately 40 lead service lines. Following our satisfactory history with Hayes Industries, Inc., a proposal has been received from this certified plumbing entity, which has reliably completed similar projects within the downtown vicinity. Hayes Industries, Inc. is well-acquainted with our expectations regarding customer service and has consistently demonstrated excellence in their past engagements. Their proposal outlines the removal of 40 lead service lines at a capped expense of \$400,000.00, for a unit cost of \$9,736.98 per home.

Given the proven track record of Hayes Industries, Inc., their competitive pricing, and the intricacies involved in working on private properties, it is recommended that the Village awards the contract to this firm. The contract will maintain a (not to exceed) of \$400,000.00 to accommodate any incidental costs arising from the nature of the work on private premises. The replacement lines will be of copper, matching the dimensions of the existing lines. Residents opting out of this service will be required to sign a waiver issued by the Illinois Department of Public Health, which will exempt them from the Village's replacement mandate.

This initiative not only aligns with state legislation but also significantly contributes to the health and safety of our community by eliminating lead exposure risks. Your support and approval of the recommended contract award to Hayes Industries, Inc. will facilitate the continuation of this vital public health initiative.

HAYES INDUSTRIES, INC.

April 11, 2024

Village of Algonquin

Attn: Jason Meyer

RE: Algonquin Lead Service Budget

Gentlemen:

We hereby propose to furnish all materials and perform all labor necessary for the replacement of Lead services. See breakout below.

2024 – 40 Houses @ \$9,736.98 / House = Not to Exceed \$400,000.00

Please see attached bid items.

PLEASE NOTE:

This job has been bid to “OSHA Specifications” for trenching and shoring with work to be installed at sub-grade elevations.

Additional Notes:

#2 Pricing is budgeted to Direction Drill houses and used 60’ as an estimated average for copper. Depending on coordination with residents will plan on drilling two houses a day.

April 11, 2024

Page 2

NOT INCLUDED IN THIS BID:

Premium time

Permit, Bonds or fees

Access or Street cleaning

Erosion control or inlet filter baskets

Surveying/Engineering

Landscaping, Irrigation or Restoration

Hauling of any concrete or asphalt

Saw cutting or removal of asphalt, concrete

Asphalt or concrete patch, grinding or resurfacing

Frost Breaking

Utility relocation, de-energizing or insulating

Video, cleaning, repair or replacement of existing sewers

CCDD LAW TESTING, CERTIFICATION OR FORM LPC-662 OR 663 completions.

Hard to handle or contaminated spoil sorting, handling or hauling

Off-Site Or On-site spoil relocation

Dewatering beyond a 2" pump or well pointing

Traffic control, barricades or road plates

Demolition or Underground obstruction removal

Sanitary or Water main testing of pipe or structures

This proposal becomes null and void if not accepted within 15 days of the above date or if material is not delivered within 30 days of acceptance of the proposal.

If you have any questions, please do not hesitate to call.

Sincerely,

HAYES INDUSTRIES, INC.



Logan Hayes

Cell: 847/276-5144

Email: lhayes@hayes-ind.com

Office: 847/289-9400 Ext. 323

VILLAGE OF ALGONQUIN PURCHASE AGREEMENT - CONSTRUCTION (Small Projects – Labor & Materials)

Date: April 9th, 20 24

Purchase Order No. _____

Project: Lead service line removals	Location: Various
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Originating Department: Water Treatment

Owner	Contractor/Vendor	Architect/Engineer
Village of Algonquin Address: 110 Meyer Drive, Algonquin, IL 60102 Phone: 847-658-2700 x4401 Fax: 847-658-2759 Contact: Michele Zimmerman	Name: Hayes Industries Inc. Address: 1611 Villa Street, Elgin, IL 6012 Phone: 847-289-9400 Fax: 847-289-9455 Contact: Logan Hayes	Name: N/A Address: N/A Phone: N/A Fax: N/A Contact: N/A

PREVAILING WAGE NOTICE: This contract calls for the construction of a "public work," within the meaning of the Illinois Prevailing Wage Act, 820 ILCS 130/01 *et seq.*, which requires contractors and subcontractors to pay laborers, workers and mechanics performing services on public works projects no less than the current "prevailing rate of wages" (hourly cash wages plus fringe benefits) in the county where the work is performed. The Department publishes the prevailing wage rates on its website at <http://www.state.il.us/agency/idol/rates/rates.HTM>. The Department revises the prevailing wage rates and the contractor/subcontractor has an obligation to check the Department's website for revisions to prevailing wage rates. All contractors and subcontractors rendering services under this contract must comply with all requirements of the Act, including but not limited to, all wage, notice and record keeping duties.

COST OF WORK: The Contract Price of the Work under this Purchase Agreement is \$ 400,000.00.

SCOPE OF WORK: Furnish the Work/items described below in accordance with the following plans and specifications:

- Q General Contract, dated _____, __
- Q Specification No(s): _____, dated _____, __
- Q Plans dated : _____
- Q Addendum No(s): _____
- Q Other: _____

The following prices shall remain in effect for the duration of project:

QUANTITY	UNIT OF MEASURE	DESCRIPTION/ITEMS	LUMP SUM UNIT PRICE	EXTENSION
	N/A	Lead service line removals from various locations. Not to Exceed \$400,000.00	\$ 400,000.00	\$ 400,000.00
TOTAL				\$ 400,000.00

NOTES:

- 1) _____
- 2) _____

WARRANTIES and INDEMNIFICATION: Contractor/Vendor agrees to provide the following warranties for the Work: (a) all workmanship to be warranted for a period of one (1) year - manufacturer warrants material; and (b) all other warranties contained elsewhere in the Contract Documents or Supplemental Conditions hereto. Further, **CONTRACTOR/VENDOR SHALL FULLY INDEMNIFY AND SAVE THE VILLAGE OF ALGONQUIN HARMLESS FROM ALL CLAIMS, LIENS, FEES, AND CHARGES, AND THE PAYMENT OF ANY OBLIGATIONS ARISING THEREUNDER, pursuant to the provisions in the Supplemental Conditions hereto.**


CONTRACT TIMES: Contractor/Vendor agrees to commence Work within forty-eight (48) hours of receipt of the Owner's Notice to Proceed, and to complete the Work no later than _____ (_____) days after commencing the Work. Time is of the essence.

THE TERMS OF THIS PURCHASE AGREEMENT AND THE ATTACHED SUPPLEMENTAL CONDITIONS ARE THE ENTIRE AGREEMENT BETWEEN THE VILLAGE/OWNER AND VENDOR. No payment will be issued unless a copy of this Purchase Agreement is signed, and dated and returned to the Owner. Material certifications/test reports required. All domestic material, unless otherwise specified. Purchase exempt from sales and/or use taxes.

ACCEPTANCE OF PURCHASE AGREEMENT: The parties, for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of all terms and provisions herein contained. IN WITNESS WHEREOF, the parties hereto have executed this Purchase Agreement the day and year written below.

CONTRACTOR/VENDOR:

PURCHASER: Village of Algonquin

By: 
 Authorized Vendor Representative
 Dated: 4/11/24

 Title:

SUPPLEMENTAL CONDITIONS

1. Acceptance of Purchase Agreement: The Purchase Agreement is an offer to contract, buy or rent and not an acceptance of an offer to contract, sell or rent. Acceptance of this Purchase Agreement is expressly limited to the terms hereof, and in the event that Contractor/Vendor's acknowledgment or other response hereto states terms additional to or different from those set forth herein, this Purchase Agreement shall be deemed a notice of objection to such additional or different terms and rejection thereof. This Purchase Agreement may be accepted by the commencement of any Work hereunder or the delivery of any goods herein ordered, and, in any event, shall be deemed accepted in its entirety by Contractor/Vendor unless Owner is notified to the contrary within ten (10) days from its date of issue.

2. Amendment, Modification or Substitution: This Purchase Agreement contains the entire agreement between the parties. Any modification or rescission thereof must be in writing and signed by Owner. No proposals or prior dealings of the parties or trade custom not embodied herein shall alter the interpretation or enforcement of this Purchase Agreement.

3. Familiarity With Plans; Qualifications: Contractor/Vendor acknowledges that it (a) has examined the site of the proposed Work and is familiar with the conditions surrounding same; and (b) has examined the plans and drawings, and has studied and is aware of, and satisfied with, the requirements of the Contract Documents. Contractor/Vendor represents to Owner that it is fully experienced and properly qualified as an expert to perform the class of work provided for herein, and that it is properly equipped, organized and financed to handle such work. Contractor/Vendor shall finance its own operations hereunder, shall operate as an independent contractor and not as the agent of Owner, and shall hold Owner free and harmless from all liability, costs and charges by reason of any act or representations of Contractor/Vendor, its agents or employees.

4. Workmanship; Safety: All Work shall be performed by Contractor/Vendor in a neat, skillful and workmanlike manner, and all materials furnished by Contractor/Vendor shall be new and of the best description and quality of their respective kinds, unless otherwise specified and ordered by Owner in writing. All Work and/or materials shall be subject to the inspection and approval of the Owner, its engineers and representatives. Contractor/Vendor is responsible for its own and its employees' activities on the jobsite, including but not limited to, the methods of work performance, superintendence, sequencing of work, and safety in, on or about the jobsite area in which it is performing the Work under this Purchase Agreement. Owner and Contractor/Vendor shall not require any laborer or mechanic employed in performance of this Purchase Agreement to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous to his health or safety, as determined under applicable federal and Illinois construction safety and health standards.

5. Extra's and Change Orders: No claim by Contractor/Vendor that any instructions, by drawing or otherwise, constitute a change in Contractor/Vendor's performance hereunder, for which Contractor/Vendor should be paid additional compensation shall be valid, unless prior to commencing such allegedly extra or changed performance, Contractor/Vendor shall have received a written supplement to this Purchase Agreement authorizing such performance signed on behalf of Owner by a person having actual authority to do so. No claim for additional compensation on the basis that Contractor/Vendor has incurred any expense by reason of any act or failure to act or Owner or its contractor, subcontractor, materialmen or any other party shall be valid unless made in writing within 30 days of the alleged act or failure to act and approved by Owner, provided, however, that if the Contractor/Vendor should be delayed in furnishing the articles, items, equipment or materials (hereinafter sometimes referred to as "goods") or services or Work (hereinafter sometimes referred to as "Work") ordered herein, by the omission, neglect or default of Owner, its agents or employees, Contractor/Vendor shall be entitled to no additional compensation or damages for such delay, and shall be entitled only to an extension of time for a period equal to the time lost as a result of the aforesaid causes, determined by Owner. Any charges for extra not so authorized will not be paid.

6. Inspection and Acceptance: Owner shall have the right at all reasonable times to inspect and test all goods, materials or Work furnished by Contractor/Vendor and all Work performed or furnished by Contractor/Vendor. Notwithstanding any prior inspection, the passage of title or any prior payment, all goods, material and Work furnished thereunder are subject to final inspection and acceptance by Owner at its job site. If, after inspection, Owner rejects any goods furnish by Contractor/Vendor thereunder, Owner may, at its election, return those goods to Contractor/Vendor at Contractor/Vendor's expense, including the cost of any inspection and testing thereof. If Contractor/Vendor fails to proceed promptly with the correction or replacement of any rejected goods or Work, Owner may replace or correct such items or Work by purchase or manufacture and charge the cost incurred thereby to Contractor/Vendor or terminate this Purchase Agreement for default in accordance with paragraph 12 herein. By inspecting and not rejecting any goods and Work furnished thereunder, Owner shall not be precluded thereby from subsequently revoking its acceptance thereof if the goods or Work are later discovered to be nonconforming with this Purchase Agreement or the specifications and drawings applicable hereto, even if the defect does not substantially impair value to Owner.

7. Taxes, Delivery, Risk of Loss: Unless indicated to the contrary on the face hereof, it shall be the responsibility of Contractor/Vendor to arrange for and complete delivery of all goods or materials. If the goods or materials furnished thereunder are equipment, Contractor/Vendor shall give Owner two (2) working days' advance notice of delivery. All goods or materials furnished by Contractor/Vendor should be shipped in the manner and at the times indicated on the face hereof at the expense of Contractor/Vendor, it being understood that the risk of loss with respect to such goods is with Contractor/Vendor until such goods

come into the actual possession of Owner, regardless of the mode of delivery or earlier passage of title. This project is tax exempt. The Owner's tax-exempt number is E 9995 0855 05.

8. Payment: Owner will make partial payments to the Contractor/Vendor from time to time for the Work performed and the materials furnished by the Contractor/Vendor. Provided, however, in no event shall Owner be obligated to pay Contractor/Vendor any sum that exceeds the Contract Price absent a written change order executed by Owner.

8.1 Prior to issuance of any payments by the Owner to the Contractor/Vendor, the Contractor/Vendor shall furnish to the Owner (in a form suitable to the Owner) an application for the payment then due, together with receipts, waivers of claim and other evidence showing the Contractor/Vendor's payments for materials, labor and other expense incurred in the Contractor/Vendor's Work hereunder. The Owner will, at all times, be entitled to retain ten percent (10%) of all monies due and owing to the Contractor/Vendor as a part security for the faithful performance of this Agreement. This ten percent (10%) so withheld will not be paid to the Contractor/Vendor until the Owner has issued to the Contractor/Vendor a final acceptance of the Project.

8.2 Owner may withhold the whole or any part of any payment due to the Contractor/Vendor to the extent necessary to protect and indemnify the Owner from loss on account of (a) defective Work not remedied; (b) claims filed or reasonable evidence indicating probable filing of claims; (c) failure of the Contractor/Vendor to make payments promptly for material or labor; or (d) Contractor/Vendor's failure to furnish Owner with all written warranties and operational manuals for the Work.

8.3 Contractor/Vendor hereby authorizes the OWNER (1) to deduct from any amount due or becoming due the Contractor/Vendor under this Agreement for all amounts owing from the Contractor/Vendor to (a) the Owner for back-charges or services furnished for the account of the Contractor/Vendor; (b) the Owner for damages sustained whether through negligence of the Contractor/Vendor or through failure of the Contractor/Vendor to act as may be otherwise detailed herein; (c) materialmen; (d) subcontractors; (e) laborers; and (f) others for services and materials furnished to the Contractor/Vendor for the Work performed under this Agreement, and (2) to apply the amount so deducted to the payment of said materials, services, damages or back-charges applying such monies so available in the Agreement hereinbefore set forth.

8.4 Owner, without invalidating this Agreement, may make changes by altering, adding to or deducting from the Work to be performed. The value of any such changes will be determined as follows: (a) by the unit prices named in this Agreement, if any; or (b) by agreement in writing between the Owner and the Contractor/Vendor as to the value of the time and materials for the changes in the Work. In any event, the Contractor/Vendor will keep and present, in any form as the Owner may direct, a correct account of the net cost of any extra labor and materials, together with vouchers referring to the same.

8.5 Notwithstanding the payment in full for the Work hereunder, the Contractor/Vendor will be liable to repair or replace any imperfect workmanship or other faults; and if the Contractor/Vendor fails to repair or replace the imperfect workmanship or other faults, the Owner may do the Work and recover from the Contractor/Vendor the cost and expense thereof. No payment on account will be construed or considered as an approval of the Work for which payment is made.

9. Contractor/Vendor Warranty: Contractor/Vendor warrants in addition to all warranties which are imposed or implied by law or equity that all materials and Work furnished thereunder (a) shall conform to any specifications and drawings applicable to this Purchase Agreement; (b) shall be merchantable and of good quality and workmanship; (c) shall be fit for the purpose intended as well as the propose for which such goods, materials or Work are generally used; and (d) except for rented equipment, shall be free from defects for a period of one (1) year, or such longer period as is specified in the Scope of Work or Contract Documents, from the date such Work is performed or such materials are utilized or installed, and if installed as part of a structure or utilized equipment, for one (1) year or such longer period as is specified in the Contract Documents, from the date any such goods, materials or Work hereunder is accepted in writing by Owner. Contractor/Vendor expressly agrees that the statute of limitations with respect to Contractor/Vendor's warranties shall begin to run on the date of acceptance by Owner.

10. Insurance and Bonds:

10.1 Contractor/Vendor shall at all times maintain business automobile, commercial liability and workers compensation insurance covering its work and all obligations under this Purchase Agreement, and shall name the Owner as an additional insured on its commercial liability insurance policies for Contractor/Vendor operations under this Purchase Agreement. Liability insurance limits shall be in such amounts and include such coverages as set forth in the VILLAGE OF ALGONQUIN PURCHASE ORDER INSURANCE REQUIREMENTS attached to this Agreement. Contractor/Vendor shall furnish the Village with a certificate of insurance and such other documentation (including a copy of all or part of the policy) to the Village at the time of execution of this Agreement and thereafter on an annual basis on the anniversary date of this Agreement or at any other time as the Village deems necessary to establish compliance with this provision.

10.2 Contractor/Vendor shall furnish and pay for surety bonds and with surety or sureties satisfactory to Owner, guaranteeing the full performance of all of the conditions and terms hereof and guaranteeing that Contractor/Vendor shall promptly pay for all labor, materials, supplies, tools, equipment and other charges or costs of Contractor/Vendor in connection with the Work. Such performance and payment bond shall be in an amount determined by Owner.

10.3 Breach of this paragraph is a material breach subject to immediate termination.

11. Indemnity: Contractor/Vendor hereby agrees to indemnify, and hold the Owner, its directors, officers, employees, successors and assigns harmless from any and all claims, demands, liability, loss, damage, fines, penalties, attorney's fees and litigation expenses (collectively "Loss") arising out of injury to, including the death of, persons and/or damage to property, to the extent caused by the negligent acts or omissions of the Contractor/Vendor or those working at their direction.

Further:

11.1 Contractor/Vendor acknowledges that should any items or Work furnished hereunder prove defective, including damage to Owner supplied or constructed items, equipment or machinery, or if Contractor/Vendor is charged with any violation of any state or federal laws or regulations, the Owner shall be entitled to recover damages for breach of this Agreement, including but not limited to consequential damages, penalties, taxes or assessments (including punitive damages), costs and attorney's fees.

11.2 In any and all claims against Owner or any of its agents or employees, by any employee of Contractor/Vendor, the indemnification obligation under this paragraph shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Contractor/Vendor under workers compensation acts, disability benefits acts or employee benefit acts, or other applicable law. Contractor/Vendor assumes the entire liability for its own negligence, and as part of this Agreement waives all defenses available to Contractor/Vendor as an employer which limit the amount of Contractor/Vendor's liability to Owner to the amount of Contractor/Vendor's liability under any workers compensation, disability benefits or employee benefit laws.

12. Patents: Contractor/Vendor warrants that (a) goods furnished thereunder, and the sale and use thereof, shall not infringe any valid United States patent or trademark; and (b) Contractor/Vendor shall indemnify Owner for its costs to defend any suit instituted against Owner, its agents or customers, charging infringement of any United States patent or trademark by virtue of the possession, use or sale of any goods furnished thereunder is enjoined because of patent infringement. Contractor/Vendor within a reasonable amount of time shall at Contractor/Vendor's expense procure for Owner its agents or customer, the right to continue using such goods with non-infringing goods or modify such goods so that they become non-infringing or remove such goods and refund to Owner any sums paid therefore, including transportation and installation charges.

13. Cancellation: Time of delivery of this Purchase Agreement is of the essence and Owner may, by written notice of default to Contractor/Vendor, cancel the whole or any part of this Purchase Agreement (a) if Contractor/Vendor fails to make delivery of the goods or perform the services within the time specified herein or any extensions thereof; or (b) if Contractor/Vendor fails to perform or so fails to make progress as to endanger performance thereunder, and in either circumstance does not cure such failure within a period of two (2) days after receipt of notice from Owner specifying such failure. Owner, by written notice to Contractor/Vendor, may cancel the whole or any part of this Purchase Agreement when it is in the best interest of Owner or when Owner has been notified of modification of the specifications pertaining thereto. If this Purchase Agreement is so canceled, the Contractor/Vendor shall be compensated as follows: (a) for materials delivered and services performed, the reasonable value as part of the Contract Price; (b) for materials not identified to this Purchase Agreement and service not performed, no compensation; and (c) for Contractor/Vendor's lost profits or incidental or consequential loss, no compensation.

14. Remedies: Contractor/Vendor shall, for the duration of its warranties under paragraph 9 herein, at the discretion of Owner and at the expense of Contractor/Vendor, replace, repair and insure any and all faulty or imperfect goods, materials or Work furnished or performed by Contractor/Vendor thereunder. In the event Contractor/Vendor fails to do so, Owner may furnish or perform the same, and may recover from Contractor/Vendor the cost and expense directly or indirectly resulting there from, including all consequential damages but not limited to the cost or expense of inspection, testing, removal, replacement, re-installation, destruction of other materials resulting there from, any increased cost or expense to Owner in its performance under contracts with others, and reasonable attorneys fees incurred by the Owner in connection with Vendor's default and Owner's enforcement of its rights under this Purchase Agreement. The foregoing remedies shall be available in addition to all other remedies available to Owner in equity or at law including the Uniform Commercial Code.

15. Compliance With Laws: During the performance hereunder, Contractor/Vendor agrees to give all notices and comply with all Laws and Regulations of the United States and/or the State of Illinois applicable to the performance of the Work, including but not limited to those Laws and Regulations regarding the payment of prevailing wages, non-discrimination laws, employment of Illinois workers, labor, wage and collective bargaining. Except where otherwise expressly required by applicable Laws and Regulations, Owner shall not be responsible for monitoring Contractor/Vendor's compliance with any Laws or Regulations.

16. Notices: All notices, demands, requests or other communications which may be or are required to be given, served, or sent by any party to any other party pursuant to this Purchase Agreement shall be in writing and shall be hand delivered, or sent by courier, or via facsimile with confirmation to the addresses shown on the Purchase Agreement.

17. Records, Reports and Information: Contractor/Vendor agrees to furnish Owner with reports and information regarding the Work performed under this Purchase Agreement, at such times as Owner may reasonably request, making full disclosure of efforts made by Contractor/Vendor and the results thereof. Contractor/Vendor agrees to maintain records, documents, and other evidence which will accurately show the time spent and Work performed under this Purchase Agreement for a minimum period of five (5) years after completion of the Work, and such records shall be subject to audit by the Owner upon reasonable advance notice to Contractor/Vendor on a mutually agreed date and time.

18. Tobacco Use: Contractor/Vendor, and its agents or employees, shall refrain from smoking, or the use of any tobacco, on designated Village campuses, both indoors and outdoors, in Village-owned vehicles and in privately-owned vehicles parked on campus property at any time, including non-working hours. Designated Village campuses consist of the William J. Ganek Municipal Center, Historic Village Hall, Public Works Facility, Wastewater Treatment Plant, Water Treatment Plants, and Pumping Stations. Leaving the remains of tobacco products or any other related waste product on Village property is further prohibited.

19. Assignment: Contractor/Vendor shall not assign this Purchase Agreement without written consent of Owner. Owner may unilaterally assign its rights under this Purchase Agreement upon reasonable notice to Contractor/Vendor.

20. Waiver: Either party's failure to insist in any one or more instances, upon the strict performance of any provision hereof or to exercise any right hereunder shall not be deemed to be a waiver or relinquishment of the future performance of any such provision or the future exercise of such right, but the obligation of Contractor/Vendor and Owner with respect to such future performance shall continue in full force and effect.

21. Controlling Law, Severability: The validity of this Purchase Agreement or any of its provisions and the sufficiency of any performance thereunder shall be determined under the laws of Illinois. Venue shall be in McHenry County, Illinois. The Owner is entitled to recover its reasonable attorneys' fees incurred in enforcing the terms of this Purchase Agreement. If any provision or requirement of this Purchase Agreement is declared or found to be unenforceable that balance of this Purchase Agreement shall be interpreted and enforced as if the unenforceable provision or requirement was never a part hereof.

22. Arbitration. Any controversy or claim arising out of or relating to this Purchase Order, or the breach thereof, shall be settled by binding arbitration administered by the American Arbitration Association under its Construction Industry Arbitration Rules or JAMS Dispute Resolution, as determined in the exclusive discretion of the Owner, at the Village of Algonquin Village Hall or Public Works Department, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties agree that an arbitration award by default may be entered upon the party failing to appear or defend itself in any arbitration proceeding.

23. Recovery of Fees. In the event of arbitration of this Purchase Order between the parties, or litigation of this Purchase Order, the non-prevailing party, as determined by the arbiter or court, shall pay all expenses incurred by the prevailing party, including, but not limited to (a) attorneys' fees, (b) filing costs, (c) witness fees, and (d) other general expenses of arbitration or litigation.

CONTRACTOR/VENDOR:



4/11/24

Date



VILLAGE OF ALGONQUIN
PUBLIC WORKS DEPARTMENT

– M E M O R A N D U M –

DATE: April 11, 2024

TO: Tim Schloneger, Village Manager
Committee of the Whole

FROM: Jason Schutz, Utilities Superintendent

SUBJECT: Huntington Standpipe-Renovation and Maintenance

In the Villages water distribution system, our inventory includes seven elevated water tanks. Following comprehensive inspections, we have systematically evaluated each tank to prioritize our rehabilitation schedule based by its overall condition.

To date, the Countryside Standpipe and Copper Oaks Tower have been successfully renovated. This year, we are focusing on the Huntington Standpipe. Plans include restoring it to baseline condition and incorporating it into our annual maintenance program, with budget allocations set for the following year.

Utility Service Co., Inc., recognized as a leader in potable and industrial water tank maintenance across America, offers extensive solutions for water quality management. Their expertise spans active water mixing systems to tank cleaning, underscoring a commitment to exceptional water quality standards. Over the past three years, Utility Service Co., Inc. has remarkably renovated two of our tanks, both aesthetically and structurally, thereby enhancing their longevity and reliability.

Currently, the Water and Sewer Improvement Fund (Infrastructure Maintenance) has allocated \$750,000.00 for the Huntington Standpipe project. Therefore, it is our recommendation that the Committee of the Whole take action to move this matter forward to the Village Board for approval of Huntington Standpipe renovation with mixing system installation in the amount of \$692,764.00 to Utility Service Co., Inc.



SCOPE OF WORK NO. 4
TO THE MASTER SERVICES AGREEMENT BETWEEN
UTILITY SERVICE CO., INC.
AND
VILLAGE OF ALGONQUIN, IL

WATER TANK MAINTENANCE – 500,000 GALLON GROUND – HUNTINGTON DRIVE TANK

1. **Effective Date.** The Effective Date for this Scope of Work No. 4 (“SOW4”) shall be _____, 20____ .
2. **Term.** The Owner agrees to engage the Company to provide the professional services needed to maintain its **500,000** gallon water storage tank located at **Huntington Drive, Algonquin, Illinois 60102** (hereinafter, “the Tank”). This SOW4 shall commence on the Effective Date and shall continue in full force and effect for one year. This SOW4 will automatically renew for successive one-year terms unless terminated as defined in Section 10 herein. For purposes of this SOW4, “Contract Year” shall mean the 12-month period which commences on the first day of the month when the SOW4 is executed by the Owner and each successive 12-month period thereafter (hereinafter, “Contract Year” or collectively, “Contract Years”).
3. **Company’s Engagement and Responsibilities.** This SOW4 outlines the Company’s responsibility for the upfront renovation (hereinafter, the “Upfront Renovation”) of the Tank and the care and maintenance of the Tank thereafter. The services (collectively, “the Services”) that the Company will provide include the following:
 - a. The Tank shall receive an Upfront Renovation, which will include: **exterior renovation, interior renovation, repairs, and mixing system installation prior to the end of Contract Year 1.**
 - b. The Company will annually inspect the Tank. The Tank will be inspected to ensure that the structure is in a sound, watertight condition. The Company will provide a written inspection report to the Owner following each inspection.
 - c. Biennially, after the Tank is drained by the Owner, the Company will clean the interior of the Tank and perform a condition assessment on the Tank (hereinafter “Washout Inspection”). During each Washout Inspection, the Tank will be cleaned to remove all mud, silt, and other accumulations from the interior of the Tank. After a Washout Inspection is completed, the interior of the Tank will be thoroughly inspected and disinfected prior to returning the Tank to service; however, the Owner is responsible for draining and filling the Tank and conducting any required testing of the water before returning the Tank to service.
 - d. The Company shall provide the engineering and inspection services needed to maintain and repair the Tank during the term of this SOW4. The repairs include: the Tank’s expansion joints, water level indicators, sway rod adjustments, vent screens, manhole covers/gaskets, and the Tank’s other steel parts not otherwise excluded hereinafter.

e. The Company will clean and repaint the interior and/or exterior of the Tank at such time as complete repainting is needed. The need for interior painting of the Tank is to be determined by the thickness of the existing liner and its protective condition. Only materials approved for use in potable water tanks will be used on any interior surface area. The need for exterior painting of the Tank is to be determined by the appearance and protective condition of the existing paint. At the time that the exterior requires repainting, the Company agrees to paint the Tank with a coating that is the same color as the existing coating and to select a coating system which best suits the site conditions, environment, and general location of the Tank. When interior or exterior painting of the Tank is needed, all products and procedures as to coating systems will be equal to or exceed the requirements of the **State of Illinois** and the American Water Works Association's D102 standard in effect as of the Effective Date (defined hereinafter).

f. The Company will install a lock on the roof hatch of the Tank; however, the provision of such lock does not guarantee the Tank's security during the term of the SOW4. For the avoidance of doubt, security of the Tank and the site where the Tank is located (hereinafter, "Tank Site") are the responsibility of the Owner.

g. In the event of an emergency involving the Tank, the Owner shall provide written notice of such emergency to the Company via its email hotline at the following address: customerservice@usgwater.com. The Company will provide emergency services for the Tank, when needed, to perform all repairs covered under this SOW4. Reasonable travel time must be allowed for the repair unit to reach the Tank Site.

h. When the Tank is taken out of service, the Company will furnish pressure relief valves, if requested by the Owner, so that the Owner can install the valves in its water system while the Tank is being serviced. The Owner assumes all risk and liability for the installation and use of the pressure relief valves.

i. The Company will furnish the Owner with current certificates of insurance, which will summarize the Company's insurance coverage.

j. Mixing System Installation and Service.

1. The Company shall install an active mixing system in the Tank.
2. The particular unit that will be installed in the Tank is a NSF Approved PAX 150/155 active mixing system along with its component parts.
3. The Company will inspect and service the active mixing system each year. The active mixing system will be thoroughly inspected to ensure that the active mixing system is good working condition. The Company shall furnish engineering and inspection services needed to maintain and repair the active mixing system during the term of this Contract.
4. The Owner shall be responsible for draining the tank if determined necessary by the Company due to operational problems with the mixing system. The provisions of Section 1.B shall be followed in this circumstance.

4. **Price/Annual Fees.** For the performance of the Services required by Section 3, the Owner shall pay the Company an Annual Fee (hereinafter, "Annual Fee") for each Contract Year of the SOW4. The Annual Fee for Contract **Year 1** shall be **\$692,764.00**. The Annual Fee for Contract **Year 2** shall be **\$35,780.00**. Each Contract Year thereafter, the Annual Fee shall be adjusted to reflect the current cost of service. The adjustment of the Annual Fee shall be limited to a maximum of 5% annually. All applicable taxes are the responsibility of the Owner and are in addition to the stated costs and fees in this SOW4.
5. **Payment Terms.** The Annual Fee for Contract **Year 1**, plus all applicable taxes, shall be due and payable, in monthly payments, **within ninety (90) days of the Owner's execution of the SOW4. Each subsequent Annual Fee, plus all applicable taxes, shall be due and payable, in monthly payments, on the first day of each Contract Year thereafter.** If the Annual Fee, plus all applicable taxes, are not paid within ninety (90) days of the date of invoice, the Company may charge the Owner a late fee on unpaid balances and may also terminate or suspend Services under this SOW4 without notice. The late fee will be 1.5% per month.
6. **Changes or Delays to Services.** For purposes of this Section 6, "**Unreasonable Delay**" shall mean the Owner's delay in releasing the Tank or making the Tank available to the Company for the performance of any of the Services described herein for a period of twenty-four (24) months following the Company's written request for release or access to the Tank. In the event of Unreasonable Delay, the Company reserves the right to recover its reasonable costs related to the Unreasonable Delay, and the Owner agrees to negotiate with the Company in good faith to determine the amount of its reasonable costs caused by such Unreasonable Delay. Furthermore, the Owner hereby agrees that the Company can replace a Washout Inspection of the Tank with a visual inspection, remotely operated vehicle inspection ("ROV Inspection"), or unmanned aerial vehicle inspection ("UAV Inspection") without requiring the modification of this SOW4.
7. **Structure of Tank and Tank Site Conditions.** The Company is accepting this Tank to maintain pursuant to the requirements of this SOW4 based upon its existing structure and components as of the Effective Date (defined hereinafter). **Any modifications to the Tank, including antenna installations, shall be approved by the Company, prior to installation and may warrant an increase in the Annual Fees.** In addition, changes in the condition of the Tank Site and/or any adjoining properties (e.g., construction of a mall next to the Tank Site which significantly increases the risk of overspray claims, etc.) following the Effective Date, which cause an increase in the cost of the maintenance of the Tank, will be just cause for an equitable adjustment of the Annual Fees in this SOW4.
8. **Environmental, Health, Safety, Labor, or Industry Requirements.** The Owner hereby agrees that the promulgation of, enactment of, or modification to any environmental, health, safety, or labor laws, regulations, orders, or ordinances (e.g., EPA or OSHA regulations or standards) following the Effective Date of this SOW4, which cause an increase in the cost of the maintenance of the Tank, will be just cause for an equitable adjustment of the Annual Fees in this SOW4. Furthermore, modifications to industry requirement(s) including, but not limited to, standard(s) or other guidance documents issued by the American Water Works Association, National Sanitary Foundation, and the Association for Materials Protection and Performance, which cause an increase in the cost of the maintenance of the Tank, will be just cause for an equitable

adjustment of the Annual Fees in this SOW4. Said equitable adjustment of the Annual Fees in this SOW4 will reasonably reflect the increased cost of the Services with newly negotiated Annual Fee(s).

The work performed under this Contract is subject to prevailing wages, and the workers who are performing work under this Contract are to be paid no less than the prevailing hourly rate of wages as set by the appropriate authority. Any future work performed by workers under this Contract will be subject to the wage determination of the appropriate authority which is in effect when the work is performed. However, the Owner and the Company hereby agree that if the prevailing wage rates for any job or trade classification increases by more than 5% per annum from the effective date of this Contract to the date in which any future work is to be performed under this Contract, then the Company reserves the right to re-negotiate the annual fee(s) with the Owner. If the Company and the Owner cannot agree on re-negotiated annual fee(s), then: (1) the Company will not be obligated to perform the work and (2) the Company will not be obligated to return past annual fee(s) received by the Company.

9. **Excluded Items.** This SOW4 does NOT include the cost for and/or liability on the part of the Company for: (i) containment of the Tank at any time during the term of the SOW4, except for the initial renovation; (ii) disposal of any hazardous waste materials; (iii) resolution of operational problems or structural damage due to cold weather; (iv) repair of structural damage due to antenna installations or other attachments for which the Tank was not originally designed; (v) resolution of operational problems or repair of structural damage or site damage caused by physical conditions below the surface of the ground; (vi) negligent acts of Owner's employees, agents or contractors; (vii) damages, whether foreseen or unforeseen, caused by the Owner's use of pressure relief valves; (viii) repairs to the foundation of the Tank; (ix) any latent defects or inaccessible areas of the Tank or its components (including, but not limited to, (a) corrosion from the underside of the floor plates, and (b) inaccessible areas of the Tank such as the area between the bottom of the roof plate and the top of the roof rafter); (x) the maintenance, repair or replacement of any electrical components (to include any lighting, such as aviation lights); (xi) the maintenance, repair or replacement of fill lines, insulation, and/or frost jackets; (xii) the maintenance, repair, or replacement of piping of any kind below ground level;; and (xiii) other conditions which are beyond the Owner's and Company's control, including, but not limited to: acts of God and acts of terrorism. Acts of God include, but are not limited to, any damage to the Tank or Tank Site which is caused by seismic activity, hurricanes, and/or tornadoes. Acts of terrorism include, but are not limited to, any damage to the Tank or Tank Site which results from an unauthorized entry of any kind to the Tank or Tank Site.

- 10. Termination.** This SOW4 is an annual contract that shall automatically renew on an annual basis for successive Contract Years so long as: (i) the Owner pays each Annual Fee to the Company in accordance with the terms herein and (ii) does not terminate the SOW4 pursuant to the terms of this Section. This SOW4 is subject to termination by the Owner only at the end of the then-current Contract Year if written notice of intent to terminate is received by the Company at least ninety (90) days prior to the first day of the upcoming Contract Year. If the notice of intent to terminate is not received at least ninety (90) days prior to the first day of the upcoming Contract Year, this SOW4 shall renew for an additional Contract Year and expire at the end of the upcoming Contract Year. In such an event, the Owner agrees that it shall be responsible to pay the Annual Fee for the upcoming Contract Year. The notice of intent to terminate must be sent by certified mail, with return receipt requested, to Utility Service Co., Inc., Attention: Customer Service, Post Office Box 1350, Perry, Georgia 31069, and signed by three (3) authorized voting officials of the Owner's governing body (e.g., commission or council). Notice of intent to terminate cannot be delivered electronically or verbally (e.g., email, text, phone call, etc.). The Owner acknowledges and agrees that the Company has advanced Services to the Owner, and the Company has not received full payment for the Services previously performed.
- 11. Visual Inspection Disclaimer.** This SOW4 is based upon a visual inspection of the Tank. The Owner and the Company hereby acknowledge and agree that a visual inspection is intended to assess the condition of the Tank for all patent defects. If latent defects are identified once the Tank has been drained and is made available to the Company, the Owner agrees and acknowledges that the Company shall not be responsible to repair the latent defects unless the Owner and the Company re-negotiate the Annual Fees. The definition of a "latent defect" shall be any defect of the Tank which is not easily discovered (e.g., corrosion of the floor plates, corrosion of the roof plates or rafters, corrosion in areas inaccessible to maintain, damage to the roof of the Tank which is not clearly discoverable during the visual inspection, etc.).
- 12. Excessive Inflation.** In the event that the aggregate of the Annual Inflation Rates (defined hereinbelow) established for two (2) consecutive calendar years during the term of this SOW4 exceeds 12% in total, the Owner and the Company agree to renegotiate the Annual Fees and increase the Annual Fees throughout the remaining term of this SOW4 to compensate the Company for the excessive inflation. For purposes of this provision, the Annual Inflation Rate for each calendar year shall be established by the *Engineering News Report – Construction Cost Index ("ENR-CCI")*. In the event that the ENR-CCI index is discontinued, the Owner and the Company will negotiate and agree to an alternative index or methodology to address the excessive inflation. For illustrative purposes, if a SOW is executed in 2022, the first equitable adjustment could not be made until both the 2023 inflation rate and the 2024 inflation rate have been established. If the annual inflation rates for 2023 and 2024 are 5.0% and 7.1%, respectively, the Owner and the Company agree to renegotiate the current year's Annual Fee as well as the remaining Annual Fees for the remainder of the term of the SOW to address the excessive inflation.

The SOW4 is executed and effective as of the date last signed by the parties below.

OWNER

Village of Algonquin

By: _____

Name: _____

Title: _____

Date: _____

COMPANY

Utility Service Co., Inc.

By: _____ 

Name: Jonathan Cato

Title: Chief Operating Officer

Date: November 29, 2023

Initial Upfront Renovation Specification

Year 1 (2024) - Exterior Renovation

1. All exterior surfaces shall be abrasive blast cleaned to a “Commercial” finish, removing all existing paint, rust, dirt, mill scale, and foreign matter by the recommended methods outlined in the Society for Protective Coatings Specification, SSPC-SP No.6. After abrasive cleaning, all surfaces shall be cleaned of any dust residue or foreign debris.
2. A containment system shall be utilized to meet the emission control requirements of a Class 3A System, as specified in SSPC-Guide 6 (CON), Guide for Containing Debris Generated During Paint Removal Operations, dated December 1, 2021.
3. One (1) full primer coat of Tnemec Series 93 H2O zinc or equivalent coating shall be applied at the manufacturer’s recommended thickness.
4. One (1) full intermediate coat of Tnemec Series N69 epoxy or equivalent coating shall be applied at the manufacturer’s recommended thickness.
5. One (1) full finish coat of Tnemec Series 1095 or equivalent coating shall be applied at the manufacturer’s recommended thickness.
6. Paint concrete foundations.

Interior Renovation

1. The complete interior (100%) shall be abrasive blast cleaned to SSPC-SP No. 10 “Near White” finish.
2. After abrasive cleaning, all surfaces shall be cleaned of any dust residue or foreign debris.
3. A high build epoxy liner manufactured by the Tnemec Company shall be applied as follows:
 - a. Primer Coat: One [1] complete coat of Tnemec Series 93 H2O Zinc or equivalent coating shall be applied at the manufacturer’s recommended thickness.
 - b. Finish Coat: One [1] complete finish coat of Tnemec Series 21 Epoxy or equivalent coating shall be applied at the manufacturer’s recommended thickness.
 - c. Contrasting Color: Each coat of epoxy paint shall be of contrasting color.
 - d. Stripe Coat: One additional coat of epoxy shall be applied by brush and roller to all weld seams.
4. After the liner has properly cured, the interior surfaces shall be disinfected per A.W.W.A. Spray Method No. 2 (200 PPM).
5. The spent abrasive media shall be tested per TCLP-(8) Heavy Metals as mandated by the State of Illinois.
6. Once the tests results confirm the non-hazardous status of the wastes, the spent abrasive shall be disposed of properly.
7. The Tank shall be sealed and made ready for service.

Repairs

1. Install access ladder gate
2. Install overflow flapper and screen assembly with air gap
3. Install access ladder cable safety climb device
4. Grout and caulk foundation
5. Install 24" pallet style, frost proof vent
6. Secure dome ladder
7. Install 30" riser manway
8. Remove existing ladder cage
9. Remove cathodic protection system and seal any roof openings
10. Install a silt stop and deflector at the draw pipe in the floor

Mixing System

1. Install a PAX PWM 150/155 Active Mixing System