

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, APRIL 18, 2013
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 7:30 P.M.

Commissioners in attendance: J. Broda, L. Crawford, R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, F. Saverino, and J. Zay

Commissioners Absent: M. Scheck, P. Suess, and J. B. Webb

Also in attendance: Treasurer D. Ellsworth, J. Spatz, C. Johnson, C. Peterson, T. McGhee, J. Rodriguez, M. Weed, F. Frelka, R. C. Bostick, J. Schori, E. Kazmierczak, and R. Jones of Gorski & Good, LLP

Chairman Zay expressed his appreciation to everyone for attending the meeting acknowledging the challenging day caused by the horrible flooding conditions.

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Commissioner Murphy moved to approve the Minutes of the March 14, 2013 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

CHARTER CUSTOMER HEARING

Commissioner Furstenau moved to open the Charter Customer Hearing regarding the Management Budget Ordinance for the Fiscal Year Commencing May 1, 2013 and Ending April 30, 2014. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

There being no comments, Commissioner Murphy moved to close the Charter Customer Hearing regarding the Management Budget Ordinance for the Fiscal Year Commencing May 1, 2013 and Ending April 30, 2014. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER REPORT

Treasurer Ellsworth presented the March 2013 Treasurer's Report, consisting of six pages.

Treasurer Ellsworth pointed out the \$68.4MM of cash and investments on page 1, noting an increase of \$5.4MM from the previous month. Treasurer Ellsworth also pointed out the schedule of investments on pages 2, 3, and 4 totaling \$65.8MM and the market yield on the total portfolio showed 41 basis points. Treasurer Ellsworth pointed out a change in the investment balance and the O&M account which increased by \$4MM for a total of \$10.6MM. On page 5, the statement of cash flows showed a decrease in cash and investments by \$8.8MM and operating activities increased cash slightly under \$2MM. The sales tax receipts showed an increase in cash of \$30.6MM. Debt service payments totaled \$41.5MM. On page 6, the monthly cash/operating report showed that the Commission had met or exceeded all of its reserve requirements and approximately \$75.4MM of outstanding debt in Table 3, Rows H, I and J.

Commissioner Furstenau moved to accept the March 2013 Treasurer's Report. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Finance Committee – Meeting Cancelled.

Commissioner Pruyn moved to adopt Ordinance No. O-1-13: An Ordinance Approving and Adopting an Annual Management Budget for the Fiscal Year Commencing May 1, 2013 and Ending April 30, 2014. Seconded by Commissioner Russo.

On page four of the Tentative Draft Budget for Fiscal Year 2013-2014, Commissioner Furstenau referred to line items 01-60-6251, 01-60-6252, and 01-60-6253 under Legal Services for general, litigation and special services and inquired as to what the Commission should expect, on a monthly basis, with respect to legal costs noting that the past invoices received from the Commission's general counsel, Gorski and Good, had seemed a bit high. General Manager Spatz explained that although staff continues to limit the amount of legal review needed, in some cases legal review was essential, such as, when the Commission restructured its bank accounts, refinanced the revenue bonds, revised various contracts, etc. The good news, General Manager Spatz shared, was that the legal fees should start to diminish as a lot of those projects had been completed.

Commissioner Russo shared that the Finance Committee had discussed the legal costs about a month ago with respect to the \$175,000.00 budgeted under General Legal Services plus another \$25,000.00 for litigation. Chairman Zay explained that the \$25,000.00 for litigation was simply a placeholder in case the Commission should need outside legal assistance and reiterated that most of the projects involving legal review had been completed with the exception of the property transfer at the Lexington

Minutes of the 4/18/13 Meeting

Pumping Station. Commissioner Russo suggested, before next year's budget, to seek a consensus from Board members as to what would be considered standard monthly legal services and then create additional line item(s) for legal services relating to special projects. Commissioner Furstenau agreed with Commissioner Russo and asked staff to provide a detailed breakdown of all the legal costs to better monitor fees. General Manager Spatz said that a breakdown of costs had been provided to the Finance Committee which reflected a significant cost savings when comparing outside counsel costs versus employing a full-time staff attorney noting that he would be happy to provide that breakdown.

Lastly, General Manager Spatz noted a revision to the Budget since the March meeting regarding the possible 3% annual employee salary increase and stated that the percent increase had been reduced to 2% per the Board's direction.

With no further discussion, the motion was unanimously approved by a Roll Call Vote:

Ayes: J. Broda, L. Crawford, R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, F. Saverino, and J. Zay

Nays: None

Absent: M. Scheck, P. Suess and J. B. Webb

Commissioner Pruyn moved to adopt item numbers 3 through 5 under the Finance Report section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Janc.

Commissioner Pruyn asked Financial Administrator Peterson to explain the need to continue the services of the Accounting Firm of Baker Tilly. Financial Administrator Peterson explained that staff's recommendation to extend the Baker Tilly contract for another year, to provide services one day a week, was to continue receiving support regarding the day to day operations including maintaining the needed level of segregation of duties. In addition to the day to day operations, Financial Administrator Peterson also pointed out that Baker Tilly was familiar with the Commission's processes and procedures which would be beneficial during times when staff members are absent.

With no further discussion the motion was unanimously approved by a Roll Call Vote:

Ayes: J. Broda, L. Crawford, R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, F. Saverino, and J. Zay

Nays: None

Absent: M. Scheck, P. Suess and J. B. Webb

Item 3: Ordinance No. O-2-13: An Ordinance Establishing Fixed Costs to be Payable by Each Contract Customer for the Fiscal Year Commencing May 1, 2013 and Ending April 30, 2014

Minutes of the 4/18/13 Meeting

Item 4: Resolution No. R-12-13: A Resolution Authorizing and Directing the Use of General Account Balances for the Payment of Debt Service on the Northern Trust Certificate of Debt—**\$5MM**

Item 5: Retain the services of Baker Tilly as Financial Services Provider at a cost not to exceed \$102,400.00

Commissioner Pruyn concluded his report by recommending electing another one month interest period under the Northern Trust Certificate of Debt as the interest rate had remained the same.

With regards to the Debt Certificate with Northern Trust Bank, General Manager Spatz stated that he had reached out to various banks in an effort to reduce the existing interest rate which is currently at 125 basis points plus Libor. The following options were offered:

- BMO Harris offered a loan at .75 basis points plus Libor and numerous terms
- PNC offered a loan at .65 basis points plus Libor. The loan would include a preset payment plan and numerous terms, such as default rates
- Northern Trust Bank offered to reduce the current interest rate to .75 basis points plus Libor with no change to the current terms and with legal fees not-to-exceed \$3,500.00

General Manager Spatz explained that by staying with Northern Trust Bank it would be the simplest and require the least amount of cost to complete the transaction, including both the Bank and the Commission's legal costs. It was the consensus of the Board to begin discussions with Northern Trust Bank, the Commission's current Debt Certificate holder, for consideration at the May Board Meeting.

General Manager Spatz informed the Board that line item 01-60-6258 for Legal Notices would be over budget due to the Treasurer's Report and various other items needing to be posted in the newspaper.

Administration Committee - Meeting Cancelled

Engineering & Construction Committee - Meeting Cancelled

Commissioner Loftus moved to adopt item numbers 2 through 4 under the Engineering & Construction Report section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Furstenau and unanimously approved by a Roll Call Vote:

Ayes: J. Broda, L. Crawford, R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, F. Saverino, and J. Zay

Nays: None

Absent: M. Scheck, P. Suess and J. B. Webb

Minutes of the 4/18/13 Meeting

- Item 2: Resolution No. R-9-13: A Resolution Approving and Ratifying Certain Contract TOB-7/12 Change Orders at the April 18, 2013, DuPage Water Commission Meeting— **John Neri Construction Company, Inc. (Revised Contract Completion Date)**
- Item 3: Resolution No. R-10-13: A Resolution Approving and Ratifying Certain Work Authorization Orders Under Quick Response Contract QR-9/11 at the April 18, 2013, DuPage Water Commission Meeting—**Rossi Contractors, Inc. \$26,000.00 (estimated)**
- Item 4: Resolution No. R-11-13: A Resolution Approving and Ratifying Certain Contract MS-19/12 Change Orders at the April 18, 2013 DuPage Water Commission Meeting – **Airy's Inc. (Revised Contract Completion Date)**

With regards to the property transfer at the Lexington Pumping Station, General Manager Spatz explained that Tom Good from the law firm of Gorski & Good had been working on the transfer project, but would need clarification regarding the legal descriptions associated with a couple parcels of land. Mr. Good had recommended the services of Christopher Burke Engineering to assist in the project.

Commissioner Furstenau inquired as to the time and costs involved in the project. General Manager Spatz reassured that the research should only take a week or two to complete and therefore costs should be minimal. With no further discussion, it was the consensus of the Board to allow staff to move forward with the proposal from Christopher Burke Engineering for Board approval at the May Meeting.

ACCOUNTS PAYABLE

After Chairman Zay noted a revision on the Accounts Payable Listings under the accrued and estimated payments, Commissioner Murphy moved to approve the Accounts Payable in the amount of \$13,235,221.23 subject to submission of all contractually required documentation, for invoices that have been received and for invoices that have not yet been received but have been estimated, as revised. Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote:

Ayes: J. Broda, L. Crawford, R. Furstenau, C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, F. Saverino, and J. Zay

Nays: None

Absent: M. Scheck, P. Suess and J. B. Webb

CHAIRMAN'S REPORT

Chairman Zay again thanked everyone for attending as it had been a long day resulting from the terrible weather conditions.

General Manager Spatz referred to a Press Release that had been distributed at the meeting which highlighted the Commission's accomplishments over the past two years

Minutes of the 4/18/13 Meeting

and noted that it would be released the following week. Chairman Zay added by acknowledging how much work had been achieved in a short amount of time with paying down the Commission's debt certificates noting everyone's hard work was to be commended.

OMNIBUS VOTE REQUIRING MAJORITY VOTE

None

OMNIBUS VOTE REQUIRING SUPER-MAJORITY OR SPECIAL MAJORITY VOTE

None

OLD BUSINESS

None.

NEW BUSINESS

None

EXECUTIVE SESSION

None

Commissioner Murphy moved to adjourn the meeting at 8:06 P.M. Seconded by Commissioner Furstenau and unanimously approved by a Voice Vote.

All voted aye. Motion carried.