

**MINUTES OF A SPECIAL MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, APRIL 12, 2012
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Suess at 5:09 P.M.

Commissioners in attendance: P. Suess, C. Janc, D. Russo, J. Pruyn (arrived at 5:13 P.M.), and R. Furstenau

Commissioners absent: J. Zay (*ex officio*)

Also in attendance: J. Spatz, T. McGhee, N. Narducci, C. Johnson, J. Rodriguez, S. Lux of Baker Tilly and V. Chang, A. Cook, and L. Ng of Wells Fargo Securities

**PRESENTATION BY WELLS FARGO SECURITIES TO REFINANCE THE SERIES
2003 REVENUE BONDS**

General Manager Spatz explained that staff was reviewing how to reduce the interest to the Series 2003 Revenue Bonds and save the Commission money. He added that Wells Fargo Securities had presented a reduction of interest scenario to Board Chairman Zay, Mr. Lux, and himself prior to this special meeting and decided that this meeting would be a good opportunity to present their findings to the committee.

Mr. Chang presented Wells Fargo Securities' findings to the committee on reducing interest by either refinancing this year on a taxable basis or next year on a tax exempt basis.

Commissioner Pruyn arrived at 5:13 P.M.

The following concerns were addressed during the presentation:

- The Charter Customer Contracts.
- The Commission's revenue bond ratings

Commissioner Janc asked Mr. Chang that even though issuance is down how is the current investor appetite. Mr. Chang answered that investor appetite is very strong in the municipal world as well as for short term taxable bonds. He added that supply is increasing but volatile.

Mr. Lux asked why in the first presentation given to General Manager Spatz, Board Chairman Zay, and himself the amount of refunding bonds was \$41M and now it is \$53M. Mr. Chang responded that bond counsel needs to see if the rest of the amount can be callable and can be used for this refinancing. He added that if this amount is callable then the amount will be \$53M.

Chairman Suess asked what the difference in rates between taxable bonds versus tax exempt bonds. Mr. Chang responded that currently there is no difference except that

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taxable bonds are 1-2 basis points less than tax exempt bonds. He added that the Commission has the option of waiting until next year to take advantage of the tax exempt bond refinancing or refinancing this year with the taxable bonds.

General Manager Spatz suggested preparing a break-even analysis of refinancing now versus waiting until next year to refinance and asked how much interest rates would have to increase to break-even. Mr. Chang responded that assuming everything stayed the same, with a cushion of 100 basis points; the Commission would still save around \$500,000. General Manager Spatz then asked if the money put in escrow can be taken out in an emergency. Mr. Chang responded that the money cannot be taken out.

Mr. Chang informed the committee that the Commission has an option to write an ordinance with certain parameters and when those conditions are met and wait until the market hits the specifications of the ordinance then go through with the refinancing.

After much discussion on interest rates, Commissioner Janc suggested focusing on just evaluating the proposal showing the savings and not specifically on interest rates.

Mr. Chang concluded the presentation by noting there needs to be more discussion with rating agencies and counsel to work out the details discussed at this special meeting with an approximate six weeks to complete the refinancing process.

The committee members decided to research more about refinancing now versus next year.

Chairman Suess called for a five minute recess and the committee reconvened at 6:25 P.M.

EXECUTIVE SESSION

Commissioner Furstenau moved to go into Executive Session to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2). Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote.

Ayes: R. Furstenau, C. Janc, J. Pruyn D. Russo and P. Suess

Nays: None

Absent: J. Zay (*ex officio*)

The Board went into Executive Session at 6:25 P.M.

Chairman Suess moved to come out of Executive Session at 8:45 P.M. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

Commissioner Janc suggested contacting The PFM Group regarding their financial advice as to refinancing options on the Commission's bond deals.

OTHER

General Manager Spatz stated that he would be sending out Request for Proposals for Legal Services shortly and asked the Commissioners to e-mail him any recommendations that they may have.

ADJOURNMENT

Commissioner Russo moved to adjourn the meeting at 8:55 P.M. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.