

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DUPAGE WATER COMMISSION  
HELD ON THURSDAY, NOVEMBER 20, 2014  
600 EAST BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order at 6:06 P.M.

Committee members in attendance: P. Suess, C. Janc, J. Pruyn, D. Russo and J. Zay  
(arrived at 6:33 P.M.)

Committee members absent: none

Non-Committee members in attendance: R. Furstenau

Also in attendance: J. Spatz, T. McGhee, and C. Peterson

**Discussion regarding the Reserve Fund Policy and Investment Policy**

General Manager Spatz noted the changes in the Reserve policy were based upon discussions that started in June to amend the policy once the debt certificates were paid in full and prior to the loss of the sales tax revenues in 2016. He felt it was imperative for the Commission to establish a Capital Reserve going forward. The policy has been modified to address that need. In addition, there was discussion regarding extending the length of the acceptable investments in the Long-Term Water Capital Reserve from a 5 year maximum to a 10 year and adjusting the benchmark from a 1-5 year U.S. Treasury to a 1-10 year U.S. Treasury.

General Manager Spatz discussed inquiries from customers regarding reserves, specifically capital reserves, and other future plans. He stated that customers were told that the Finance Committee and Board were working on a plan regarding reserves and other items. Chairman Suess noted the Commission did need to build up reserves to help fund both short and long term capital needs, which had not been done in the past.

Commissioner Russo noted that the policy was distributing funds between different accounts for specific purposes. General Manager Spatz noted the goal would be to fully fund the Capital Reserve fund prior to the loss of the sales tax revenues. Commissioner Pruyn asked if this was too aggressive of a plan. General Manager Spatz responded that the Commission should not have an issue meeting the goal based upon current projections. A couple of the Commissioners then noted some additional small changes needed in the Reserve Policy to the changes made by the Commission staff.

Commissioner Furstenau left the meeting at 6:19 P.M., Mr. McGhee left the meeting at 6:20 P.M., and Chairman Zay left the meeting at 6:21 P.M.

General Manager Spatz then lead a discussion then focused on the wording to the investment policy limiting the amount of the reserves that can be invested in maturities past 5 years. Commissioner Janc noted he felt there definitely should be some wording in the policy designating a portion with a shorter duration to be able to access some of the money without incurring a penalty. Chairman Suess stated that investing in longer term maturities should be done, but it would benefit the Commission to initially limit the duration. He noted that the policy could be revisited as the assets grow.

Chairman Zay returned to the meeting at 6:34 P.M.

The Committee agreed to bring the resolutions, which include the discussed points from the meeting, amending the Capital Reserve policy and investment policy to the full Board in December along with a request to start transferring funds from the General and Sales Tax accounts into the newly formed Capital Reserve account.

### **Minutes**

Commissioner Janc moved to approve the Minutes of the Regular Committee Meeting of September 18, 2014 of the Finance Committee. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

### **Workers' Compensation Insurance**

General Manager Spatz noted the renewal is with Illinois Public Risk Fund. The Commission has looked into the pricing from other firms, but even with the rate increase at Illinois Public Risk Fund it is still the best option. Chairman Suess asked if the Commission was self-funded to any extent. General Manager Spatz responded no.

Commissioner Russo moved to recommend to the Board to accept Illinois Public Risk Fund has the Commission's Workers' Compensation Insurance provider. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

### **Approval of Reconciliations**

Financial Administrator Peterson read from Treasurer Ellsworth's memo that he had reviewed and approved the journal entries and bank reconciliations for the month of October.

### **Treasurer's Report – October 2014**

Financial Administrator Peterson read from Treasurer Ellsworth's written summary of the October Treasurer's Report that he had provided the Committee. She noted on page 1 of the report that cash and investments totaled \$81.7M.

Financial Administrator Peterson discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio was at 62 basis points, up from the prior month's yield of 60 basis points.

Financial Administrator Peterson noted that on the Statement of Cash Flows that operating activities increased cash flows by \$8.0M, \$17.7M of sales tax revenues were received and debt payments totaled \$14.2M year to date. She stated that all targeted reserve levels were met or exceeded targets.

#### **Financial Statements – October 2014**

Financial Administrator Peterson provided the Committee with a summary of the October Financial Statements. She noted that six months into the current fiscal year, revenues are exceeding expenses slightly ahead of budgeted seasonal expectations, even as water sales are below budget by approximately 5%. An offset is water purchases are approximately 6% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 5.7% in October. Cumulatively Sales Tax collections as of October 31, 2014, were approximately 4.5% over the prior year.

Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities.

Financial Administrator Peterson noted that cash balances were up compared to prior year by nearly \$13M. Receivables were up flat versus prior year due to lower water sales and timing of collections, partially offset by higher water costs. Debt has declined by \$34M compared to prior year balances at October 31<sup>st</sup>.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss in the revenue and expense accounts.

#### **Auditor Update**

General Manager Spatz informed the Finance Committee that an RFP was sent out and posted and five firms replied with proposals. From those proposals, prices were received for a 3 year term beginning in fiscal 14-15. General Manager Spatz discussed the prices received and reasons given for price reductions. The Committee discussed their options and agreed to present a decision to the full Board in the December meeting.

**Accounts Payable**

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

October 8, 2014 to November 11, 2014	\$7,121,829.10
<u>Estimated</u>	<u>\$ 706,905.00</u>
Total	\$7,828,734.10

**Other**

None

**Adjournment**

Chairman Zay moved to adjourn the meeting at 6:54 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.