

**MINUTES OF A SPECIAL COMMITTEE OF THE WHOLE
MEETING OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, DECEMBER 9, 2010
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Rathje at 6:35 P.M.

Commissioners in attendance: T. Elliott, R. Furstenau, J. Loper, W. Murphy, J. Pruyn, F. Saverino (arrived at 6:45 P.M.), P. Suess, J. Zay, D. Zeilenga, and L. Rathje

Commissioners Absent: T. Bennington, W. Maio, and W. Mueller

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

Chairman Rathje asked Commissioner Elliott to report on a meeting that took place involving representatives from the Village of Downers Grove, representatives of certain potentially responsible parties (PRPs) under environmental law, Commissioners Murphy, Zay, and Furstenau, Acting General Manager McGhee, and Staff Attorney Crowley regarding the loan made to the Village under the Commission's Contaminated Well Loan Program. Commissioner Elliott suggested that the discussion be deferred to Executive Session because of the potential for litigation as the Village was in default under the loan because the Commission had yet to receive a payment that was due in August. Chairman Rathje asked Staff Attorney Crowley for an opinion as to whether the matter could be discussed in Executive Session. Staff Attorney Crowley advised that if the Commissioners believed that litigation to force the Village to comply with the terms of the loan was either more likely than not to occur or was close at hand, then that probable or imminent litigation would be an appropriate topic for discussion in Executive Session.

Commissioner Zay briefly noted that he felt the meeting was productive and that the Village of Downers Grove basically asked for an extension on the overdue payment until June 2011, at which point they should be in a position to work out an amicable settlement with the Commission.

Commissioner Suess commented that the Commission is getting drawn into a negotiation to change an existing contractual obligation that the Village of Downers Grove needs to honor and that the issue is only between the Village of Downers Grove and the Commission and no other party. Commissioner Suess further commented that the principal payment had been due since August but the Commission had yet to receive a specific settlement proposal from the Village and that no representatives from the Village of Downers Grove have ever attended a Board meeting to discuss the issue even though directly invited to do so on more than one occasion and even though the matter appears on the regular meeting agenda.

Commissioner Saverino arrived at 6:45 P.M.

APPROVAL OF MINUTES

Commissioner Elliott moved to approve the Minutes of the November 11, 2010 Special Committee of the Whole Meeting of the DuPage Water Commission. Seconded by Commissioner Furstenau and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

RECOMMENDATIONS FROM AD HOC COMMITTEE

None

FINANCE REPORT

Former Financial Administrator Skiba reported that:

- During November, \$1.8 million of debt certificate proceeds were used to fund on-going construction projects and water purchased from Chicago was paid from operating revenues with no adverse effect on bond required reserves.
- Water sales to Commission customers for November 2010 were 40.9 million gallons (2.0%) more than November 2009 and, through the first seven months of the fiscal year, water sales were 125.4 million gallons (0.7%) more than the same period last fiscal year.
- November sales tax collections (August sales) were \$227.244 (9.4%) more than the same period last fiscal year, with the \$17.5 million year-to-date sales tax collections \$1.0 million (6.1%) more than last fiscal year.
- The Operations and Maintenance Account was fully funded as of November 30, 2010, the Operations and Maintenance Reserve Account and the Depreciation Account were over funded, and an additional \$2.0 million was transferred to the General Account of the Water Fund for a balance of \$11.1 million.
- The remaining construction obligations for uncompleted work at November 30, 2010 were almost \$3.8 million.

As part of the Financial Report, Former Financial Administrator Skiba gave a brief an explanation of Ordinance Nos. O-13-10 and O-15-10 which appear on the regular meeting agenda.

With respect to Ordinance No. O-13-10: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2010 and Ending April 30, 2011, Former Financial Administrator Skiba explained the ordinance would authorize appropriation transfers between various line items within certain funds but not fund increases. Former Financial Administrator Skiba further explained that the main appropriation transfers were needed (1) to complete the City of Chicago Construction

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project (transfer of approximately \$1.2MM); (2) to cover the 1.25% increased interest rate associated with extending the \$30MM taxable Certificate of Debt with West Suburban Bank (transfer of approximately \$135,000); and (3) to correct a budgeting error regarding the interest payments on the General Obligation Bonds (transfer of approximately \$96,000).

Commissioner Suess asked whether, and Former Financial Administrator Skiba confirmed that, the transfer of approximately \$1.2MM for the City of Chicago construction projects should allow for full project completion without the need for further appropriation transfers. Treasurer/Commissioner Zeilenga asked whether, and Former Financial Administrator Skiba confirmed that, the \$1.2MM in City of Chicago construction costs was included within the almost \$3.8MM in remaining construction obligations identified in Line B of Report B of the Treasurer's Report.

Commissioner Zay inquired as to how long the Commission will continue receiving a credit on the water billing from the City of Chicago and Former Financial Administrator Skiba noted that the Commission will continue to receive a credit, at most, through the end of fiscal year 2011/2012 but that the credit may terminate sooner depending upon final costs and seasonal water demand.

Commissioner Zay questioned how close the Commission was to completing the construction projects and Former Financial Administrator Skiba replied by that all projects should be completed by the end of January 2011.

With regards to Ordinance No. O-15-10: An Ordinance Amending the Annual Budget and Appropriation Ordinance for the Fiscal Year Commencing May 1, 2010 and Ending April 30, 2011, Former Financial Administrator Skiba explained that approval of Ordinance No. O-15-10 would appropriate an additional \$3,163,300 of the estimated \$36.3 million May 1, 2010 unappropriated Commission funds to ensure that no line item actual expenditure through November 30, 2010 exceeded 58.33% (7/12 of the lapsed fiscal year at November 30, 2010) of the amended appropriation, in addition to appropriating an additional \$2,587,700 in contingency against possible emergency pipeline expenses. Former Financial Administrator Skiba added that adoption of Ordinance No. O-15-10 was optional and mostly intended to restore the Contingency appropriation to its initial amount.

Commissioner/Treasurer Zeilenga disagreed with the need to restore the Contingency appropriation, noting that he felt it was a knee-jerk reaction considering the approximately \$500,000.00 of the Contingency appropriation that was unexpended with only four months remaining in the fiscal year, and that approximately \$1.4MM of the initial Contingency appropriation was expended for unique and special Lexington Pumping Station project expenditures. Commissioner Zay agreed with Commissioner/Treasurer Zeilenga, noting that if an emergency arose, then the Board could transfer or amend the appropriation at that time.

ENGINEERING

As part of the engineering report, Acting General Manager McGhee gave a brief description of all resolutions listed on the regular meeting agenda.

Acting General Manager McGhee explained that Resolution No. R-53-10: A Resolution Awarding a Contract for High Lift Pump Motor Re-Build at the DuPage Pumping Station would award the contract to the low bidder, Dreisilker Electric Motors, Inc., in the amount of \$7,940.00, for the removal, shop repair, and reinstallation of the Commission's 800 HP High Lift Pump Motor #5.

With respect to Resolution No. R-54-10: A Resolution Approving and Ratifying Certain Contract PSC-4/08 Change Orders at the December 9, 2010, Du Page Water Commission, Acting General Manager McGhee explained that Resolution No. R-54-10 would retroactively authorize, at a net increase in the Contract Price of \$88,870.66, the following three changes to the Contract:

- Replacement of the specified 480V fuel pumps with 208V rated fuel pumps, together with the installation of a Mechanical Line Leak Detector (\$38,339.54);
- Installation of low voltage conduits, cables, and conductors in the ComEd building and performance of terminations in both the ComEd building and the Lexington Pumping Station (\$22,514.82); and
- Installation of 18" diameter generator exhaust piping and stacks in lieu of the specified 14" diameter generator exhaust piping and stacks (\$28,016.30).

Commissioner Zay noted his concerns with approving the Change Order, stating that the design engineers should be held responsible. Acting General Manager McGhee responded that the first two changes were not design errors; the first being due to the fuel pump manufacturer having discontinued the specified 480V fuel pumps and the second being due to ComEd having changed its mind as to the extent of the work that it wanted to provide with its own forces. With respect to the third change, Acting General Manager McGhee explained that additional labor and materials were needed to accommodate the generators provided to the Commission under a separate contract.

Commissioner Furstenau requested staff provide a report explaining, in laymen's terms, the monthly water quality laboratory data provided to the Commissioners and providing guidelines for interpretation.

After Commissioner Loper suggested and Acting General Manager McGhee confirmed that the new Board will be invited to an orientation to welcome new Board members and will be provided with a detailed presentation on all current Commission projects and procedures, Commissioner Furstenau moved to adjourn the meeting at 7:13 P.M. Seconded by Commissioner Loper and unanimously approved by a Voice Vote.

All voted aye. Motion carried.