

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, JANUARY 14, 2010
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman S. Louis Rathje at 7:35 P.M.

Commissioners in attendance: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Commissioners Absent: W. Maio and W. Murphy

Also in attendance: Treasurer R. Thorn, R. Martin, R. Skiba, M. Crowley, C. Johnson, T. McGhee, J. Nesbitt, R. C. Bostick, J. Schori, M. Weed, E. Kazmierczak, F. Frelka, and C. Gair of Jenner & Block

Commissioner Bennington noted that Commissioner Maio's absence was due to an illness in the family.

PUBLIC COMMENTS

Jim Seibert, Utica, Illinois, expressed his interest in bidding future projects relating to Caterpillar projects, specifically noting his extensive knowledge and experience in emergency backup generator systems.

At the request of Attorney Chris Gair of Jenner & Block in connection with the report on the status of the forensic audit investigation, Chairman Rathje changed the order of business at the meeting to hold an Executive Session before the approval of minutes due to a scheduling conflict.

EXECUTIVE SESSION

Commissioner Bennington moved to go into Executive Session. Seconded by Commissioner Elliott and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

The Board went into Executive Session at 7:45 P.M.

Chris Gair of Jenner & Block left the meeting at 8:02 P.M.

Commissioner Hartwig moved to come out of Executive Session at 8:04 P.M. Seconded by Commissioner Elliott and unanimously approved by a Voice Vote.

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All voted aye. Motion carried.

APPROVAL OF MINUTES

Before the minutes were approved, Commissioner Hartwig inquired as to any legal issues involved with Commissioners participating in approval of the minutes even though they were absent from the meeting. Staff Attorney Crowley advised that there was no issue so long as they had familiarized themselves with the meeting materials.

Commissioner Elliott stated that he had several revisions to the November 12th regular Commission meeting minutes. First, Commissioner Elliott requested that the introductory clause of the second sentence of the first paragraph under the heading of "New Business" be deleted and be replaced with the following: "During the PowerPoint presentation, Commissioner Maio asked the following question: "Did staff provide to the Commission for approximately the last two years, financial recommendations for the Board to adopt, based on what is now known to have been faulty financial reports that they provided to the Commission?" General Manager Martin responded in the affirmative. The Commissioners then discussed their concerns, including:"

Commissioner Chaplin moved to accept Commissioner Elliott's first requested revision to the November 12th regular Commission meeting minute. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Next, Commissioner Elliott requested that the third bullet point under the heading of "New Business" be revised to read as follows: "The inaccuracy or insufficiency of the financial data and other information provided by staff for the past several years and the auditor's role in verifying that data."

Commissioner Chaplin moved to accept Commissioner Elliott's second requested revision to the November 12th regular Commission meeting minutes. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Finally, Commissioner Elliott requested that an eighth bullet point under the heading of "New Business" be added to read as follows: "The lack of accounting for the amount of sales taxes used to subsidize water purchases."

Commissioner Chaplin moved to accept Commissioner Elliott's third requested revision to the November 12th regular Commission meeting minutes. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

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Commissioner Bennington commented that he remembered the General Manager making a statement at one of the November meetings concerning the auditors. Staff Attorney Crowley suggested that perhaps Commissioner Bennington was referring to the statements attributed to Former Financial Administrator Skiba on page 12 of the November 12th regular Commission meeting minutes, just above the Accounts Payable heading. At which point, Commissioner Bennington withdrew his comment.

Commissioner Zay moved to approve the Minutes of the November 12, 2009 Regular Meeting of the DuPage Water Commission as revised, and the Minutes of November 17, 2009 Special Meeting, the Minutes of the November 23, 2009 Special Meeting, the Minutes of the December 2, 2009 Special Meeting, the Minutes of the December 10, 2009 Regular Meeting, and the Minutes of the December 17, 2009 Special Meeting of the DuPage Water Commission as presented. Seconded by Commissioner Poole and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

After Commissioner Bennington questioned whether, and Staff Attorney Crowley confirmed that, the Board could discuss his proposed revisions to the minutes of the closed meetings in Executive Session, it was the consensus of the Commissioners to take up the approval of the Executive Session minutes after the second Executive Session.

TREASURER'S REPORT

Treasurer Thorn presented the Treasurer's Report for the month of December 2009 which showed receipts of \$36,608,523.99, disbursements of \$10,844,639.37, and a cash and investment balance of \$72,080,021.05.

Commissioner Bennington asked Former Financial Administrator Skiba what the Treasurer Report represents, noting it was not a balance sheet. Former Financial Administrator Skiba explained that the Treasurer's Report is simply a statement of cash flows reported by the various revenues and expense categories.

Commissioner Zeilenga noted that he would be recommending changing the reports going forward. Former Financial Administrator Skiba commented that staff had already implemented some of Commissioner Zeilenga's recommendations in the financial reports included in the Board meeting materials.

After Commissioner Bennington verified the accuracy of the Treasurer's Report with Former Financial Administrator Skiba, Commissioner Hartwig moved to accept the December 2009 Treasurer's Report. Seconded by Commissioner Poole and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Administration Committee – Reported by Commissioner Zay

Commissioner Zay reported that the Administration Committee reviewed all items on the Administration Committee Agenda and recommended for approval Resolution No. R-3-10.

Engineering & Construction Committee – Reported by Commissioner Mueller

Commissioner Mueller reported that the Engineering & Construction Committee reviewed all items on the Engineering & Construction Agenda and recommended for approval the pay requests and Resolution No. R-4-10.

Finance Committee – Reported by Commissioner Mathews

Commissioner Mathews reported that the Finance Committee discussed the hiring of a new Financial Administrator and suggested not using a search firm but, rather, creating a special search committee comprised of two County members, two Municipal members, and staff to review potential candidates' qualifications and to recommend those candidates with a background in governmental accounting.

Chairman Rathje inquired whether the Commissioners had reviewed the job description for the Financial Administrator position. Commissioner Mathews reported that the Finance Committee had reviewed it and focused on the minimum required education, training, and experience qualifications that should be incorporated into the job description, whether there was a need for a CPA certification, and paring down the safety responsibilities. Commissioner Mathews also reported that comments on the job description had been received from Commissioners Zeilenga and Treasurer Thorn.

Commissioner Elliott asked whether it would be appropriate to move forward with the hiring process even when there was a possibility that the structure, duties, and reporting responsibilities might change once the forensic audit was completed. Commissioner Mathews urged the Board not to rush the process until the forensic audit is completed, noting that the structure, duties, and reporting responsibilities for the Financial Administrator position was a significant policy issue for the entire Board to discuss. Commissioner Zay agreed with Commissioner Mathews, noting that the Board could decide that the Finance Department report directly to the Board, and added that the successful candidate should also have experience in business finance and not just governmental finance.

Commissioner Chaplin noted that she had reviewed the job description for the Financial Administrator position as it was on the agenda, and suggested that perhaps the Board should start over from scratch.

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Commissioner Elliott again questioned whether the Board should proceed with the process of hiring a new Financial Administrator until the forensic audit was completed and suggested the matter be deferred.

After Commissioner Zeilenga confirmed that Former Financial Administrator Skiba no longer had restrictions with his working hours conflicting with his retirement pension, and suggested a tentative target hiring date of May 2011 to allow the Board time to consider the results forensic audit and submit input, it was the consensus of the Commissioners that any suggestions/comments on the current job description for the Financial Administrator's job description be submitted in writing to Commissioner Mathews.

In the meantime, Commissioner Mathews stated that the Board needs to focus on preparing the budget for the 10/11 fiscal year.

CHAIRMAN'S REPORT

None

MAJORITY OMNIBUS VOTE AGENDA

Commissioner Bennington requested that Resolution No. R-5-10 be removed from the Majority Omnibus Vote Agenda for separate consideration.

Commissioner Chaplin requested that Ordinance No. O-1-10 be removed from the Majority Omnibus Vote Agenda for separate consideration.

Commissioner Mathews suggested that staff first explain each item on the Majority Omnibus Vote Agenda to allow questions and concerns to be addressed before formal consideration.

Former Financial Administrator Skiba began with Ordinance No. O-1-10: An Ordinance of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, Abating the 2009 Tax Levy for the \$93,970,000 General Obligation Water Refunding Bonds, Series 2001, of the Commission and Resolution No. R-1-10: A Resolution Approving Reimbursements of Eligible Costs Paid Between October 12, 2009, and December 10, 2009, from the Proceeds of the DuPage Water Commission \$30,000,000 Taxable Debt Certificate, Series 2009, and Directing the Allocation and Deposit of Said Reimbursements, explaining that these two items go hand-in-hand and would accomplish the Board's stated goals of abating the property tax levy and establishing a new contingency reserve. Former Financial Administrator Skiba concluded his explanation by noting that if the Board does not approve Resolution No. R-1-10, then the Commission will not be able to abate the 2009 Tax Levy for the General Obligation Water Refunding Bonds as provided in Ordinance No. O-1-10.

Commissioner Mathews asked what the deadline was for abating the tax levy. Former Financial Administrator Skiba responded that the deadline was the end of February.

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Commissioner Mathews then asked why staff was proposing to abate the levy in January when to do so would expose the Commission to the risk of becoming subject to an arbitrage rebate requirement. Former Financial Administrator Skiba responded that staff suggested making the abatement in January to show the Board that the financial plan was working and that the risk of earning arbitrage that would have to be rebated was minimal if interest rates remained at current levels. Former Financial Administrator Skiba also noted that even if the Board adopted Ordinance No. O-1-10 in January, staff could always wait after January 31 to make the transfer.

Commissioner Bennington shared his concerns with prematurely restricting the use of such a large sum of money in case the Commission experiences an emergency before the February 28 deadline for abatement. Commissioner Bennington added that because the Commission had until the end of February to abate the property tax levy, he suggested deferring Ordinance No. O-1-10 to the February meeting. Commissioner Chaplin agreed with Commissioner Bennington but Commissioners Poole, Zay, and Zeilenga respectfully disagreed, noting that part of the proceeds of the \$30,000,000 debt certificate would be used to fund a new contingency reserve account and encouraged the Board to move forward.

Commissioner Hartwig moved to approve Ordinance No. O-1-10: An Ordinance of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, Abating the 2009 Tax Levy for the \$93,970,000 General Obligation Water Refunding Bonds, Series 2001, of the Commission. Seconded by Commissioner Zay.

Commissioner Bennington moved to table to the February meeting approval of Ordinance No. O-1-10: An Ordinance of the DuPage Water Commission, Counties of DuPage, Cook and Will, Illinois, Abating the 2009 Tax Levy for the \$93,970,000 General Obligation Water Refunding Bonds, Series 2001, of the Commission. Seconded by Commissioner Zay and failed for lack of an approving majority by a Roll Call Vote:

Ayes: T. Bennington and E. Chaplin

Nays: T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Absent: W. Maio and W. Murphy

After Commissioner Bennington confirmed with the Staff Attorney that there was no risk that the Commission could become subject to an arbitrage rebate requirement if the abatement is made in February instead of January, and the Staff Attorney noted that she, in turn, had confirmed the February non-arbitrage risk with Bond Counsel, the motion to approve Ordinance No. O-1-10 was approved by a Roll Call Vote:

Ayes: T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: T. Bennington and E. Chaplin

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Absent: W. Maio and W. Murphy

Former Financial Administrator Skiba then provided a brief summary of Ordinance No. O-2-10, explaining that the appropriation transfers were authorized by state statute so long as the transfers did not exceed in the aggregate 10% of the total amount appropriated in the fund within which they are made; that the appropriation transfers provided for in Ordinance No. O-2-10 amounted to approximately \$1.5MM or 0.72%; and that most of the appropriation transfers were proposed for potential bond issue costs and forensic auditing costs, though Former Financial Administrator Skiba did highlight one appropriation transfer to correct the failure to appropriate funds for the construction of various metering stations and the computer software appropriation transfer which included potential accounting software work.

Commissioner Zay questioned the proposed transfer of appropriations for special counsel services. Former Financial Administrator Skiba noted that the proposed transfer of appropriations for special counsel services related to an estimated 1,000 hours of the services of Jenner & Block in connection with forensic audit at the \$500 per hour rate authorized by the Board.

Commissioner Chaplin questioned the proposed transfer of appropriations for computer software costs and specifically requested a two-year breakdown of all computer related work, service charges, computer upgrades, etc. Commissioner Hartwig agreed with Commissioner Chaplin's request provided that the time involved to prepare the breakdown did not interfere with staff working towards correcting the current financial situation.

Manager of Water Operations McGhee offered to prepare the requested breakdown and provided a brief summary, noting that the Commission has been focusing on three major computer-intensive projects: (1) the Geographical Information System; (2) the Document Management System; and (3) the Asset Management System. Manager of Water Operations McGhee stated that both the Geographical Information System and the Document Management System had to be built from scratch and are currently ongoing, and the Asset Management System has been ongoing for several years with only the financial software integration remaining if the Board decides to proceed with that phase of the project. Manager of Water Operations McGhee also advised that the Commission will be purchasing new desktop computers, servers, and other associated hardware for the new Administrative Offices. Manager of Water Operations McGhee concluded his summary by noting that the consulting services of Peters & Associates are utilized on an as needed basis, Peters & Associates is not the only consulting firm that the Commission uses, and the Commission will always have yearly computer maintenance costs.

With respect to Resolution No. R-1-10, Former Financial Administrator Skiba noted that the resolution provides for the reimbursement of certain costs the Commission paid during the 60-day look back period discussed at the December 10th and December 17th meetings from the proceeds of the \$30,000,000 debt certificate, and directs the

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allocation and deposit of these reimbursements, including the creation of a new contingency reserve account.

With respect to Resolution No. R-2-10, Staff Attorney Crowley explained that pursuant to legislation that went into effect on January 1, 2010, the Commission is required to designate personnel to receive annual training on compliance with the Open Meetings Act and that the resolution would delegate to the General Manager the authority to designate the Commission employees, officers, or members required to receive this training. Commissioner Zay questioned where the training would take place. Staff Attorney Crowley responded that the free training would be web-based and was expected to be available beginning February 1, 2010.

General Manager Martin explained that Resolution No. R-3-10 would amend the Commission's personnel policy, effective January 1, 2010, to require employees to pay 20% of health and dental insurance premiums for both employee and dependent coverage as directed by the Board at the December 10, 2009, Commission meeting.

Staff Attorney Crowley explained that Resolution No. R-5-10 would approve the wire transfer services agreement with U.S. Bank as mandated by The Illinois Funds and would designate the Chairman, the Treasurer, the Finance Committee Chairman, the General Manager, the Financial Administrator, and the Staff Attorney as an "Authorized Signer" and "Authorized User" thereunder.

Commissioner Chaplin questioned which of the Authorized Users/Signers had check writing privileges. General Manager Martin responded that the Commission's By-Laws delegated check writing privileges to any two of the Authorized Users/Signers.

Commissioner Mathews questioned whether wire transfers required two signatures and if not, suggested changing the policy. Former Financial Administrator Skiba responded that Commission policy did not require two signatures for wire transfers but noted that the policy could be changed. Commissioner Bennington advised that he would be leaving the meeting during the vote on Resolution No. R-5-10 to avoid a possible or perceived conflict of interest because his firm represents U.S. Bank, but noted his agreement with Commissioner Mathews that two signatures should be required for wire transfers.

Commissioner Elliott agreed, but noted approval of the wire transfer services agreement and the requirement of having two signatories on wire transfers are separate issues and suggested implementing the two signature requirement at the next Board meeting.

Commissioner Elliott moved to approve the items listed on the revised Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Mathews and unanimously approved by a Roll Call Vote:

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Majority Omnibus Vote

- Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje
- Nays: None
- Absent: W. Maio and W. Murphy
- Item 1: Ordinance No. O-2-10: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2009 and Ending April 30, 2010—"Majority Omnibus Vote"
- Item 2: Resolution No. R-1-10: A Resolution Approving Reimbursements of Eligible Costs Paid Between October 12, 2009, and December 10, 2009, from the Proceeds of the DuPage Water Commission \$30,000,000 Taxable Debt Certificate, Series 2009, and Directing the Allocation and Deposit of Said Reimbursements—"Majority Omnibus Vote"
- Item 3: Resolution No. R-2-10: A Resolution Delegating Authority to Designate Commission Employees, Officers, or Members Required to Receive Training Under the Illinois Open Meetings Act—"Majority Omnibus Vote"
- Item 4: Resolution No. R-3-10: A Resolution Amending the Personnel Manual—"Majority Omnibus Vote"

After Commissioner Bennington left the meeting at 9:17 P.M. to avoid a possible or perceived conflict of interest, Commissioner Elliott moved to approved Resolution No. R-5-10: A Resolution Approving and Authorizing the Execution of a Wire Transfer Services Agreement with Terms and Conditions. Seconded by Commissioner Hartwig and unanimously approved by a Roll Call Vote:

- Ayes: E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje
- Nays: None
- Absent: T. Bennington, W. Maio, and W. Murphy

Commissioner Bennington returned to the meeting at 9:19 P.M.

SUPER/SPECIAL MAJORITY OMNIBUS VOTE AGENDA

Commissioner Hartwig moved to approve Resolution No. R-4-10: A Resolution Amending Resolution No. R-61-09, being "A Resolution Approving and Authorizing the Quit Claim of a Temporary Construction Easement to the City of Chicago for the

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Reconstruction of the South Laramie Avenue Viaduct. Seconded by Commissioner Mueller and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

OLD BUSINESS

Before moving on to Ordinance No. O-3-10, Chairman Rathje noted that a copy of the \$30MM Taxable Debt Certificate Order was presented to the Board as required by Ordinance No. O-14-09.

Commissioner Zay moved to suspend the First Reading requirements of the Commission's By-Laws and adopt Ordinance No. O-3-10: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 2 of Article IX). Seconded by Commissioner Bennington and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

Commissioner Bennington asked whether Ordinance No. O-3-10 changed the previous Board direction to staff of no disbursement without prior Board approval. Staff Attorney Crowley responded in the affirmative, noting that Ordinance No. O-3-10 amended the By-Laws to reinstate the original By-Law provision, which included a \$20,000 exception tied to the statutory citation to 65 ILCS 5/8-9-1, and add an entirely new exception for payroll and payroll related taxes, contributions, and payments. Commissioner Zay expressed his confusion as to why staff would prepare an Ordinance which included reinstating the General Manager's original spending authority when the Board already instructed staff not to make any disbursement without prior Board approval. Staff Attorney Crowley responded that the Board also directed the staff to reinstate the prior practice, which included the \$20,000 exception, and, as a result, the Request for Board Action explained the difficulty with the Board's prior motion and specifically advised that the Ordinance would reinstate the original provision and add an additional payroll exception.

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Commissioner Zay moved to reconsider Ordinance No. O-3-10: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 2 of Article IX). Seconded by Commissioner Zeilenga and approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: W. Mueller

Absent: W. Maio and W. Murphy

Commissioner Zay moved to amend Ordinance No. O-3-10: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 2 of Article IX) so that the amendment to Section 2, entitled "Authorization," of Article IX, entitled "Disbursements," of the Commission's By-Laws would read as follows: "All disbursements shall be approved in advance by the Board of Commissioners except for payroll disbursements and disbursements for payroll related taxes, contributions, and payments." Seconded by Commissioner Bennington.

Commissioner Mathews stated that staff needed some flexibility to be able to pay day-to-day expenditures and the \$20,000 exception seemed reasonable. Commissioner Zeilenga stated that staff is not restricted or encumbered by having to come to the Board for the approval of all disbursements, the Board did give staff an exception for payroll related disbursements, and Board meetings are held monthly for other disbursement approvals.

Commissioner Elliott suggested keeping a dollar exception but designating a smaller limit such as \$5,000 - \$10,000 to cover day-to-day expenses. Commissioner Zay stated that the Board put the brakes on spending altogether due to trust issues with staff and the Commission's difficult financial condition, and urged the policy not be changed at this time when the expenditure of any monies needs to be closely monitored by the Board.

General Manager Martin commented that the Commission might incur late fees on utility bills, to which Commissioner Zeilenga responded that the risk was low and Commissioner Zay confirmed with the General Manager that the Commission's utility bills generally exceed \$20,000.

Commissioner Mueller noted that the Board had been discussing for 20 minutes amending a policy that will probably be amended again at a later date. Commissioner Mueller also noted that there should be a dollar value exception so that the Board does not have to approve every single dollar.

After Commissioner Hartwig agreed with Commissioner Elliott to give the General Manager a spending authority of a lesser amount, Commissioner Hartwig moved to amend Commissioner Zay's motion to amend Ordinance No. O-3-10: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 2 of

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Article IX) so that the amendment to Section 2, entitled "Authorization," of Article IX, entitled "Disbursements," of the Commission's By-Laws would read as follows: "All disbursements in excess of \$5,000.00 shall be approved in advance by the Board of Commissioners except for payroll disbursements and disbursements for payroll related taxes, contributions, and payments. The General Manager is authorized to incur and pay contingency expenditures up to and including \$5,000.00 without the prior approval of the Board of Commissioners." Seconded by Commissioner Elliott and approved by a Roll Call Vote:

Ayes: T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, and L. Rathje

Nays: T. Bennington, E. Chaplin, J. Zay, and D. Zeilenga

Absent: W. Maio and W. Murphy

After Commissioner Bennington noted his frustration that the Request for Board Action should have more clearly reflected the \$20,000 exception instead of by reference to a statutory citation, and Commissioner Zay and Staff Attorney Crowley disagreed on whether the main motion had been amended or just the motion to amend the main motion, it was the consensus of the Commissioners to start over.

Commissioner Mathews moved to suspend the First Reading requirements of the Commission's By-Laws and adopt Ordinance No. O-3-10: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 2 of Article IX) as amended so that the amendment to Section 2, entitled "Authorization," of Article IX, entitled "Disbursements," of the Commission's By-Laws would read as follows: "All disbursements in excess of \$5,000.00 shall be approved in advance by the Board of Commissioners except for payroll disbursements and disbursements for payroll related taxes, contributions, and payments. The General Manager is authorized to incur and pay contingency expenditures up to and including \$5,000.00 without the prior approval of the Board of Commissioners." Seconded by Commissioner Elliott and approved by a Roll Call Vote:

Ayes: T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, and L. Rathje

Nays: T. Bennington, E. Chaplin, and D. Zeilenga

Absent: W. Maio and W. Murphy

NEW BUSINESS

Commissioner Elliott moved to approve Purchase Order No. 11952 in the amount of \$29,643.52 to Infor Global Solutions. Seconded by Commissioner Bennington.

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General Manager Martin gave a brief summary of Purchase Order No. 11952 stating that the purchase is for the annual software maintenance fee. Commissioner Zeilenga inquired as to why staff failed to budget for the annual software maintenance fee. Manager of Water Operations McGhee explained that the annual fee was included in the budget, but exceeded the amount budgeted for by about \$9,000.00 and noted that support is needed for the system or the Commission will end up incurring more costs if billed at an hourly rate.

Commissioner Poole inquired as to the status of the Westin project, asking if it is near completion. Manager of Water Operations McGhee responded that Westin is finishing up with Phase V the asset and incode which was not included in the Budget. Commissioner Zay noted his frustration that the details explaining the reason(s) for the increase should have been included in the Request for Board Action cover page.

After Commissioner Bennington noted that staff should be negotiating monthly payment plans until the Commission's cash flows are healthy again, the motion was unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

Commission Mathews moved to approve Purchase Order No. 11956 in the amount of \$19,471.64 to Hewlett-Packard Company. Second by Commissioner Hartwig.

General Manager Martin gave a brief description explaining that the purchase order is to approve a 3-year contract to be paid in annual increments and although the budget did not include a specific line item for the expense, money is available in the budget to cover the expense.

In response to Commissioner Chaplin's questions, Manager of Water Operations McGhee confirmed that Peters & Associates just re-built certain servers.

Instrumentation/Remote Facilities Supervisor Schori noted that the Request for Board Action reflects comparative costs between the Commission's current hardware support company and quotes received from other companies involving the same level of support and found it less costly to retain the Commission's current hardware company but that, in order to receive the discounted price, the Commission needed to sign a three-year, but cancellable, contract. Instrumentation/Remote Facilities Supervisor Schori also noted that of the Commission's 13 servers, the five SCADA servers are six years old and it would cost approximately \$90,000 plus software to replace and, therefore, the maintenance contract seemed the way to go.

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Without further discussion, the motion was approved by a Roll Call Vote:

Ayes: T. Bennington, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: E. Chaplin

Absent: W. Maio and W. Murphy

Commissioner Bennington noted that he asked that a discussion of the Commission's water rates be added to the agenda, noting that there are two components to the Commission's rate: Fixed Costs, which the Commission subsidizes and only requires the adoption of an ordinance to change, and Operations and Maintenance Costs, which requires notice and a hearing to change. General Manager Martin advised that the Commission's current rate for Operations and Maintenance Costs was \$1.48/1,000 gallons and that the Commission's Fixed Costs for the year were approximately \$14.3MM, 50% of which is subsidized by the Commission, which translates to a current rate for Fixed Costs of approximately 0.24/1,000 gallons, on average.

Commissioner Zay asked what the proceeds of the Revenue Bonds were used for. General Manager Martin explained that Revenue Bond proceeds were used for the facilities and pipelines to the west of the DuPage Pumping Station.

General Manager Martin suggested deferring the discussion of Water Rates to the February meeting in order to give staff time to prepare the 10/11 fiscal year budget which will include several options relating to water rates. Commissioner Elliott agreed, stating that he would not be comfortable making a rate change without a good analysis presented by staff on all options. Commissioner Mathews requested that the water rate recommendations be provided two weeks in advance of the next meeting, which General Manager Martin advised that he could probably accomplish.

Commissioner Bennington noted his concern with delaying the discussion, reminding the Board that additional funding will be needed in the near future and therefore the Commission should be increasing its rates immediately. Commissioner Bennington then requested that the item be on the February Agenda with the ability for the Board to take immediate action.

In response to Commissioner Zay's question, General Manager Martin confirmed that the Commission's rate loss was approximately 0.82/1,000 gallons.

Commissioner Zeilenga stated he is confident that several options would be presented to the Board in an easy read format for the Board to review. Commissioner Zeilenga confirmed that the Commission is currently losing money, but going forward things will turn around due to such things as the General Obligation Water Refunding Bonds being paid off and reducing capital (new construction) and other costs in 2011.

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After Commissioner Chaplin questioned, and Commissioner Zeilenga confirmed, that the February report will reflect an actual water rate in the plan, it was the consensus of the Board to defer the discussion to the February meeting.

ACCOUNTS PAYABLE

In referring to the accounts payable in the amount of \$7,637,983.89 for invoices that have been received, General Manager Martin stated that the words “except construction invoices” were included in the recommended motion in error and needed to be deleted from the motion at the appropriate time.

Commissioner Zeilenga questioned how much of the \$7,637,983.89 related to construction, and Facilities Construction Supervisor Bostick responded that approximately \$4.6MM was related to construction.

Commissioner Zay questioned the charge for sensitivity training. General Manager Martin explained that the sensitivity training is an annual refresher training for all employees and is held at the Commission’s offices. Commissioner Zay then questioned how many employees the Commission retains and how many vehicles are owned by the Commission. General Manager Martin responded that the Commission employs 37 employees and owns approximately 16 vehicles, three of which need replacing, but have been put on hold thereby creating more maintenance needs. Commissioner Zay concluded his questioning by confirming with the General Manager that the proposed payment to Dave Dempsey related to speaker expenses for the November 17th Water Conservation breakfast.

Commissioner Chaplin noted that the \$11,000 cost of office supplies seemed high and suggested that the Commission stop purchasing soup, hot chocolate, herbal teas, and designer creamers.

Commissioner Mathews moved to approve the Accounts Payable in the amount of \$7,637,983.89, subject to submission of all contractually required documentation, for invoices that have been received. Seconded by Commissioner Bennington and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

Commissioner Mueller moved to approve the Accounts Payable in the amount of \$740,677.87, subject to submission of all contractually required documentation, for invoices that have not yet been received but have been estimated. Seconded by Commissioner Mathews and unanimously approved by a Roll Call Vote:

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Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

Commissioner Hartwig moved to approve the Accounts Payable in the amount of \$46,765.10 subject to submission of all contractually required documentation, for construction invoices that have been received. Seconded by Commissioner Poole and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, G. Mathews, W. Mueller, A. Poole, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Maio and W. Murphy

Commissioner Zay referred to various manhole repair work listed on the \$46,765.10 Accounts Payable and asked where the date(s) of repair could be found. Pipeline Supervisor Kazmierczak responded that the detailed information regarding manhole repairs, including date(s) of repair and approving resolution numbers, were included in the Engineering Committee packet. In response to Commissioner Zay's question, General Manager Martin advised that the Quick Response Contracts were competitively bid, were intended to be used for construction work that the Commission was unable to perform through its own personnel and with its own equipment, and were not limited to emergency work.

EXECUTIVE SESSION

Commissioner Zeilenga stepped out of the meeting at 10:28 P.M.

Commissioner Mathews stepped out of the meeting at 10:30 P.M.

Commissioner Bennington moved to go into Executive Session after a ten minute recess to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2) and to discuss minutes of closed meetings pursuant to 5 ILCS 120/2(c)(21). Seconded by Commissioner Zay and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, W. Murphy, W. Mueller, A. Poole, F. Saverino, J. Zay, and L. Rathje

Nays: W. Mueller

Absent: W. Maio, G. Mathews, W. Murphy, and D. Zeilenga

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After the Board took a ten minute recess, the Board went into Executive Session at 10:40 P.M.

Commissioner Elliott moved to come out of Executive Session at 11:09 P.M. Seconded by Commissioner Mueller and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Zay moved to adjourn the meeting at 11:10 P.M. Seconded by Commissioner Saverino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

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