

**MINUTES OF A SPECIAL COMMITTEE OF THE WHOLE
MEETING OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JUNE 10, 2010
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Vice Chairman Mueller at 6:39 P.M.

Commissioners in attendance: T. Bennington (arrived at 6:45 P.M.), E. Chaplin, T. Elliott (arrived at 6:45 P.M.), R. Furstenuau, L. Hartwig, W. Maio, G. Mathews, W. Mueller, W. Murphy, F. Saverino (arrived at 7:00 P.M.), and D. Zeilenga

Commissioners Absent: J. Zay and L. Rathje

Also in attendance: T. McGhee, R. Skiba, M. Crowley, C. Johnson, R. C. Bostick, M. Weed, J. Nesbitt and E. Kazmierczak

APPROVAL OF MINUTES

Commissioner Chaplin moved to approve the Minutes of the May 13, 2010 Special Committee of the Whole Meeting of the DuPage Water Commission. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

RECOMMENDATIONS FROM AD HOC COMMITTEE

Commissioner Murphy reminded the Commissioners that at the May Committee of the Whole and regular Commission meetings, it was the consensus of the Board to focus on and begin the selection process for the General Manager's position. With that said, Commissioner Murphy suggested that staff update the recruitment profile and professional announcement originally prepared by The Par Group and place the updated announcement in appropriate publications. With regard to utilizing the services of a search firm during the selection process, Commissioner Murphy recommended against outsourcing the search, stating that the Commission is looking for a unique individual with a specific background. Commissioner Murphy added that keeping the search in-house would also save time and money.

Commissioners Bennington and Elliott arrived at 6:45 P.M.

Commissioner Murphy concluded his report by suggesting that a designated application deadline be selected and by urging the Board to be actively involved in the entire interview/selection process.

JOB DESCRIPTION AND SELECTION PROCESS FOR FINANCIAL ADMINISTRATOR

Commissioner Mathews distributed a revised job description for the Financial Administrator, welcoming any additional changes.

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Commissioner Murphy noted his appreciation of Commissioner Mathews' efforts and those of the other Commissioners that submitted suggestions regarding the Financial Administrator's job description, but reminded the Commissioners that the focus should remain on the selection process for the General Manager because the new General Manager should be involved in the selection/interview process for a new Financial Administrator.

After much discussion regarding whether to include a salary range in the professional announcement for the General Manager's position and the range to be included, if any, Commissioner Murphy moved to direct staff to update the recruitment profile and professional announcement originally prepared by The Par Group, including a salary range of \$140,000.00- \$160,000.00 depending on qualifications and experience, and to place the updated announcement in appropriate publications with a "desired" application deadline of July 30, 2010. Seconded by Commissioner Furstenau and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, R. Furstenau, L. Hartwig, W. Maio, G. Mathews, W. Murphy, D. Zeilenga, and W. Mueller

Nays: None

Absent: F. Saverino, J. Zay, and L. Rathje

In referring back to the May Commission meeting, Commissioner Hartwig inquired whether staff had asked one of the unsuccessful firms interviewed for the fiscal year 2010 and 2011 audits to informally quote a cost for outsourcing the Commission's financial functions so that the Board could get a feel for the cost involved. Acting General Manager McGhee advised that he had received an estimated annual cost of approximately \$216,000 from Crowe Horwath which assumed 1,019 hours of work. Acting General Manager McGhee questioned, however, whether the hours quoted would be sufficient to eliminate the need for a Financial Administrator and the Commission's two accountants (one permanent and one temporary).

Commissioner Saverino arrived at the meeting at 7:00 P.M.

FINANCE REPORT

Former Financial Administrator Skiba reported that the Commission is about one month away from having reserves back to normal, noting that the numbers look good. Former Financial Administrator Skiba also informed the Board that while significant progress had been made in re-establishing revenue bond account requirements, the Water Fund has an unrestricted deficit of \$12.9 million due to the amount of debt certificate proceeds that have been used to fund operations and the Commission still had to address repayment of the \$70MM in short-term Certificates of Debt.

Vice Chairman Mueller thanked Former Financial Administrator Skiba for his continued support.

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In referring to the Water Sales Analysis Report, Commissioner Furstenau noted that operations and maintenance revenues billed to customers was less than the cost of water purchases from the City of Chicago. Former Financial Administrator Skiba explained that in the Fiscal Year 2010-11 Budget, the Board decided to use sales taxes to subsidize not only the debt service component of the water rate but also the operations component and, thus, the difference between what customers are billed and what the Commission pays for water is covered by sales tax revenues for FY 2010-11.

Commissioner Chaplin expressed concerns with charging customers a water rate that does not cover all costs and noted that that is how the Commission got into trouble. Commissioner Hartwig disagreed, stating that the Commission got into financial trouble due to poor accounting and the Board acting on incorrect facts. Commissioner Hartwig further stated that it would be irresponsible for the Board to charge its customers more than what was needed.

Treasurer/Commissioner Zeilenga echoed Commissioner Hartwig's comments, adding that in addition to poor management and poor accounting, the Commission's financial troubles were also due to a \$40MM rebate to the customers and \$40MM-\$50MM in construction improvement projects. Treasurer/Commissioner Zeilenga noted that the Commission has always helped the residents of DuPage County by subsidizing the water rates and now that the sales tax will be eliminated in 2016, the Commission will have no choice but to increase the water rate substantially higher which will negatively impact residents.

Before moving on to engineering matters, Commissioner Mathews asked whether the effective date of the water rate increase was May 1, 2010. Former Financial Administrator Skiba confirmed the May 1 date, noting that only part of the increase would be reflected in June receipts with the full increase being reflected in July receipts.

ENGINEERING REPORT

Acting General Manager McGhee referred the Board to a memorandum regarding proposed security enhancements for the DuPage Pumping Station and asked Facilities Construction Supervisor/Safety Coordinator Bostick to provide some historical background and explain the timing needed for a determination.

Facilities Construction Supervisor/Safety Coordinator Bostick summarized the Board's discussions in 2007 regarding the DuPage Pumping Station security enhancements and the Commission's retention of CTI Consulting, a security specialist, to review the project design for security concerns. Facilities Construction Supervisor/Safety Coordinator Bostick noted that the CTI Consultant recommended the hardware elements of the CCTV, Perimeter Security and Gate Access Control Security Systems be eliminated from the project as bid in order to minimize the release of sensitive security information into the public domain. After Facilities Construction Supervisor/Safety Coordinator Bostick advised that it was time to decide whether the Board wanted to move forward with the installation of some or all of the omitted elements because the generator and

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other site improvements at the DuPage Pumping Station were 90% complete, Commissioner Elliott deferred all further discussion to Executive Session due to the sensitive nature of the discussion.

After Commissioner Murphy suggested the Board continue holding Committee of the Whole meetings prior to the regular Commission meeting for purposes of discussing various issues and, specifically, the selection process for a new General Manager, Commissioner Zeilenga moved to terminate the Committee meetings and continue Committee of the Whole meetings prior to the regular Commission meetings for the remainder of the 2010 calendar year. Seconded by Commissioner Furstenau.

After Commissioner Chaplin expressed concerns with terminating Committee meetings and, specifically, Finance Committee meetings, noting that the Board should at least be reviewing the financials provided by staff for accuracy, discussion ensued concerning the following:

- Whether terminating Committee meetings would eliminate the Finance Committee Chairman as a designated check signatory
- Making all Commissioners members of the Finance Committee
- Creating a subcommittee to oversee the Financial Reports

After discussion concluded, Commissioner Zeilenga as the maker, and Commissioner Furstenau as the second, agreed to withdraw the pending motion. At which point, Commissioner Zeilenga moved to cancel the Administration, Engineering, and Finance Committee meetings and continue Committee of the Whole meetings prior to the regular Commission meetings for the remainder of the 2010 calendar year. Seconded by Commissioner Furstenau and unanimously approved by a Voice Vote:

All voted aye. Motion carried.

After Commissioner Zeilenga reassured the Commissioners that he had been working closely with staff on the detailed financial reports, Commissioner Murphy suggested that, perhaps, after the General Manager has been selected, the Board should consider eliminating the Administration Committee altogether and dividing the Commissioners into two groups, with half serving on the Finance Committee and the other half serving on the Engineering Committee.

In referring to the recommendations made by Jenner & Block in the Forensic Audit Report, Commissioner Chaplin stated she fully supported continuing the Administration, Engineering, and Finance Committee meetings as recommended by Jenner & Block, noting that a Finance Committee needs to actively supervise the staff. Commissioner Maio disagreed, stating that at some point the Board needs to trust staff and the information being provided, especially when the finances are now functioning fine. Commissioner Maio added that the purpose of holding a monthly Committee of the

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Whole meeting was that it not only served as an educational tool, but also kept all Commissioners involved.

Commissioner Zeilenga moved to adjourn the meeting at 7:50 P.M. Seconded by Commissioner Furstenau and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

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