

**MINUTES OF A SPECIAL MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON WEDNESDAY, MARCH 14, 2012
BEGINNING AT 10:00 A.M.
AT
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS 60126**

The meeting was called to order at 10:00 A.M.

Commissioners in attendance: R. Furstenau, C. Janc, D. Loftus, W. Murphy, and J. Zay

Commissioners Absent: L. Crawford, T. Cullerton, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, and, J.B. Webb

Also in attendance: County of DuPage Board Chairman Dan Cronin, Bert Nuehring of Crowe Horwath, J. Spatz, C. Johnson, T. McGhee, C. Bostick, M. Weed, E. Kazmierczak, and F. Frelka

Chairman Cronin began his opening remarks by thanking everyone for attending, specifically, members of DuPage County, members of the Commission Board, and Bert Nuehring of Crowe Horwath.

Chairman Cronin started with a brief background of when the Commission's financial crisis began and where the Commission is today noting that two years ago the DuPage Water Commission was in crisis with faulty accounting and mismanagement that led to the depletion of nearly \$70 million in cash reserves. Chairman Cronin stated that an outside firm was hired to perform an audit report to determine the causes of the financial and administrative problems which identified misconduct and negligence. At that time, Chairman Cronin noted that he was serving in the State Senate and sponsored Senate Bill 580 which required the resignation of then Commission Board members and was also focused on the implementation of administrative reforms. As new County Board Chairman, Chairman Cronin noted one of his first actions was to quickly appoint a new Water Commission Board.

With a new Water Commission Board in place, Chairman Cronin expressed his gratitude for the involvement and leadership that Jim Zay as Chairman and the new Board members took noting the fact that the members were willing to step up to the plate and take on the challenge speaks volumes about their character and their commitment to DuPage County. Chairman Cronin also noted how fortunate it was to have hired General Manager John Spatz noting that John is a true professional who has made huge strides to correct the problems at the Water Commission.

After Chairman Cronin concluded his remarks by noting how the DuPage Water Commission has made a remarkable turnaround over the last 18 months, he then introduced Bert Nuehring of Crowe Horwath.

Mr. Nuehring presented his Assessment of Boards and Commissions Report on the DuPage Water Commission starting with a brief background of the Commission. Mr. Nuehring then provided a list of recommendations which included the Commission's finances, updating its ethics policy, and continued transparency and accountability. Mr. Nuehring noted that the

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Crowe Horwath's analysis of the Commission showed the agency took the necessary steps to better operate as a utility by adopting a 4-year water rate schedule that addresses the water rate increases from Chicago, along with the elimination of the sales tax and the retirement of two Certificates of Debt in 2016.

Mr. Nuehring concluded his report by noting that he is confident that the Commission has, and will continue to, take great strides to become financially secure going forward.

Next, Chairman Cronin introduced Chairman Jim Zay noting their long and well established working relationship; stating that Chairman Zay is well respected throughout the County and how grateful he is for all that he has accomplished since his appointment of Chairman for the DuPage Water Commission.

Chairman Zay began by thanking Chairman Cronin and others for attending the special meeting; stated that he knew the position as Chairman for the DuPage Water Commission would be a challenging one, but was determined to take on the challenge to get the Commission's financial house back in order.

Chairman Zay noted a few steps the Commission Board took in moving forward towards the right direction. Some of those steps include:

- To work with the County and Municipal leaders to reestablish a new Board for the Commission and selecting Board members with the backgrounds and experience needed for the Commission to succeed.
- To appoint a General Manager that would bring a vast amount of experience and knowledge with a strong financial background.
- To hire an interim accounting firm to act as the Commission's financial support until a permanent Financial Administrator was appointed.
- To appoint a new Treasurer with a substantial amount of Municipal accounting experience and knowledge to provide oversight to the Commission.

Chairman Zay concluded his statement by thanking Chairman Cronin, the DuPage Water Commissioners, County Board members, and municipal partners for all their hard work and emphasized that the goal is to make the DuPage Water Commission more responsible, accountable, and transparent as work continues to make the Commission the best water utility possible for the people of DuPage County.

Chairman Zay then introduced General Manager John Spatz.

General Manager Spatz began by thanking Chairman Cronin, Chairman Zay, members of the Water Commission Board, members of DuPage County, and staff for their help and support during his first year serving as General Manager in getting the Commission back on track.

General Manager Spatz stated that the Commission is moving in the right direction and that his first year was a great example of how government at the County level, City level, and Board level can all work together to implement solutions needed to correct the issues at the Commission.

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General Manager Spatz shared a few examples of what the Commission has already implemented.

- Reassigned work schedules and duties, which has allowed for the elimination of overtime and three vacant positions going forward.
- Through better utilization of staff, work is now completed in house rather than being outsourced.
- Making better use of the Commission's computerized maintenance management system.
- Intergrading a GPS system on all our vehicles to increase efficiency of our field crews and fuel through better routing and tracking.
- Renegotiated the Commission's Debt Certificates saving the Commission over one million dollars a year in interest.
- Entered into a new contract with our electric supplier for the next 2 years which will reduce costs by about 12.8%.
- Reduced the cost of the Commission's healthcare, insurances, phone services, contractual services, and commodities.

In closing, General Manager Spatz stated that his goal is to make the DuPage Water Commission best in class in the water industry in that the Commission has made great strides over the past year, but there is still much more to do. General Manager Spatz further stated that by continuing to work together, keeping the lines of communication open, and by being more accountable and transparent to the people we serve, the Commission will reach its goal soon.

After General Manager Spatz concluded his statement, Chairman Cronin invited Chairman Zay and Board members present which were Commissioner's Furstenau, Janc, Loftus, and Murphy to join him and General Manager Spatz at the podium to answer any questions.

News reporter Robert Sanchez of the Daily Herald asked Commissioner Murphy to share his opinion of the Crowe Horwath Report. Commissioner Murphy expressed how pleased he was with the Crowe Horwath report as it points out how far the Commission has come from 2 years ago further noting that the report also points towards the future which reflects continued improvement.

Debra Fulks, DuPage United expressed how she has great respect for the work that Chairman Zay has done along with the rest of the DuPage Water Commission Team and how refreshing it is to see how things can be turned around with the right people in place.

With no further questions, Chairman Cronin thanked everyone for their interest and noted that difficult decisions needed to be taken to achieve a more accountable and transparent agency that we can be proud of.

The meeting was adjourned at 10:30 A.M.

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