

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, DECEMBER 15, 2011
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:12 P.M.

Committee members in attendance: C. Janc, J. Pruyn, and J. Zay (*ex officio*)

Committee members absent: D. Russo and P. Suess

Also in attendance: J. Spatz, T. McGhee, J. Nesbitt, N. Narducci, S. Lux of Baker Tilly, and Representatives from PFM Asset Management LLC J. Schroeder and D. Nelson.

Minutes

The Regular Committee Minutes of November 17, 2011 were not approved since there was no quorum.

Approval of Reconciliations

Treasurer Narducci was still reviewing the reconciliations at this time. He approved the reconciliations later in the meeting.

Treasurer's Report – November 2011

Mr. Lux provided the Committee with a summary of the November Treasurer's Report.

Financial Statements – November 2011

Mr. Lux provided the Committee with a summary of the November Financial Statements.

Commissioner Pruyn asked why there is a difference in receivables. Mr. Lux responded that the water quality loans make up the difference.

Commissioner Janc asked to have the net monthly budget numbers provided through the end of the fiscal year in May.

Commissioner Pruyn asked why there is \$4MM less in the year-to-date actual than the year-to-date budget in the water operation account. Mr. Lux replied that the variance is comprised of several accounts including water billing, pump station, and corrosion testing and mitigation.

Commissioner Pruyn asked about the \$1.4MM variance in the water billing account. Mr. Lux stated that that the usage budgeted versus actual is down.

General Manager Spatz stated that there are some capital projects that have a year-to-date balance of \$700,000 and only \$7,000 was spent; such as the corrosion testing and mitigation project; and for the valve stem replacement project, parts are being ordered so in-house replacement can be manufactured. He added that the corrosion testing and mitigation project has been delayed because of ComEd and the majority of the project will go into next year since it is the cold season. General Manager Spatz added that remote facilities will have tank painting and protection ladders that will be added onto the budget and in the future staff will break out the capital budget so it is separate from the operating budget.

Commissioner Pruyn asked if water billing reimbursement was done through the City of Chicago. Mr. Lux responded that the Commission pays 10% reduced off of the bills and the balance remaining is recorded in other receivables.

Resolution R-47-11 and R-48-11

Mr. Lux stated that the Illinois institutional funds are similar to a holding place. Commissioner Janc asked if The PFM Group is going to make investments limited. Mr. Schroeder responded that the Illinois Institutional Funds is a pass-through platform similar to Illinois Funds but The PFM Group will utilize a longer term investments based on cash flow.

Commissioner Janc asked how many basis points the Illinois Institutional Funds would be yielding. Mr. Schroeder responded that there could be five or six basis points. Commissioner Janc asked if there would be fees on the basis points. Mr. Schroeder responded that The PFM Group would be waiving fees.

Draft Investment Policy

Commissioner Pruyn asked if this was an amendment to the Commission's existing investment policy. Mr. Lux responded that this is a new draft and the older policy was from 1993. After more discussion, it was decided that the Commissioners would receive the old investment policy as well as the engagement letter.

Mr. Schroeder outlined how The PFM Group would review the draft investment policy. General Manager Spatz stated that the Commission could get out of the contract with The PFM Group at any point, if needed.

Discussion of Financial Administrator

General Manager Spatz reported that the job description for the Financial Administrator was revised. He added that Treasurer Narducci handed out a list of suggested sites to advertise for the position. Treasurer Narducci suggested advertising on the Illinois Municipal League, Illinois Government Finance Officers Association, and the International City/County Management Association, and one of the big name job advertisements such as monster.com or careerbuilder.com.

General Manager Spatz stated that he would like to have the advertising, interviewing, and hiring of a Financial Administrator completed by March to overlap with Baker Tilly.

Selection of Auditor

General Manager Spatz stated that Sikich LLP had submitted a contract for three more years of auditing the Commission. He added that staff would like to use Sikich LLP one more year before looking at hiring a new firm.

Accounts Payable

Mr. Lux presented the Accounts Payable to the committee members.

November 11, 2011 – December 8, 2011	\$4,030,760.31
<u>Estimated</u>	<u>\$1,052,980.00</u>
Total	\$5,083,740.31

Commissioner Pruyn inquired about the BNY Mellon- HSA amount on the Items to be Paid List. Mr. Lux responded that the BNY Mellon- HSA amount is for the possible HSA accounts if the employees decide to choose that insurance plan.

Commissioner Pruyn inquired about the Ground Pro’s amount and asked if it was for plowing services. Mr. Lux responded that this amount is for the landscape conversion project.

Adjournment

The meeting concluded at 6:53 P.M.

Board\Minutes\Finance\2011\Fc 2011-12 Discussion Notes.docx