



DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630) 834-0100 Fax: (630) 834-0120

NOTICE IS HEREBY GIVEN THAT THE RESCHEDULED JULY 2003 FINANCE COMMITTEE MEETING OF THE DU PAGE WATER COMMISSION WILL BE HELD AT 8:30 A.M. ON THURSDAY, JULY 17, 2003, AT ITS OFFICES LISTED BELOW. THE AGENDA FOR THE RESCHEDULED JULY 2003 REGULAR COMMITTEE MEETING IS AS FOLLOWS:

AGENDA
FINANCE COMMITTEE
THURSDAY, JULY 17, 2003
8:30 A.M.

COMMITTEE MEMBERS

A. Poole, Chair
J. Janicik
B. Krajewski

600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126

- I. Roll Call
- II. Approval of Minutes of June 12, 2003
- III. Treasurer's Report – June, 2003
- IV. Financial Statements – June, 2003
- V. Accounts Payable
- VI. Audit for April 30, 2003
- VII. Insurance Coverage
- VIII. Resolution R-27-03: Amending Resolution No. R-10-03, Being a Resolution Establishing the Policy of the DuPage Water Commission with Respect to Fund Balances and Construction and Rate Stabilization Reserves for the Fiscal Year Ending April 30, 2003
- IX. Possible Current or Forward Current Refunding of 1993 Revenue Bonds
- X. Financial Review
 - A. Net Asset (Fund Balance) Analysis

All visitors must present a valid drivers license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

B. Five Year Capital Improvement Program

C. Self Insurance Study

D. Outstanding Revenue and General Obligation Bonds

Board\Agendas\FC 2003-07.doc

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DU PAGE WATER COMMISSION
HELD ON JUNE 12, 2003**

The meeting was called to order at 8:00 a.m. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: A. Poole, Committee Chairman, B. and J. Janicik. Also in attendance: D. Zeilenga, K. Godden, M. Crowley, R. Martin and R. Skiba.

MINUTES OF MEETINGS – MAY 7, 2003

Motion by Commissioner Janicik, seconded by Commissioner Krajewski, to approve the minutes of the May 7, 2003 Finance Committee meeting. This motion carried unanimously.

TREASURER'S REPORT – MAY, 2003

The Committee reviewed the May, 2003 Treasurer's Report. Motion by Commissioner Krajewski, seconded by Commissioner Janicik, to recommend acceptance of the report by the full Commission at its meeting of June 12, 2003.

The Committee would like to add an item to the August Committee agenda to discuss the Commission's investment portfolio at the end of the fiscal quarter, July 31, 2003. This item would continue on the Committee's agenda on a quarterly basis.

The Committee also asked staff to distribute copies of the current Commission Investment Policy to the Commissioners.

FINANCIAL STATEMENTS - MAY, 2003

The Committee reviewed the May, 2003 financial statements. After a brief discussion, the Committee accepted the financial statements for May, 2003.

ACCOUNTS PAYABLE

The Committee reviewed the accounts payable in the amount of \$3,878,820.17. There were no revisions. The Committee had no questions and will recommend approval of the accounts payable at the June 12, 2003 Commission meeting.

ORDINANCE O-7-03: FY 2003-04 APPROPRIATION

The Committee reviewed Ordinance O-7-03, the FY 2003-04 Appropriation Ordinance. Staff noted the Notice of June 12, 2003 Commission public hearing on the ordinance had been properly posted on May 12, 2003. After a brief discussion, there was Committee consensus to recommend approval of Ordinance O-7-03 by the full Commission, at its meeting on June 12, 2003.

LIABILITY INSURANCE CARRIER RATING

The Committee directed staff to move forward with changing liability insurance carriers, if the proposed new carrier is within the Commission's parameters. The Committee would like to review the Commission's insurance procurement process. Staff was asked to distribute the insurance proposal summary from the November 1, 2002 renewals. The Committee would also like to invite the current broker to its July, 2003 meeting.

POTENTIAL 1993 REVENUE BOND REFUNDING

Commissioner Poole suggested that the Commission reduce its emergency reserve from the lesser of 5% of the original cost of construction of the Commission's Waterworks System (\$413,500,000 as of the start of operations May 1, 1992), as adjusted by the ENR Construction Index published by the Engineering News Record, or \$50,000,000. He suggested using 2% instead of 5% with a \$20 million maximum. This would free \$16 million of sales tax funds presently in this reserve for Five-year Plan construction projects.

Motion by Commissioner Janicik, seconded by Commissioner Krajewski, to have such a resolution drafted and placed on the July Commission agenda. Staff was asked to rerun the Five-year plan scenarios to examine the effects of such a change.

ADJOURNMENT

With no further business to come before the Committee, the meeting was adjourned at 8:45 a.m.



DuPage Water Commission

MEMORANDUM

TO: General Manager
FROM: Financial Administrator
DATE: July 9, 2003
SUBJECT: Financial Report – June 30, 2003

WATER FUND

All requirements of the revenue bond ordinance have been met as of June 30, 2003. Drier weather in June increased water sales. But, the wet month of May is causing a year-to-date unfavorable budget variance of 5.6%. This is offset by water purchase cost being 6.1% under budget.

INVESTMENT PORTFOLIO

Investment income was expected to improve this fiscal year. However, the budgeted 3% yields have not been realized. The Commission's investment portfolio totals \$196.6 million. It is earning 1.14% based on market yield and 1.9% based on original purchase price. The benchmark yield adopted by the Commission was less than 1.0% at June 30, 2003.

In anticipation of House Bill 3402 becoming a Public Act, a larger portion of the portfolio is being kept in money market investments. Commission funds are invested as follows: United States Treasury obligations (32.1%), United States Agency obligations (31.3%), the Illinois Funds Money Market Fund (15.5%), the Illinois Funds Prime Funds (8.4%), certificates of deposit (12.7%) and government money market funds (less than 0.1%).

ASSETS	TOTAL WATER FUND ALL ACCOUNTS	WATER FUND DEPOSITORY ACCOUNTS	OPER & MAINT ACCOUNT	REVENUE BOND INTEREST ACCOUNT	REVENUE BOND PRINCIPAL ACCOUNT	REVENUE BOND DEBT SERVICE RESERVE ACCOUNT	OPER & MAINT RESERVE ACCOUNT	DEPRECIATION ACCOUNT	GENERAL ACCOUNT
CASH	170,709.50	165,490.81	4,600.66	0.00	0.00	618.03	0.00	0.00	0.00
INVESTMENTS	196,616,867.89	2,841,918.88	11,142,990.22	1,287,630.91	1,739,934.55	17,905,673.63	10,488,376.63	5,527,165.96	145,683,177.11
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	6,505,759.13	6,505,759.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,170,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,170,000.00
ACCOUNTS RECEIVABLE-OTHER	291,604.36	291,604.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,416,965.14	0.00	0.00	5,866.67	9,590.77	0.00	49,062.50	22,500.00	1,329,945.20
INVENTORIES & PREPAIDS	215,587.58	215,587.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FIXED ASSETS	426,659,525.07	426,659,525.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	19,740,890.52	19,740,890.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	(67,239,643.44)	(67,239,643.44)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	10,985,717.99	10,985,717.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS	602,533,983.74	400,166,850.90	11,147,590.88	1,293,497.58	1,749,525.32	17,906,291.66	10,537,439.13	5,549,665.96	154,183,122.31
LIABILITIES & EQUITY									
ACCOUNTS PAYABLE	4,128,758.57	0.00	4,128,758.57	0.00	0.00	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	267,525.22	0.00	267,525.22	0.00	0.00	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BONDS PAYABLE CURRENT	18,895,000.00	8,404,166.67	0.00	0.00	1,680,833.33	0.00	0.00	0.00	8,810,000.00
ACCRUED INTEREST	2,725,492.92	0.00	0.00	1,291,276.25	0.00	0.00	0.00	0.00	1,434,216.67
ACCRUED LIABILITIES	242,744.24	0.00	242,744.24	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT RETENTION	1,255,985.68	0.00	1,255,985.68	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DEFERRED REVENUE	3,007,409.69	3,007,409.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	200,912,987.31	200,912,987.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	231,435,903.63	212,324,563.67	5,895,013.71	1,291,276.25	1,680,833.33	0.00	0.00	0.00	10,244,216.67
NET ASSETS									
UNRESTRICTED FUNDS									
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES (a)	28,100,000.00	0.00	0.00	0.00	0.00	69,079.16	32,284.79	549,665.96	27,448,970.09
RESERVED FOR WATER RATE STABILIZATION	45,136,218.52	7,012,951.07	0.00	0.00	0.00	0.00	0.00	0.00	38,123,267.45
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	53,375,405.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	53,375,405.56
TOTAL UNRESTRICTED FUNDS	126,611,624.08	7,012,951.07	0.00	0.00	0.00	69,079.16	32,284.79	549,665.96	118,947,643.10
RESTRICTED BY ORDINANCE/RESOLUTION	63,657,119.87	0.00	5,252,577.17	2,221.33	68,691.99	17,837,212.50	10,505,154.34	5,000,000.00	24,991,262.54
INVESTED IN PROPERTY PLANT AND EQUIPMENT	180,829,336.16	180,829,336.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NET ASSETS	371,098,080.11	187,842,287.23	5,252,577.17	2,221.33	68,691.99	17,906,291.66	10,537,439.13	5,549,665.96	143,938,905.64
TOTAL LIABILITIES & NET ASSETS	602,533,983.74	400,166,850.90	11,147,590.88	1,293,497.58	1,749,525.32	17,906,291.66	10,537,439.13	5,549,665.96	154,183,122.31

a - ESTABLISHED AT 5% OF ORIGINAL CONSTRUCTION COSTS AS OF MAY 1, 1992; INCREASED ANNUALLY BY THE ENGINEERING NEWS RECORD CONSTRUCTION INDEX

DU PAGE WATER COMMISSION
WATER FUND
GENERAL LEDGER
BALANCE SHEET - GENERAL ACCOUNT DETAIL
June 30, 2003

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ASSETS	TOTAL GENERAL ACCOUNT	WATER FUND SUBACCOUNT	SALES TAXES SUBACCOUNT	GO BOND DEBT SERVICE SUBACCOUNT
CASH	0.00	0.00	0.00	0.00
INVESTMENTS	145,683,177.11	52,942,084.46	79,618,193.75	13,122,898.90
DUE FROM OTHER FUNDS	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTS RECEIVABLE	0.00	0.00	0.00	0.00
SALES TAX RECEIVABLE	7,170,000.00	0.00	7,170,000.00	0.00
ACCOUNTS RECEIVABLE-OTHER	0.00	0.00	0.00	0.00
INTEREST RECEIVABLE	1,329,945.20	435,677.08	760,513.39	133,754.73
INVENTORIES & PREPAIDS	0.00	0.00	0.00	0.00
FIXED ASSETS	0.00	0.00	0.00	0.00
CONSTRUCTION IN PROGRESS	0.00	0.00	0.00	0.00
LESS: ACCUMULATED DEPRECIATION	0.00	0.00	0.00	0.00
DEFERRED WATER SUPPLY CONTRACT COST	0.00	0.00	0.00	0.00
TOTAL ASSETS	154,183,122.31	53,377,761.54	87,548,707.14	13,256,653.63
LIABILITIES & EQUITY				
ACCOUNTS PAYABLE	0.00	0.00	0.00	0.00
ACCRUED PAYROLL & TAXES	0.00	0.00	0.00	0.00
DUE TO OTHER FUNDS	0.00	0.00	0.00	0.00
BONDS PAYABLE CURRENT	8,810,000.00	0.00	0.00	8,810,000.00
ACCRUED INTEREST	1,434,216.67	0.00	0.00	1,434,216.67
ACCRUED LIABILITIES	0.00	0.00	0.00	0.00
CONTRACT RETENTION	0.00	0.00	0.00	0.00
OTHER DEPOSITS AND DEFERRED CREDITS	0.00	0.00	0.00	0.00
DEFERRED REVENUE	0.00	0.00	0.00	0.00
LONG TERM BONDS PAYABLE	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	10,244,216.67	0.00	0.00	10,244,216.67
NET ASSETS				
UNRESTRICTED FUNDS (R-10-03)				
HELD FOR EMERGENCY REPAIRS AND OTHER CONTINGENCIES	27,448,970.09	11,448,970.09	16,000,000.00	0.00
RESERVED FOR WATER RATE STABILIZATION	38,123,267.45	38,123,267.45	0.00	0.00
RESERVED FOR THE ACQUISITION OF CAPITAL ASSETS	53,375,405.56	0.00	53,375,405.56	0.00
TOTAL UNRESTRICTED FUNDS	118,947,643.10	49,572,237.54	69,375,405.56	0.00
RESTRICTED BY ORDINANCE/RESOLUTION	24,991,262.54	3,805,524.00	18,173,301.58	3,012,436.96
INVESTED IN PROPERTY PLANT AND EQUIPMENT	0.00	0.00	0.00	0.00
TOTAL NET ASSETS	143,938,905.64	53,377,761.54	87,548,707.14	3,012,436.96
TOTAL LIABILITIES & NET ASSETS	154,183,122.31	53,377,761.54	87,548,707.14	13,256,653.63

DU PAGE WATER COMMISSION
WATER FUND
GENERAL LEDGER
STATEMENT OF REVENUES & EXPENDITURES
June 30, 2003

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REVENUE	CURRENT MONTH ACTUAL	Y-T-D ACTUAL	Y-T-D BUDGET	Y-T-D BUDGET VARIANCE FAVORABLE (UNFAVORABLE)	% OF Y-T-D BUDGET
OPERATIONS & MAINTENANCE REVENUES	4,182,744.12	7,801,184.16	8,267,115.09	(465,930.93)	94.4%
FIXED COST REVENUES	743,027.42	1,486,054.84	1,486,054.83	0.01	100.0%
SUBSEQUENT CUSTOMER DIFFERENTIAL REVENUE	84,496.46	165,959.40	186,061.44	(20,102.04)	89.2%
EMERGENCY WATER SERVICE	732.00	3,742.44	5,282.25	(1,539.81)	70.8%
SALES TAXES	2,610,934.70	4,886,860.50	4,959,594.57	(72,734.07)	98.5%
INVESTMENT INCOME	295,788.29	633,498.27	1,013,333.33	(379,835.06)	62.5%
OTHER INCOME	13,345.01	21,935.75	9,383.33	12,552.42	233.8%
TOTAL REVENUE	7,931,068.00	14,999,235.36	15,926,824.84	(927,589.48)	94.2%
EXPENSES					
PERSONAL SERVICES	206,269.12	418,385.42	432,902.68	14,517.26	96.6%
PROFESSIONAL SERVICES	11,902.89	13,818.09	65,385.02	51,566.93	21.1%
CONTRACTUAL SERVICES	51,660.71	90,572.45	151,325.00	60,752.55	59.9%
INSURANCE	12,703.00	406,065.10	535,129.16	129,064.06	75.9%
ADMINISTRATIVE COSTS	12,158.81	22,326.80	24,520.00	2,193.20	91.1%
WATER SUPPLY COSTS	4,512,207.12	8,559,126.39	9,113,003.91	553,877.52	93.9%
BOND INTEREST EXPENSE	1,050,458.04	2,103,674.91	2,095,102.67	(8,572.24)	100.4%
LAND AND RIGHT OF WAY	0.00	0.00	999.18	999.18	0.0%
DEPRECIATION/CAPITAL EQUIPMENT PURCHASES	532,315.98	1,064,866.96	1,130,049.83	65,182.87	94.2%
TOTAL OPERATING EXPENSES	6,389,675.67	12,678,836.12	13,548,417.45	869,581.33	93.6%
NET OPERATING INCOME	1,541,392.33	2,320,399.24	2,378,407.39	(58,008.15)	97.6%
CONSTRUCTION EXPENDITURES	215,721.13	584,463.93	1,540,333.33	955,869.40	37.9%
LEGISLATIVE TRANSFERS TO OTHER GOVERNMENTS	0.00	0.00	0.00	0.00	N/A
NET FUND TRANSACTIONS	1,325,671.20	1,735,935.31	838,074.06	897,861.25	207.1%
BEGINNING NET ASSETS		368,777,680.87			
ADD CONSTRUCTION EXPENDITURES TO BE CAPITALIZED		584,463.93			
ENDING NET ASSETS		371,098,080.11			

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 06/30/03	BID PRICE 06/30/03
Water Fund Depository Accounts (WF-1210)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 1,061,090.08	\$ 1,061,090.08	\$ -	\$ 1,061,090.08	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	1,780,828.80	1,780,828.80	-	1,780,828.80	-	100.000
				1.036%	1.036%	\$ 2,841,918.88	\$ 2,841,918.88	\$ -	\$ 2,841,918.88	\$ -	
Water Fund Oper. & Maint. Acct. (WF-1211)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 6,120,495.14	\$ 6,120,495.14	\$ -	\$ 6,120,495.14	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	5,022,495.08	5,022,495.08	-	5,022,495.08	-	100.000
				1.019%	1.019%	\$ 11,142,990.22	\$ 11,142,990.22	\$ -	\$ 11,142,990.22	\$ -	
Revenue Bond Interest Account (WF-1212)											
One Group Government Money Market	0.390%	06/30/03	07/01/03	0.390%	0.390%	\$ 30.91	\$ 30.91	\$ -	\$ 30.91	\$ 0.01	100.000
U. S. Treas. Notes (Bank One Trust Company)	2.750%	05/09/03	10/31/03	1.105%	0.810%	640,000.00	643,800.00	(1,150.00)	644,950.00	2,933.33	100.594
U. S. Treas. Notes (Bank One Trust Company)	2.750%	06/03/03	10/31/03	1.064%	0.810%	640,000.00	643,800.00	(550.00)	644,350.00	2,933.33	100.594
				1.084%	0.810%	\$ 1,280,030.91	\$ 1,287,630.91	\$ (1,700.00)	\$ 1,289,330.91	\$ 5,866.67	
Revenue Bond Principal (WF-1213)											
One Group Government Money Market	0.390%	06/30/03	07/01/03	0.390%	0.390%	\$ 834.55	\$ 834.55	\$ -	\$ 834.55	\$ 0.14	100.000
U. S. Treas. Notes (Bank One Trust Company)	3.375%	05/09/03	04/30/04	1.178%	0.950%	884,000.00	901,680.00	(1,070.47)	902,750.47	4,972.50	102.000
U. S. Treas. Notes (Bank One Trust Company)	3.375%	06/03/03	04/30/04	1.090%	0.950%	821,000.00	837,420.00	(448.98)	837,868.98	4,618.13	102.000
				1.135%	0.950%	\$ 1,705,834.55	\$ 1,739,934.55	\$ (1,519.45)	\$ 1,741,454.00	\$ 9,590.77	
Revenue Bond Debt Svc. Reserve (WF-1214)											
U. S. Treas. Bills (Bank One Trust)	0.000%	04/24/03	10/23/03	1.175%	0.860%	\$ 17,955,000.00	\$ 17,905,673.63	\$ 55,288.94	\$ 17,850,384.69	\$ -	99.725
				1.175%	0.860%	\$ 17,955,000.00	\$ 17,905,673.63	\$ 55,288.94	\$ 17,850,384.69	\$ -	
Water Fund Oper. & Maint. Res. (WF-1215)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 1,158,255.02	\$ 1,158,255.02	\$ -	\$ 1,158,255.02	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	189,184.11	189,184.11	-	189,184.11	-	100.000
U. S. Treas. Notes (Bank One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	0.880%	5,000,000.00	5,060,937.50	(58,007.81)	5,118,945.31	26,562.50	101.219
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	0.950%	4,000,000.00	4,080,000.00	50,000.00	4,030,000.00	22,500.00	102.000
				2.709%	0.921%	\$ 10,347,439.13	\$ 10,488,376.63	\$ (8,007.81)	\$ 10,496,384.44	\$ 49,062.50	
Water Fund Depreciation Account (WF-1216)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 691,712.64	\$ 691,712.64	\$ -	\$ 691,712.64	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	755,453.32	755,453.32	-	755,453.32	-	100.000
U. S. Treas. Notes (RBC Dain Rauscher)	3.375%	06/13/02	04/30/04	2.957%	0.950%	4,000,000.00	4,080,000.00	50,000.00	4,030,000.00	22,500.00	102.000
				2.451%	0.970%	\$ 5,447,165.96	\$ 5,527,165.96	\$ 50,000.00	\$ 5,477,165.96	\$ 22,500.00	

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 06/30/03	BID PRICE 06/30/03
Water Fund General Account (WF-1217)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 12,391,985.87	\$ 12,391,985.87	\$ -	\$ 12,391,985.87	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	4,496,973.59	4,496,973.59	-	4,496,973.59	-	100.000
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	0.972%	5,000,000.00	5,036,000.00	(288,318.14)	5,324,318.14	128,906.25	100.720
F.H.L.B. (D L J)	3.750%	11/13/02	02/13/04	1.569%	1.074%	10,000,000.00	10,164,000.00	(106,367.60)	10,270,367.60	140,625.00	101.640
U. S. Treas. Notes (Dain Rauscher)	7.250%	01/31/02	05/15/04	3.204%	0.970%	10,000,000.00	10,540,625.00	(343,675.00)	10,884,300.00	90,625.00	105.406
F.H.L.B. (RBC D. Rauscher)	3.625%	06/14/02	10/15/04	3.403%	1.110%	10,000,000.00	10,312,500.00	264,843.75	10,047,656.25	75,520.83	103.125
				2.202%	1.027%	\$ 51,888,959.46	\$ 52,942,084.46	\$ (473,516.99)	\$ 53,415,601.45	\$ 435,677.08	
Sales Tax Funds (WF-1230)											
Illinois Funds-Money Market	0.976%	06/30/03	07/01/03	0.976%	0.976%	\$ 9,190,545.47	\$ 9,190,545.47	\$ -	\$ 9,190,545.47	\$ -	100.000
Illinois Funds-Prime Fund	1.072%	06/30/03	07/01/03	1.072%	1.072%	4,395,235.78	4,395,235.78	-	4,395,235.78	-	100.000
Cert. of Deposit (West Suburban Bank)	3.000%	07/16/02	07/16/03	3.000%	3.000%	5,935,100.00	5,935,100.00	-	5,935,100.00	170,247.94	100.000
F.H.L.B. (D. Rauscher)	6.875%	11/30/01	08/15/03	2.951%	0.972%	5,000,000.00	5,036,000.00	(288,318.14)	5,324,318.14	128,906.25	100.720
Cert. of Deposit (West Suburban Bank)	2.480%	10/15/02	10/15/03	2.480%	2.480%	64,900.00	64,900.00	-	64,900.00	1,137.69	100.000
Cert. of Deposit (Suburban Bank & Trust)	2.000%	10/16/02	10/16/03	2.000%	2.000%	6,000,000.00	6,000,000.00	-	6,000,000.00	84,493.15	100.000
Cert. of Deposit (Oak Brook Bank)	1.700%	01/15/03	01/15/04	1.700%	1.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	46,389.04	100.000
U. S. Treas. Notes (Bank One Capital Markets)	4.250%	12/12/01	11/15/03	2.967%	0.880%	5,000,000.00	5,060,937.50	(58,007.82)	5,118,945.32	26,562.50	101.219
Cert. of Deposit (Mid America Bank)	2.750%	04/15/03	04/15/04	1.600%	1.600%	6,000,000.00	6,000,000.00	-	6,000,000.00	34,356.16	100.000
F.H.L.B. (ABN AMRO)	3.375%	06/21/02	05/14/04	3.002%	1.187%	10,000,000.00	10,188,600.00	119,850.00	10,068,750.00	42,187.50	101.886
Cert. of Deposit (Winfield Community Bank)	2.000%	06/17/03	06/15/04	2.000%	2.000%	1,000,000.00	1,000,000.00	-	1,000,000.00	712.33	100.000
F.H.L.B. (RBC D. Rauscher)	3.625%	09/12/02	10/15/04	2.400%	1.110%	10,000,000.00	10,312,500.00	64,700.00	10,247,800.00	75,520.83	103.125
F.H.L.B. (RBC D. Rauscher)	4.000%	10/17/02	02/15/05	2.462%	1.250%	10,000,000.00	10,434,375.00	89,875.00	10,344,500.00	150,000.00	104.344
				2.215%	1.399%	\$ 78,585,781.25	\$ 79,618,193.75	\$ (71,900.96)	\$ 79,690,094.71	\$ 760,513.39	
2001 G. O. Bonds Debt Service (WF-1243)											
ABN AMRO Government Money Market	0.891%	06/30/03	07/01/03	0.891%	0.891%	\$ 2,411.08	\$ 2,411.08	\$ -	\$ 2,411.08	\$ 1.81	100.000
U. S. Treas. Notes (LaSalle Bank)	3.625%	02/28/03	08/31/03	1.156%	0.880%	1,955,000.00	1,962,942.19	(15,960.74)	1,978,902.93	23,622.92	100.406
U. S. Treas. Notes (LaSalle Bank)	3.000%	02/28/03	02/29/04	1.219%	0.950%	10,388,000.00	10,524,342.50	(46,664.84)	10,571,007.34	103,880.00	101.313
U. S. Treas. Notes (LaSalle Bank)	3.000%	03/05/03	02/29/04	1.052%	0.950%	287,000.00	290,766.88	(1,704.06)	292,470.94	2,870.00	101.313
U. S. Treas. Notes (LaSalle Bank)	3.000%	03/07/03	02/29/04	1.073%	0.950%	338,000.00	342,436.25	(1,901.25)	344,337.50	3,380.00	101.313
				1.202%	0.940%	\$ 12,970,411.08	\$ 13,122,898.90	\$ (66,230.89)	\$ 13,189,129.79	\$ 133,754.73	
TOTAL ALL FUNDS				1.980%	1.147%	\$ 194,165,531.44	\$ 196,616,867.89	\$ (517,587.16)	\$ 197,134,455.05	\$ 1,416,965.14	
June 30, 2003 90 DAY US TREASURY YIELD				0.790%							

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 06-Jun-03 TO 08-Jul-03

VENDOR VOLUME
ACCOUNTS PAYABLE SPREADSHEET
07/17/03

VENDOR	DESCRIPTION	VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT %
Chicago, City of: Supt. of Wtr. Coll.	Water Supply: 06/01/03-06/30/03	3,061,671.32	3,061,671.32	76.722%
Rossi Contractors, Inc.	Cont. BOV-1: Partial Invoice No. 11	311,487.67	3,373,158.99	84.528%
Constellation NewEnergy, Inc.	DPPS Electric Service: 05/23/03-06/24/03	173,933.87	3,547,092.86	88.887%
Alvord, Burdick & Howson	Engineering Services	120,582.79	3,667,675.65	91.908%
Chicago, City of: Dept. of Water	Electric Service: 04/30/03-06/03/03	78,495.27	3,746,170.92	93.875%
Rossi Contractors, Inc.	Cont. TW-2: Partial Invoice No. 33	61,736.57	3,807,907.49	95.422%
Chicago, City of: Dept. of Water	Operation Costs Lex. Sta.: 05/01/03-05/31/03	36,790.34	3,844,697.83	96.344%
Holland & Knight	Legal Services: May 2003	23,851.12	3,868,548.95	96.942%
Cathodic Protection Management, Inc.	Corrosion Survey: Partial Invoice No. 1	21,465.67	3,890,014.62	97.480%
CTE Engineers, Inc.	Eng. Serv. - Emergency Operations Plan & MS-15	13,391.69	3,903,406.31	97.816%
McGladrey & Pullen, LLP	Audit - FY03	12,000.00	3,915,406.31	98.116%
Tank Industry Consultants	Conslt. Serv. for Wtr Strg Tanks Painting: 05/25/03-06/28/03	11,124.45	3,926,530.76	98.395%
J.U.L.I.E.	Utility Locates: May 2003	5,805.90	3,932,336.66	98.540%
Commonwealth Edison	Meter Station, ROV, CP, Tank Site Electric Service	5,412.73	3,937,749.39	98.676%
Seeco Consultants, Inc.	Material Testing - BOV-1 & TW-2: 05/16/03-06/15/03	4,591.75	3,942,341.14	98.791%
North Shore Uniform	Uniforms: Pipelines & Operations	4,552.71	3,946,893.85	98.905%
Dytron Electronic Power	PM Service on UPS System with Battery Replacement	4,100.00	3,950,993.85	99.008%
West-Hill Auto Body	Vehicle Repairs: M-99818	3,977.28	3,954,971.13	99.108%
Avalon Petroleum Company	Gasoline	3,271.50	3,958,242.63	99.190%

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 06-Jun-03 TO 08-Jul-03

VENDOR VOLUME
ACCOUNTS PAYABLE SPREADSHEET
07/17/03

VENDOR	DESCRIPTION	VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT %
United States Postal Service	Replenish Postage Meter	3,000.00	3,961,242.63	99.265%
AGT International. Inc.	Locating Service Software Maintenance: 07/03-06/04	2,813.03	3,964,055.66	99.335%
Basic Chemical Solutions, LLC	Sodium Hypochlorite	2,250.00	3,966,305.66	99.392%
Total Facility Maintenance, Inc.	DPPS Cleaning Services: July 2003	1,925.83	3,968,231.49	99.440%
MWH Soft, Inc.	Annual Renewal: H2ONET Software License	1,420.00	3,969,651.49	99.476%
Doty & Sons Concrete Prod.	Concrete Planters & Bases	1,325.20	3,970,976.69	99.509%
SBC	Backup Telemetry, DPPS, Tank Site #1 Service	1,306.44	3,972,283.13	99.541%
McMaster-Carr Supply Company	Outdoor Lights, Electric Hammer Drill	1,080.24	3,973,363.37	99.569%
HSQ Technology	Repair Power Control & Circuit Boards, SCADA Support Serv.	761.00	3,974,124.37	99.588%
Chicago Tribune	Request For Proposals - Generator, Reservoir; Emplmt Ad	720.41	3,974,844.78	99.606%
Acres Group	DPPS: Insecticide Application	700.00	3,975,544.78	99.623%
Randall Industries	Lift Truck - Equipment Rental	696.00	3,976,240.78	99.641%
Exelon Services, Inc.	Repairs to HVAC System	610.00	3,976,850.78	99.656%
Naperville, City of	Meter Sta. Service: 05/15/03-06/16/03	534.60	3,977,385.38	99.669%
Home Depot	Maintenance Supplies	450.66	3,977,836.04	99.681%
Simplex Grinnell	Annual Fire Alarm Services - Roselle Pump Sta.	450.00	3,978,286.04	99.692%
USABlueBook	Hose Adapter, Hydrant Diffuser	424.68	3,978,710.72	99.703%
Elmhurst Plaza Standard Inc.	Vehicle Maintenance: M-82136	414.28	3,979,125.00	99.713%
Lanac Technology	Payroll System Maintenance	412.50	3,979,537.50	99.723%
T&M Computer Supply Company	Office Supplies	410.00	3,979,947.50	99.734%

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 06-Jun-03 TO 08-Jul-03

VENDOR VOLUME
ACCOUNTS PAYABLE SPREADSHEET
07/17/03

VENDOR	DESCRIPTION	VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT %
Tree Towns Repro Service	Diazo Paper, Mylar Plan Reproduction	402.03	3,980,349.53	99.744%
Bullis Lock Co., Inc.	Meter Station Locks	392.55	3,980,742.08	99.753%
Kara Company Inc.	Locating Supplies	359.34	3,981,101.42	99.762%
AT&T	Long Dist. Serv. DPPS: 05/25/03-06/25/03	354.13	3,981,455.55	99.771%
Cardmember Services (First USA Bank, NA)	Admin. Exp., Veh. Repairs, Travel Exp., Replenish I-PASS	353.55	3,981,809.10	99.780%
Specialty Mat Service	Floor Mat Service: June, 2003; Maintenance Supplies	349.30	3,982,158.40	99.789%
Pitney Bowes	Postage Meter Rental: 03/30/03-06/30/03	330.00	3,982,488.40	99.797%
Mel's Ace Hardware	Maint. & Pipeline Sup., Veh. & MS Maint., Locator Batteries	328.70	3,982,817.10	99.805%
Benson, Raymond	Services as Commissioner: 12/16/02-06/30/03	325.00	3,983,142.10	99.814%
Chaplin, Elizabeth	Services as Commissioner: 12/16/02-06/30/03	325.00	3,983,467.10	99.822%
Janicik, John A.	Service as Commissioner: 12/16/02-06/30/03	325.00	3,983,792.10	99.830%
Pollock, Neil	Services as Commissioner: 12/16/02-06/30/03	325.00	3,984,117.10	99.838%
Thorn, Richard	Services as Commissioner: 12/16/02-06/30/03	325.00	3,984,442.10	99.846%
Vondra, Michael P.	Services as Commissioner: 12/16/02-06/30/03	325.00	3,984,767.10	99.854%
A.N.S.I., Inc.	Window Washing DPPS: June 2003	298.50	3,985,065.60	99.862%
Verizon Wireless	Cellular Phone Serv.: 06/12/03-07/11/03	294.04	3,985,359.64	99.869%
Gallagher, AJ Risk Mgmt Svcs FP	Cook County Highway Bond	250.00	3,985,609.64	99.875%
NICOR	DPPS Service: 05/22/03-06/12/03	234.47	3,985,844.11	99.881%
Quill Corporation	Office Supplies	229.47	3,986,073.58	99.887%

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 06-Jun-03 TO 08-Jul-03

VENDOR VOLUME
ACCOUNTS PAYABLE SPREADSHEET
07/17/03

VENDOR	DESCRIPTION	VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT %
Tenison, Jack D.	Services as Commissioner: 12/16/02-04/30/03	225.00	3,986,298.58	99.893%
ThyssenKrupp Elevator Company	Elevator Maintenance: 07/01/03-07/31/03	218.42	3,986,517.00	99.898%
Waste Management North	Refuse Disposal	212.02	3,986,729.02	99.903%
Blackburn Mfg. Co.	Locating Flags	211.80	3,986,940.82	99.909%
Flowserve FSD Corporation	Repair to Mechanical Seal	203.00	3,987,143.82	99.914%
Royal Office Products	Office Supplies	199.90	3,987,343.72	99.919%
AT&T Wireless Service - Chicago	Cellular Phone Serv.: 05/27/03-06/26/03	194.05	3,987,537.77	99.924%
Federal Express Corp.	Messenger Service	174.98	3,987,712.75	99.928%
Soooper Lube	Vehicle Maintenance	165.69	3,987,878.44	99.932%
Viking Office Products	Office Supplies	164.03	3,988,042.47	99.936%
Lesman Instrument Company	Specialty Float Switch	164.00	3,988,206.47	99.941%
Man-D-Tec, Inc.	Maintenance Supplies	163.64	3,988,370.11	99.945%
West Group	Illinois Compiled Statutes Supplement	162.00	3,988,532.11	99.949%
SBC Paging	Pager Service: 07/01/03-07/31/03	156.07	3,988,688.18	99.953%
Tolentino, Robert	Services as Commissioner: 04/04/03-06/30/03	150.00	3,988,838.18	99.956%
Aerex Pest Control	Exterminator - DPPS, Serv. Bldg, Pump & Motor Rm: Jun. '03	138.00	3,988,976.18	99.960%
Nawrocki, Edward	Lodging: TW-2 Valve Test	135.80	3,989,111.98	99.963%
LaBarge, Inc.	Corrosion Telemetry: 05/21/03-06/24/03	132.60	3,989,244.58	99.967%
Choice Coffee Co.	Coffee	125.55	3,989,370.13	99.970%
Cintas First Aid & Safety	First Aid Supplies	120.55	3,989,490.68	99.973%

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 06-Jun-03 TO 08-Jul-03

VENDOR VOLUME
ACCOUNTS PAYABLE SPREADSHEET
07/17/03

VENDOR	DESCRIPTION	VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT	CUMULATIVE VENDOR AMOUNT %
ADT Security Services, Inc.	Fire & Security Services: 07/01/03-09/30/03	109.10	3,989,599.78	99.975%
Red Wing Shoe Store	Safety Shoes - A. Melgoza	108.00	3,989,707.78	99.978%
Thompson Elevator Inspection Service, Inc.	Semi-Annual Elevator Inspection & Reinspection	100.00	3,989,807.78	99.981%
West Suburban Bank	Letter of Credit Fee	100.00	3,989,907.78	99.983%
Illinois Paper Company	Office Supplies	99.00	3,990,006.78	99.986%
Elmhurst Memorial Hospital	Pre-Employment Physical: M. Hogan	85.00	3,990,091.78	99.988%
Aurora, City of, Visitation Day	Illinois Section Visitation Day	80.00	3,990,171.78	99.990%
Chicago Engraving & Design Studios, Inc.	Com. Tenison Service Palque, Com. Zeilenga Name Plate	75.00	3,990,246.78	99.992%
Nextel Communications	Cellular Phone Serv.: 05/09/03-06/08/03	61.47	3,990,308.25	99.993%
Suburban Laboratories, Inc.	Water Testing	50.00	3,990,358.25	99.994%
Errand Boy	Messenger Service	45.67	3,990,403.92	99.996%
Royal Graphics Printers	Business Cards - M. Vondra	43.35	3,990,447.27	99.997%
Ace Computers	Power Supply	38.62	3,990,485.89	99.998%
Rental Max L.L.C.	Equipment Rental - Chain Saw	36.79	3,990,522.68	99.999%
Menards - Hillside	Maintenance Supplies	34.11	3,990,556.79	99.999%
CDW Government, Inc.	Barcode Labels	21.29	3,990,578.08	100.000%
King, Gary A., County Clerk of DuPage County	Audit Confirmation Fee	2.00	3,990,580.08	100.000%
Total Accounts Payable		3,990,580.08		



Arthur J. Gallagher & Co.

Liability Insurance Proposal

for

DuPage Water Commission



Date Presented: July 9, 2003

Presented by:

**Arthur J. Gallagher Risk Management Services, Inc.
National Public Entity Division**

The Gallagher Centre
Two Pierce Place
Itasca, IL 60143
(630) 773-3800
www.ajg.com

DUPAGE WATER COMMISSION
Liability Insurance Proposal

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DUPAGE WATER COMMISSION

Liability Insurance Proposal

INTRODUCTION

- **Executive Summary**
- **Arthur J. Gallagher & Co. Service Team**
- **Client Commitment**
- **Insurance Company Selection**
- **Disclosures**

DuPAGE WATER COMMISSION

Liability Insurance Proposal

EXECUTIVE SUMMARY

During the past year, the financial condition of Kemper Insurance Companies, of which Specialty National Insurance Company is a member, has deteriorated to the point that its rating from A.M. Best Company is now a "C". This is below our company's minimum acceptable rating. With the drop in Specialty National's rating, we began the search for a replacement carrier offering terms as broad, or nearly as broad as those you previously had.

We approached two markets for quotations: St. Paul Companies and Rural Special Districts Insurance Services, the underwriting agency for your previous program with Kemper. Rural Special Districts has found a replacement carrier for Kemper, American Alternative Insurance Corporation, a member of the American Re Group of Companies. Their program is nearly identical to the program offered by Kemper.

St. Paul Companies ultimately decided not to offer a quotation. The reason given was concerns their home office had about potential liabilities from a utility. While St. Paul does insure water utilities, which are otherwise part of a municipality, they did not want to entertain solely a water utility. While disagreeing with the position taken by their home office, we were not able to change that position.

The program offered by AAIC is virtually identical to your program with Kemper. The notable exceptions are:

No prior acts coverage for the claims made coverage (Professional Liability, Wrongful Acts, and Employment Practices Liability). **We are appealing this underwriting decision and hope to provide prior acts coverage.** In the past, the Commission has not had any claim activity.

Automobile Physical Damage coverage will be written on an Actual Cash Value (ACV) basis instead of Replacement Cost for vehicles 5 years or newer.

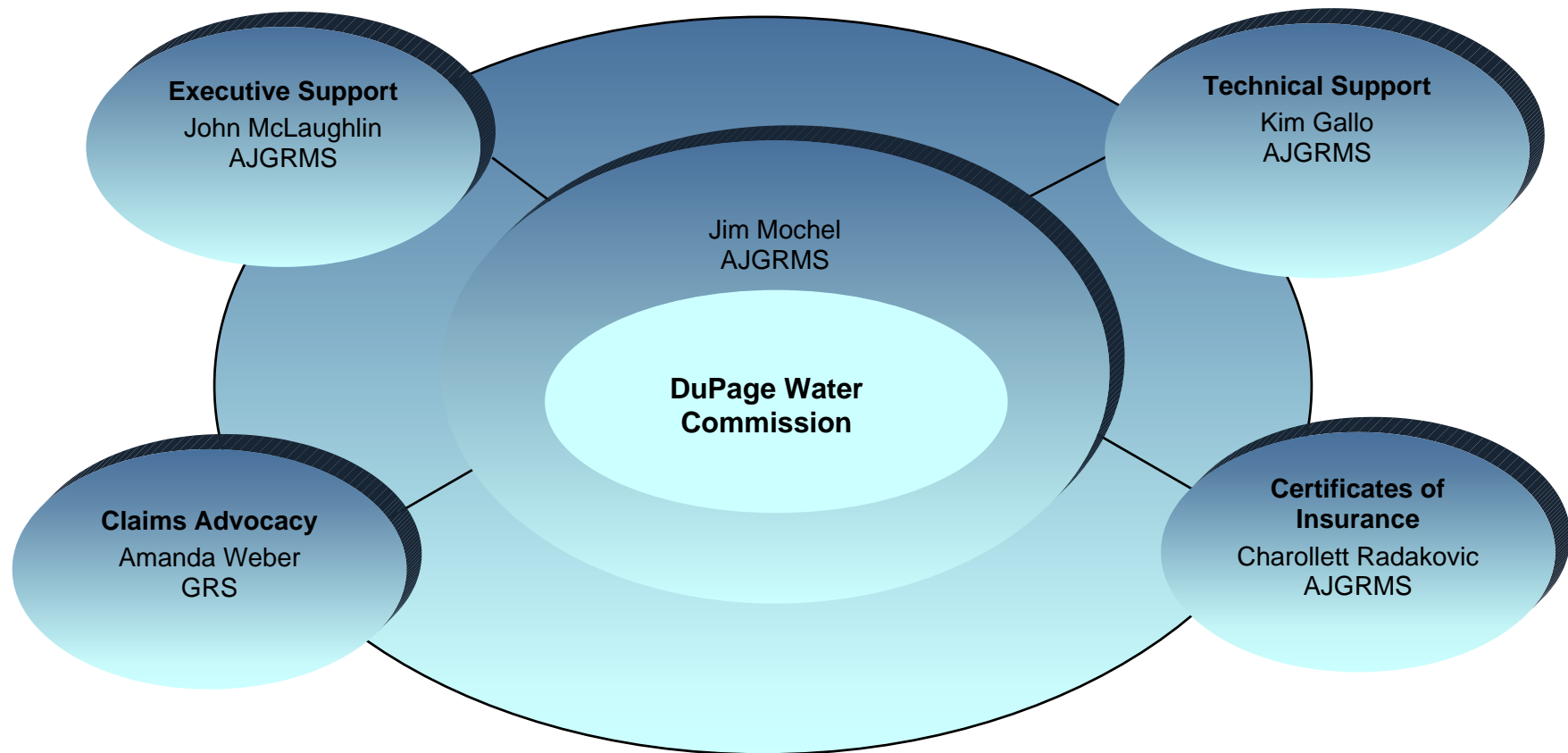
Umbrella limits are currently only for \$5,000,000. We are still negotiating higher limits and expect to have options prior to the Commission's Meeting on July 17.

In order to bind coverage, we need payment of 25% of the annual premium with the balance being due within 30 days. The Kemper policy will be canceled midterm but we do not know when we will be able to receive the return premium from them.

DUPAGE WATER COMMISSION

Liability Insurance Proposal

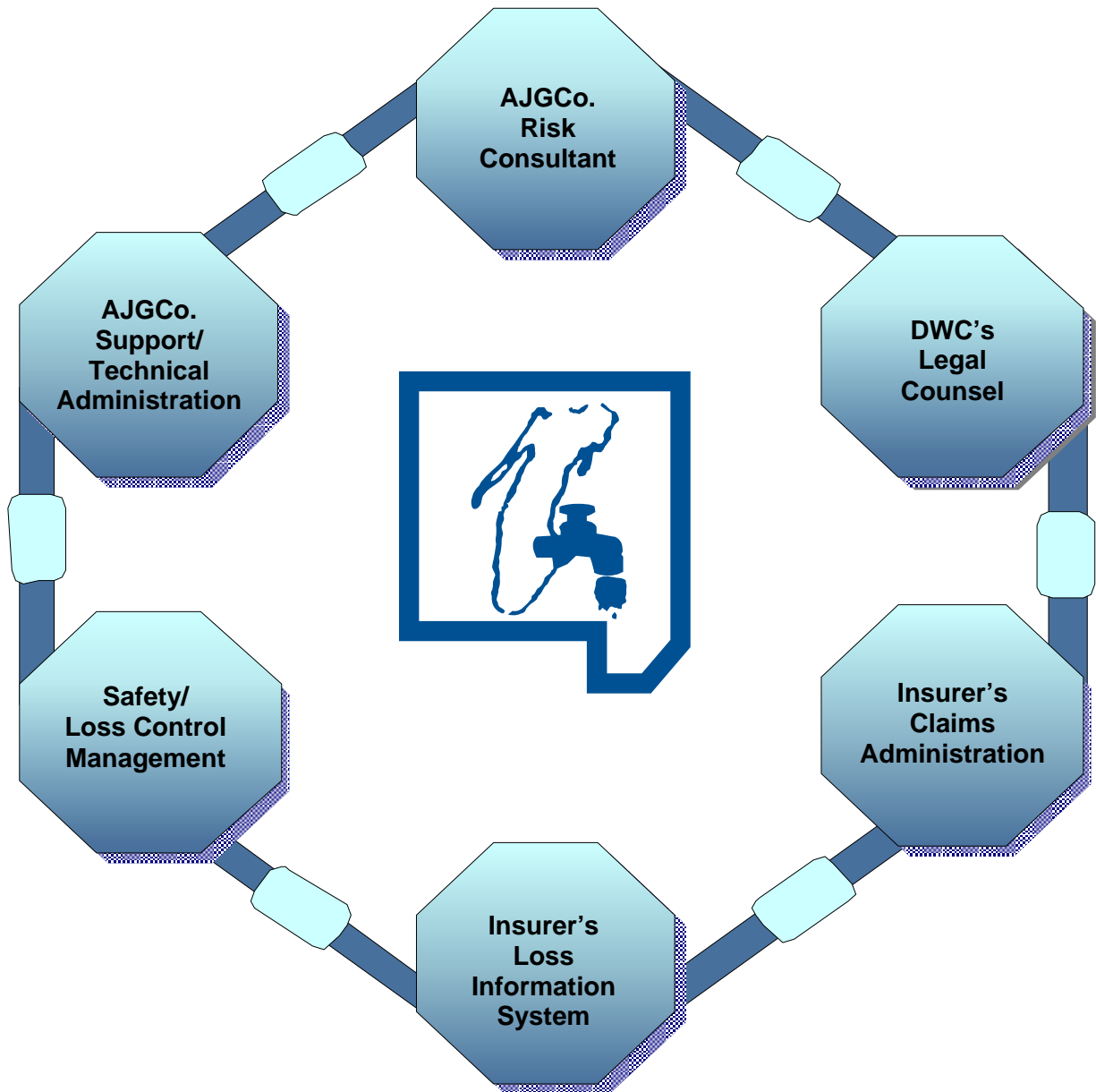
ARTHUR J. GALLAGHER & CO. SERVICE TEAM



DUPAGE WATER COMMISSION

Liability Insurance Proposal

INTEGRATED APPROACH



DUPAGE WATER COMMISSION

Liability Insurance Proposal

CLIENT COMMITMENT

Managing our client's risks is our highest commitment.

We try to anticipate our client's needs in advance.

We seek to understand the client's business, not just our own.

We always recommend that which is in the client's best interest, even if it diminishes our revenues.

We lead our clients to ever more effective risk management techniques.

We seek long-term relationships, not quick profits.

Getting the order is only the beginning of our commitment, not the end.

We never promise what we cannot produce.

Honesty and integrity are paramount. If we make a mistake, we admit it, and we make it right.

Every client, large or small, has full access to all of our expertise and capability.

DuPAGE WATER COMMISSION

Liability Insurance Proposal

PROPOSED CARRIER RATINGS AND ADMITTED STATUS

Proposed Carriers	A.M. Best's Rating 2002	Admitted/Nonadmitted
American Alternative Insurance Corp.	A+ XV	Admitted

If the above indicates coverage is placed with a Nonadmitted Carrier, the carrier is doing business in the state as a surplus lines or nonadmitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

Guide to Best Ratings Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended
				U	Under Review

Financial Size Categories (In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I		Up to	1,000	FSC IX	250,000	to	500,000
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Arthur J. Gallagher & Co. uses A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose policies we propose to deliver. The rating of the carrier and the year of publication of that rating are indicated. Arthur J. Gallagher & Co. makes no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

DUPAGE WATER COMMISSION

Liability Insurance Proposal

IMPORTANT DISCLOSURES

The proposal is an outline of the coverages proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, or conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

In addition to the fee and/or commissions retained by Arthur J. Gallagher & Co., it is understood and agreed that other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, and similar parties, some of which may be owned in whole or in part by Arthur J. Gallagher & Co.'s corporate parent, may earn and retain usual and customary commissions and/or fees in the course of providing insurance products. Any such fees and/or commissions will be the responsibility of client and not Arthur J. Gallagher & Co.

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher & Co. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

Gallagher from time to time enters into arrangements with certain insurance carriers or those carriers' reinsurers providing for compensation, in addition to commissions, to be paid by such carriers or reinsurers to Gallagher or its affiliates based on, among other things, the volume of premium and/or underwriting profitability of the insurance coverages written through Gallagher by such carriers or reinsurers. In addition, Gallagher and its affiliates provide management and other services to, and receive compensation for those services from, certain reinsurers that reinsure insurance coverages written through Gallagher by other insurance carriers. The insurance coverages you purchase through Gallagher might be issued by an insurance carrier or reinsured by a reinsurer that has such a relationship with Gallagher or its affiliates.

DUPAGE WATER COMMISSION
Liability Insurance Proposal

COST SUMMARY

DUPAGE WATER COMMISSION
Liability Insurance Proposal

COST SUMMARY
Premium Summary

Coverage	Expiring Premium	Renewal Premium
General Liability	\$123,261	\$157,774
Public Officials' Liability	Included	Included
Automobile	Included	Included
Public Employee Blanket Bond and Forgery	Included	Included
Money and Securities and Computer Fraud	Included	Included
Umbrella	Included	Included
Pollution Liability	Included	Included

Gallagher and certain of its insurance carrier markets from time to time enter into arrangements providing for additional compensation to be paid to Gallagher by such carrier generally with respect to the volume of premium or insurance coverages written through Gallagher with such carrier.

Carrier requires 25% of premium in order to bind coverage and balance paid within 30 days.

DUPAGE WATER COMMISSION

Liability Insurance Proposal

INSURANCE SUMMARY

- **Marketing Activity**
- **Conditions Applicable to all Policies**
- **Summary of Insurance Coverages**

DUPAGE WATER COMMISSION
Liability Insurance Proposal

INSURANCE SUMMARY
Marketing Activity

General Liability, Automobile, Umbrella, Public Officials' Liability, Pollution Liability, Public Employees' Blanket Bond, Forgery, and Money & Securities:

St. Paul	Declined due to home office underwriting guidelines
AAIC	Quoted – \$157,774

DUPAGE WATER COMMISSION

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INSURANCE SUMMARY

Conditions Applicable to All Policies

Named Insured: DuPage Water Commission, its boards, commissions, committees, authorities, voluntary associations, and other units operating under jurisdiction of and within the appointment of DuPage Water Commission's operating budget whether now existing or hereafter formed.⁽¹⁾

Policy Term: All policies are for a one-year term, effective date to be determined.

Cancellation and Nonrenewal: All policies will contain a 60-day notice clause pertaining to cancellation or nonrenewal by the insurer except for nonpayment of premium, which has a ten-day notice.

⁽¹⁾ The broad Named Insured wording applies to all policies except the Underground Storage Tank and Pollution policies.

DuPAGE WATER COMMISSION

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INSURANCE SUMMARY

General Liability

Carrier:	American Alternative Insurance Corporation (Member of the American Re Group of Companies)		
Form:	Manuscript/Occurrence		
Coverage/Limits:	Bodily Injury and Property Damage	\$1,000,000	Per occurrence
		\$3,000,000	Aggregate
	Personal Injury/Advertising Injury	\$1,000,000	Per person
		\$3,000,000	Aggregate
	Professional Liability ⁽¹⁾	\$1,000,000	Per error or omission
		\$3,000,000	Aggregate
	Wrongful Acts ⁽²⁾	\$1,000,000	Per Wrongful Act
		\$3,000,000	Aggregate
	Employment Practices Liability	\$1,000,000	Per error or omission
		\$3,000,000	Aggregate
	Employee Benefit Liability	\$1,000,000	Per Wrongful Act
		\$3,000,000	Aggregate
	Fire Damage Limit	\$1,000,000	Per fire
	Medical Payments	\$10,000	Per accident
	Nonmonetary Liability	\$5,000	Per incident
	Pre-termination Counseling	\$2,500	Per incident
The limit of insurance and aggregate limit applies separately to each coverage part unless multiple coverage parts are involved in the same occurrence.			
Deductible:	\$5,000 General Liability, Wrongful Acts, EPLI per occurrence		
Rating Basis:	Flat rate/not subject to audit		

⁽¹⁾ Professional Liability only applies to water and wastewater operations.

⁽²⁾ Wrongful Acts is synonymous with Directors' & Officers' Liability and Public Officials' Errors and Omissions Liability. Wrongful Acts protects the personal assets of board members and employees of nonprofit, for profit, and public entities.

DUPAGE WATER COMMISSION

Liability Insurance Proposal

Policy Notes:

- Duty to defend policy
- Defense costs outside the limit of liability
- Prior Acts coverage **IS NOT AVAILABLE** for Wrongful Acts, Professional Liability, Employment Practices Liability, and Employee Benefit
- Coverage for acts of terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at no additional premium charge

**Special
Coverage:
(Subject to
policy terms)**

Limited Pollution Liability arising out of:

- Products hazard
- Potable water
- Propane or natural gas
- Pest abatement or spraying
- Weed abatement or spraying
- Hostile fire
- Explosion, lightning, windstorm, vandalism, or malicious mischief, collapse, riot and civil commotion, flood, earthquake, collision, upset or overturn of mobile equipment
- Use, handling, storage, discharge, dispersal, release, or escape of any chemical used in the water treatment process

**Coverage
Overview:
(Subject to
policy terms)**

- Advertising Injury
- Backpay Awards
- Broad Named Insured
- Canals and Levees
- Civil Rights
- Contractual
- Defense Outside Limit
- Diminution of Property Values
- Discrimination
- Disinfectants' Release
- Duty to Defend
- Employee Benefits
- Employment Practices
- Excess Employers' Liability
- Extended Bodily Injury
- Extended Personal Injury
- Failure to Supply

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Liability Insurance Proposal

- Fire Legal Liability
- Inverse Condemnation
- Liquor
- Marital Estates and Trusts
- Medical Payments
- Negligent Training/Supervision
- Nonmonetary
- Nonowned Aircraft
- Nonowned Watercraft
- Outside Directorship
- Owned Watercraft
- Personal Injury
- Pollution/Limited
- Pre-Judgment Interest[EV2]
- Premises/Operations
- Pre-Termination Counseling
- Products/Completed Operations
- Professional Liability (water and sewer)
- Public Officials'
- Railroad Protective
- Sewer Backup
- Sexual Harassment
- Water Contamination
- Water Testing Errors and Omissions
- Wrongful Acts

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**Exclusion Overview:
(Summary only –
including but not limited
to)**

- Asbestos except arising out of potable water provided by the insured for others
- Workers' Compensation or similar laws
- Selenium (not applicable in CA)
- Airport Liability
- Punitive or Exemplary Damages
- Transportation of mobile equipment or use of mobile equipment in a stunting activity
- Employers' Liability
- Adjudicated Criminal Acts
- Automobiles
- Nuclear Reaction and/or Contamination
- War
- Owned Aircraft
- Failure to award contracts in accordance with statute or ordinance, which under law must be submitted for bids
- Contractual Liability **except for** Liability:
 - a. That the insured would have in the absence of the contract
 - b. Assumed in an insured contract⁽¹⁾
- Property Damage to:
 - a. A property owned by the insured
 - b. Property rented to or leased to the insured where the insured has assumed liability under contract, unless the insured would have been liable in the absence of such contract
- Breach of a contractual obligation **except for**:
 - a. Employment Practices Liability
 - b. Employee Benefit Liability
 - c. Failure to provide water, sewer services
- With respect to Employee Benefit Liability:
 - a. Loss arising out of failure by an insurer
 - b. Insufficient funds
 - c. Failure of any investment
 - d. Failure to comply with Workers' Compensation laws
 - e. ERISA Liability imposed on a fiduciary

⁽¹⁾ Insured contract means the following:

- a. a lease of premises
- b. any easement or license agreement
- c. a sidetrack agreement
- d. an obligation, as required by ordinance to indemnify a municipality
- e. an elevator maintenance agreement
- f. or that part of another contract or agreement pertaining to your business under which you assume the tort liability of another party to pay for bodily injury or property damage to a third person or organization.

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- With respect to Employment Practices Liability:
 - a. Loss arising out of a breach of any express obligation to make payments in the event of employment termination
 - b. Loss arising out of lockouts or strikes
 - c. ERISA damages
- Intentional injury from the standpoint of the Insured **except for:**
 - a. Bodily injury resulting from actions taken to protect persons or property
 - b. Bodily injury resulting from reasonable force to protect persons or property
- Personal or Advertising Injury caused by the insured with knowledge that the act would violate the rights of another and would inflict personal or advertising injury. **This exclusion does not apply to Employment Practices liability.**
- Pollution **except for:**
 - a. Products hazard
 - b. Potable water
 - c. Propane or natural gas
 - d. Chemical spraying
 - e. Hostile fire
 - f. Explosion, lightning, windstorm, vandalism or malicious mischief, collapse, riot, flood, earthquake, collision, upset of automobile or equipment
 - g. Chemical release from water treatment

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INSURANCE SUMMARY

Automobile

Carrier:	American Alternative Insurance Corporation (Member of the American Re Group of Companies)	
Form:	ISO 7/97 Edition	
Coverage/Limits⁽¹⁾:	Owned Automobile	\$1,000,000
	Hired/Nonowned Automobile	\$1,000,000
	Uninsured/Underinsured Motorist	\$1,000,000
	Medical Payments (if applicable)	\$5,000
	Comprehensive (ACV)	Yes
	Collision (ACV)	Yes
Special Coverages:	Broad Form Pollution	Yes
	Glass Repair/Replacement	Yes
	Rental Reimbursement	Yes
	Towing and Transportation	\$5,000
	Hired Physical Damage	\$50,000
Deductibles:	Liability	\$0
	Comprehensive	\$1,000
	Collision	\$1,000
Rating Basis:	Fleet Automatic (Quarterly reporting required)	
Policy Notes:	<ul style="list-style-type: none">• Actual Cash Value on all vehicles⁽²⁾	

⁽¹⁾ These enhancements are only available in conjunction with owned Automobile Liability coverage. Refer to the policy for the respective limits.

⁽²⁾ Previous policy was replacement cost on vehicles 5 years or older.

DUPAGE WATER COMMISSION
Liability Insurance Proposal

INSURANCE SUMMARY
Public Employee Blanket Bond and Forgery

Carrier:	American Alternative Insurance Corporation (member of American Re Group of Companies)	
Limits:	\$500,000	Public Employee Dishonesty, including Faithful Performance
	\$500,000	Forgery or Alteration
	\$500,000	Theft, Disappearance, and Destruction
	\$100,000	Computer Fraud
Deductible:	\$1,000	

DUPAGE WATER COMMISSION
Liability Insurance Proposal

INSURANCE SUMMARY
Excess Liability

Carrier: American Alternative Insurance Corporation
(Member of the American Re Group of Companies)

Form: AAIC Commercial following Form Excess

Coverage/Limit: \$5,000,000 Excess of Underlying Coverages/Limits

Rating Basis: Flat rate/not subject to audit

Underlying Coverage: The Umbrella Limit will be excess of the following
Underlying Coverages/Limits:

Underlying Coverages	Underlying Limits
Bodily Injury and Property Damage	\$1,000,000/\$3,000,000
Personal Injury and Advertising Injury	\$1,000,000/\$3,000,000
Professional Liability	\$1,000,000/\$3,000,000
Wrongful Acts	\$1,000,000/\$3,000,000
Employment-related Practices Liability	\$1,000,000/\$3,000,000
Employee Benefit Liability	\$1,000,000/\$3,000,000
Automobile Liability	\$1,000,000/\$3,000,000
Excess Employers' Liability	\$1,000,000 CSL

Optional Coverage: **Excess Employers' Liability is available for an additional premium subject to underlying limits of \$500,000/\$500,000 with an A- IV or better carrier. A written request prior to binding must be made to activate this optional coverage.**

Special Remarks: Coverage for acts of Terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at no additional premium charge.

Notable Exclusions: Mold/fungus is excluded where allowable.

DUPAGE WATER COMMISSION
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CLIENT AUTHORIZATION TO BIND COVERAGE

After careful consideration of your proposal dated July 9, 2003, we accept your insurance program subject to the following exceptions/changes:

Exceptions

It is understood this proposal provides only a summary of the details; the policies will contain the actual coverages.

We confirm the values, schedules, and other data contained in the proposal are from our records and acknowledge it is our responsibility to see that they are maintained accurately.

Please provide us with a binder(s) and invoice(s) for the coverages agreed upon at your earliest convenience.

Agent Signature

Client Signature

Dated

Dated