



DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630)834-0100 Fax: (630)834-0120

AGENDA

**DU PAGE WATER COMMISSION
THURSDAY, NOVEMBER 13, 2003
7:30 P.M.**

**600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126**

- I. Roll Call
(Majority of the Commissioners then in office—minimum 7)
- II. Public Comments
- III. Approval of Minutes
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)
 - A. Regular Meeting of October 8, 2003
 - B. Special Meeting of October 8, 2003
 - C. Executive Session of October 8, 2003
- IV. Treasurer's Report – October 2003
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)
- V. Committee Reports
 - A. Administration Committee
 - 1. Report of 11/13/03 Meeting
 - 2. Actions on Items Listed on 11/13/03 Administration Committee Agenda
 - 3. Executive Session
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)
 - B. Engineering & Construction Committee

All visitors must present a valid drivers license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

1. Report of 11/13/03 Meeting
 2. Actions on Items Listed on 11/13/03 Engineering & Construction Committee Agenda
- C. Finance Committee
1. Report of 11/13/03 Meeting
 2. Actions on Items Listed on 11/13/03 Finance Committee Agenda
- VI. Chairman's Report
- VII. Omnibus Vote Requiring Majority Vote
- A. Resolution R-47-03: A Resolution of Appreciation for Commissioner Richard Rice
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)
 - B. Resolution R-48-03: A Resolution Amending Resolution No. R-44-02, Being a Resolution Authorizing the Execution of an Intergovernmental Agreement Concerning the Implementation of Water Service to the Suburban Estates Service Area in Unincorporated DuPage County
(Concurrence of a Majority of the Appointed Commissioners—7)
- VIII. Omnibus Vote Requiring Super-Majority or Special Majority Vote
- A. Resolution R-46-03: A Resolution Approving and Ratifying Certain Task Order(s) Under a Master Engineering Agreement with Alvord, Burdick & Howson, L.L.C. at the November 13, 2003 DuPage Water Commission Meeting
(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—2 County + 3 Muni+2=7)
- IX. Old Business
- A. Summary of Action Taken Since Previous Meeting
 - B. Ratification of Purchase Order No. 7729
(Concurrence of a Majority of the Appointed Commissioners—7)
- X. New Business
- XI. Accounts Payable
(Concurrence of a Majority of the Appointed Commissioners—7)
- XII. Public Comments

XIII. Executive Session

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

XIV. Adjournment

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

Board/Agenda/Commission/Rcm0311.doc

Note: Ordinance O-10-03: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 7 of Article II) has been deferred until December at the request of Commissioner Benson

**MINUTES OF A MEETING OF THE
DU PAGE WATER COMMISSION
HELD ON WEDNESDAY, OCTOBER 8, 2003
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Vondra at 10:30 A.M.

Commissioners in attendance: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann, (AB&H), W. Green (AB&H) and M. Crowley (H&K).

PUBLIC COMMENTS

John Pieper, representing residents of Suburban Estates, advised the Board that the residents of Suburban Estates signed a petition asking the County of DuPage to form a special service area and requested that the Commission respect the wishes of the residents. To avoid inconveniencing those residents who were attending the meeting solely to hear the discussion concerning Suburban Estates service issues, Chairman Vondra suspended the normal order of business and accelerated the report and action items from the Special Task Force on TCE.

Special Task Force on TCE – Report by Chairman Vondra

The Special Task Force reviewed the letter received from the Village of Woodridge requesting the Commission finalize its loan commitment to Woodridge in connection with the delivery of water to the residents of Suburban Estates, and the letter received from John Pieper.

After requesting that Resolution R-44-03 be removed from the Omnibus Vote Agenda, Commissioner Mueller moved to (i) refer to counsel and staff to review and develop recommendations regarding both the Woodridge letter and the John Pieper letter regarding service to Suburban Estates, (ii) direct staff to meet with DuPage County staff regarding SSA procedures, and (iii) table Resolution R-44-03: A Resolution Amending Resolution No. R-44-02, Being a Resolution Authorizing the Execution of an Intergovernmental Agreement Concerning the Implementation of Water Service to the Suburban Estates Service Area in Unincorporated DuPage County. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

John Perry, Woodridge Village Administrator, asked why the special majority vote required only two County votes instead of the usual three. Attorney Crowley stated that with the resignation of Commissioner Pollock there are only six County appointed Commissioners and one-third of six equals two.

Minutes of the 10/8/03 Meeting

Commissioner Benson moved to approve the Minutes of the September 11, 2003 meeting of the DuPage Water Commission. Seconded by Commissioner Tolentino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Thorn moved to approve the Minutes of the First and Second September 11, 2003 Executive Session meetings of the DuPage Water Commission. Seconded by Commissioner Tolentino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

The Treasurer's Report for the month of September 2003 showed receipts of \$152,680,019.25, disbursements of \$158,267,302.57 and a cash and investment balance of \$181,508,397.38.

Commissioner Wilcox moved to accept the September 2003 Treasurer's Report. Seconded by Commissioner Thorn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Administration Committee – Report by Commissioner Thorn

Commissioner Thorn reported the Administration Committee discussed personnel matters, which will be discussed further in Executive Session. Commissioner Thorn also reported that the Administration Committee discussed subsequent customer pricing methodologies and recommended that the Commission's existing auditors be engaged to provide guidance on pricing methodologies that will comply with the recent amendments to the Water Commission Act of 1985. Discussion ensued, with Commissioner Poole suggesting that a bona fide rate consultant be engaged rather than the auditors, and with Commissioner Janicik requesting verification that the auditors or other consultants would not be engaged to provide opinions but, rather, options for Commission consideration.

Martin Bourke, Oakbrook Terrace City Administrator, noted that in determining the appropriate subsequent customer pricing methodology, a thorough and fair analysis should not be sacrificed for a quick resolution. Commissioner Mueller concurred, noting the Highland Hills Sanitary District request for service from the Commission was not an emergency requiring a quick response.

Commissioner Thorn moved to authorize the General Manager to retain the services of an outside independent professional to provide guidance on pricing methodologies that will comply with the recent amendments to the Water Commission Act of 1985 for a cost

Minutes of the 10/8/03 Meeting

not to exceed \$25,000. Seconded by Commissioner Benson and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Nays: None

Engineering Committee – Report by Commissioner Wilcox

The Engineering Committee reviewed the change orders in the amount of \$61,252.10 and recommended approval of Resolution R-39-03 during the Omnibus Vote Agenda.

The Engineering Committee reviewed progress payments in the amount of \$356,565.52 and recommended approval as part of the Accounts Payable, subject to submission of all contractually required documentation.

The Engineering Committee recommended approval during the Omnibus Vote Agenda of Resolution R-41-03, being A Resolution Designating the Village of Lisle as the Municipality Most Appropriate for Supply Water to Woodridge Estates.

Finance Committee – Report by Commissioner Poole

The Finance Committee reviewed the Treasurer's Report, the September financial statements and the Accounts Payable.

The Committee reviewed annual audit report for the year ended April 30, 2003. Commissioner Poole moved to accept the Audit Report for the Fiscal Year ending April 30, 2003 and direct staff to send copies to all Commission Customers. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

OMNIBUS VOTE AGENDA

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

Omnibus Vote

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Nays: None

Minutes of the 10/8/03 Meeting

- Item 1. Resolution R-39-03: A Resolution Approving Certain Contract Change Orders at the October 8, 2003 DuPage Water Commission Meeting – “Omnibus Vote”
- Item 2. Resolution R-41-03: A Resolution Designating the Village of Lisle as the Municipality Most Appropriate for Supply Water to Woodridge Estates – “Omnibus Vote”
- Item 3. Resolution R-42-03: A Resolution Approving, Ratifying, and Accepting Private Grants of Easement for the Outer Belt Feeder Main – “Omnibus Vote”
- Item 4. Resolution R-43-03: A Resolution Approving and Authorizing the Execution of an Interim Agreement with West Shore Pipe Line Company – “Omnibus Vote”

Commissioner Mueller requested that Resolution R-40-03 and R-45-03 be removed from the Super/Special Majority Omnibus Vote Agenda for separate consideration.

Commissioner Thorn moved to approve Resolution R-40-03: A Resolution Approving a First Amendment to Task Order No. 11 Under the Master Engineering Agreement with Alvord, Burdick & Howson, L.L.C. Seconded by Commissioner Poole and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Nays: None

Commissioner Janicik 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 Mueller and approved by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, D. Zeilenga and M. Vondra

Nays: G. Wilcox

The Commission went into Executive Session at 11:10 A.M.

Commissioner Chaplin moved to come out of Executive Session at 11:40 A.M. Seconded by Commissioner Tolentino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Minutes of the 10/8/03 Meeting

Commissioner Janicik moved to table Resolution R-45-03: A Resolution Concerning the General Counsel Services. Seconded by Commissioner Wilcox and failed by a Roll Call Vote:

Ayes: E. Chaplin, J. Janicik, G. Wilcox, D. Zeilenga and M. Vondra

Nays: R. Benson, B. Krajewski, W. Mueller, A. Poole, R. Thorn and R. Tolentino

Commissioner Wilcox moved to approve Resolution R-45-03: A Resolution Concerning the General Counsel Services. Seconded by Commissioner Zeilenga and failed by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, G. Wilcox, D. Zeilenga and M. Vondra

Nays: B. Krajewski, W. Mueller, A. Poole, R. Thorn and R. Tolentino

NEW BUSINESS

Chairman Vondra noted that that Ordinance O-10-03: An Ordinance Amending the By-Laws of the DuPage Water Commission (Amending Section 7 of Article II) is on first reading.

Commissioner Thorn moved to place Purchase Order No. 7729 on the agenda. Seconded by Commissioner Tolentino and approved unanimously by a Voice Vote.

All voted aye. Motion carried.

Commissioner Thorn moved to approve Purchase Order No. 7729 in the amount of \$30,152.00 to Oakfield Ford. Seconded by Commissioner Tolentino and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Nays: None

Based upon the discussion in Executive Session, Chairman Vondra requested the advice and consent of the other Commissioners to his removal of the Commission's General Counsel without cause. Commissioner Chaplin moved to approve the removal of Holland & Knight as the Commission's General Counsel effective November 30, 2003 and to solicit proposals for General Counsel services. Seconded by Commissioner Wilcox and approved by a Roll Call Vote:

Ayes: E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn and R. Tolentino and D. Zeilenga

Nays: R. Benson, G. Wilcox and M. Vondra

Minutes of the 10/8/03 Meeting

ACCOUNTS PAYABLE

Commissioner Thorn moved to approve the Accounts Payable in the amount of \$4,152,946.09 subject to submission of all contractually required documentation. Seconded by Commissioner Poole and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Nays: None

PUBLIC COMMENTS

Commissioner Thorn moved to adjourn the meeting at 12:10 P.M. Seconded by Commissioner Benson and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Board/Minutes/Rcm0310.doc

**MINUTES OF A SPECIAL MEETING OF THE
DU PAGE WATER COMMISSION
HELD ON WEDNESDAY, OCTOBER 8, 2003
JARDINE WATER PURIFICATION PLANT
1000 EAST OHIO STREET
CHICAGO, ILLINOIS**

The meeting was called to order by Chairman Vondra at 1:00 P.M.

Commissioners in attendance: R. Benson, E. Chaplin, J. Janicik, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Also in attendance: R. Martin, D. Eckmann, (AB&H), W. Green (AB&H), M. Crowley (H&K), K. Godden, D. Wagner, V. Reyes, T. Mannion and D. Bonoma

In attendance from the Chicago Water Department: R. Rice, J. Spatz, R. Moran, A. Stark, G. Malkos, E. Royal and M. Sturtevant

In attendance from Camp, Dresser & McKee: C. Feizoulof and C. Yamaya

Following welcoming remarks by Chicago Water Department Commissioner Rice, those present were given a presentation and tour of the City of Chicago Jardine Water Purification Plant, which presentation and tour were led by Chicago Water Department Commissioner Richard Rice.

The plant visit ended at 3:00 P.M, whereupon the meeting was adjourned.

DU PAGE WATER COMMISSION
WATER FUND
CASH BASIS GENERAL LEDGER
STATEMENT OF REVENUES & EXPENDITURES
October 31, 2003

REVENUE	CURRENT MONTH ACTUAL	Y-T-D ACTUAL
BOND ISSUE PROCEEDS	0.00	145,211,098.56
WATER SALES	6,234,726.87	29,264,140.90
SALES TAXES	2,654,818.73	15,699,302.61
INVESTMENT INCOME	732,672.06	2,506,010.29
OTHER INCOME	75.00	178,169.21
TOTAL REVENUE	9,622,292.66	192,858,721.57
EXPENSES		
PERSONAL SERVICES	318,992.70	2,803,286.76
PROFESSIONAL SERVICES	53,242.31	236,456.61
CONTRACTUAL SERVICES	11,379.61	217,174.62
INSURANCE	0.00	275,787.00
ADMINISTRATIVE COSTS	8,729.69	50,265.44
WATER SUPPLY COSTS	3,433,602.16	21,079,355.44
BOND PRINCIPAL & INTEREST	49,557.45	167,694,628.55
LAND AND RIGHT OF WAY	0.00	2,995.00
CAPITAL OUTLAY	0.00	6,452.31
TOTAL OPERATING EXPENSES	3,875,503.92	192,366,401.73
CONSTRUCTION EXPENDITURES	967,312.18	2,311,200.14
TRANSFERS TO OTHER GOVERNMENTS	250,000.00	15,500,000.00
TOTAL EXPENSES	5,092,816.10	210,177,601.87
NET FUND TRANSACTIONS	4,529,476.56	(17,318,880.30)
BEGINNING BALANCE		203,356,754.24
ENDING BALANCE		186,037,873.94
FUNDS CONSIST OF:		
PETTY CASH		500.00
CASH AT BANK ONE		24,021.21
CASH AT OAK BROOK BANK LOCK BOX		975,984.82
CASH AT VILLA PARK TRUST & SAVINGS		1,107.97
TOTAL CASH		1,001,614.00
ILLINOIS FUNDS MONEY MARKET	11.8%	21,783,746.84
ILLINOIS FUNDS PRIME FUND	14.4%	26,699,563.43
GOVERNMENT MONEY MARKET FUNDS	0.1%	104,084.95
U. S. TREASURY INVESTMENTS	24.9%	46,177,697.58
U. S. AGENCY INVESTMENTS	35.3%	65,271,167.14
CERTIFICATES OF DEPOSIT	13.5%	25,000,000.00
TOTAL INVESTMENTS	100.0%	185,036,259.94
TOTAL FUNDS		186,037,873.94

DUPAGE WATER COMMISSION**RESOLUTION NO. R-46-03****A RESOLUTION APPROVING AND RATIFYING CERTAIN
TASK ORDER(S) UNDER A MASTER ENGINEERING
AGREEMENT WITH ALVORD, BURDICK & HOWSON, L.L.C.
AT THE NOVEMBER 10, 2003 DUPAGE WATER COMMISSION MEETING**

WHEREAS, the DuPage Water Commission (the "Commission") entered into an agreement with Alvord, Burdick & Howson, L.L.C. (the "Engineers") dated April 13, 2000, to provide, from time to time, professional engineering services in connection with the design and construction of extensions and improvements to the Waterworks System and other projects of the Commission (the "Master Agreement"); and

WHEREAS, the Master Agreement sets forth the terms and conditions pursuant to which the Commission will obtain from time to time, and the Engineers will provide from time to time, professional engineering services for such discrete projects as are delineated and described in Task Order(s) to be approved by the Commission and the Engineers; and

WHEREAS, the Engineers have approved the Task Order(s) attached hereto and by this reference incorporated herein and made a part hereof as Exhibit 1 (the "Task Order(s)");

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are incorporated herein and made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: The Task Order(s) attached hereto as Exhibit 1 shall be and hereby are approved and, if already issued, ratified because the Board of Commissioners of the DuPage Water Commission has determined that the circumstances said to

Resolution No. R-46-03

necessitate the Task Order(s) were not reasonably foreseeable at the time the Master Agreement was signed, the Task Order(s) are germane to the Master Agreement as signed, and/or the Task Order(s) are in the best interest of the DuPage Water Commission and authorized by law.

SECTION THREE: This Resolution shall constitute the written determination required by Section 33E-9 of Article 33E of the Criminal Code of 1961 and shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED THIS _____ DAY OF _____, 2003.

Chairman

ATTEST:

Clerk

Board/Resolutions/R-46-03.doc

Resolution No. R-46-03

EXHIBIT 1

Task Order No. 16

In accordance with Section 1 of the Agreement for Engineering Services between the DuPage Water Commission (the "Commission") and Alvord, Burdick & Howson, L.L.C. (the "Engineers"), dated April 13, 2000 (the "Agreement"), the Commission and the Engineers agree as follows:

1. Specific Project Data:

- A. Title of the Project: Drawings of Record
- B. Description and Scope of the Project: Transfer field mark-up drawing data to "Drawings of Record"

2. Services of Engineer:

- A. As may be assigned by the Commission and confirmed by a partner of the Engineer in writing.

3. Approximate Design Period: Not Applicable

4. Approximate Construction Period: Not Applicable

5. Indirect Costs Factor: No Change

6. Not to Exceed Costs: \$5,000.00 per assignment

7. Other Modifications of Agreement: Not Applicable

8. Attachments: None

Approval and Acceptance: Acceptance and approval of this Task Order, including the attachments listed above, shall incorporate this document as part of the Agreement.

The Effective Date of this Task Order is November 14, 2003.

DU PAGE WATER COMMISSION

BY: _____

James J. Holzwart
General Manager

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Ross C. Bostick

Title: Project Coordinator

Address: 600 East Butterfield Road, Elmhurst, Illinois 60126-4642

E-mail Address: Bostick@dpwc.org

Phone: (630) 834-0100

Fax: (630) 834-0120

ALVORD, BURDICK & HOWSON, L.L.C.

BY: _____

Donald E. Eckmann
Partner

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Donald E. Eckmann

Title: Partner

Address: 20 North Wacker Drive, Suite 1401, Chicago, Illinois 60606

E-mail Address: deckmann@abhengineers.com

Phone: (312) 236-9147

Fax: (312) 236-0692

DUPAGE WATER COMMISSION**RESOLUTION NO. R-47-03****A RESOLUTION OF APPRECIATION FOR COMMISSIONER RICHARD RICE**

WHEREAS, on October 8, 2003, the DuPage Water Commission was given a presentation and tour of the City of Chicago Jardine Water Purification Plant, which presentation and tour were led by Chicago Water Department Commissioner Richard Rice;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

On behalf of the DuPage Water Commission, we, the Board of Commissioners of the DuPage Water Commission, express our appreciation to Chicago Water Department Commissioner Richard Rice for providing access to, and arranging and leading the presentation and tour of, the City of Chicago Jardine Water Purification Plant.

AYES:

NAYS:

ABSENT:

ADOPTED THIS _____ DAY OF _____, 2003.

ATTEST:

Chairman

Clerk

DUPAGE WATER COMMISSION

RESOLUTION NO. R-48-03

A RESOLUTION AMENDING RESOLUTION NO. R-44-02,
BEING A RESOLUTION AUTHORIZING THE EXECUTION OF AN
INTERGOVERNMENTAL AGREEMENT CONCERNING THE IMPLEMENTATION OF
WATER SERVICE TO THE SUBURBAN ESTATES SERVICE AREA IN
UNINCORPORATED DUPAGE COUNTY

WHEREAS, the DuPage Water Commission (the "Commission") is a public corporation created under the Water Commission Act of 1985, 70 ILCS 3720/1 *et seq.*, and Division 135 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-135-1 *et seq.*, and is authorized to enter into contracts and agreements relating to the purchase and supply of water pursuant to the laws of the State of Illinois; and

WHEREAS, certain areas of DuPage County have been affected by contaminated well water; and

WHEREAS, to carry out their duties and responsibilities, and desiring to create a method of providing an adequate supply of Lake Michigan water to areas of DuPage County affected by contaminated well water, the Commission, the County of DuPage, and the Village of Woodridge, among others, entered into that certain Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected By Contamination, effective as of October 14, 2002 (the "Enabling Agreement"); and

WHEREAS, pursuant to Resolution No. R-44-02, being "A Resolution Authorizing the Execution of an Intergovernmental Agreement Concerning the Implementation of Water Service to the Suburban Estates Service Area in Unincorporated DuPage County," the Commission conditionally approved an agreement with the Village of Woodridge to coordinate and implement the supply of Lake Michigan water to the

Resolution No. R-48-03

Suburban Estates Service Area in accordance with the Enabling Agreement (the "Implementing Agreement");

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are hereby incorporated herein as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: Section Three of Resolution No. R-44-02 shall be, and it hereby is, amended in its entirety so that said Section Three shall hereafter be and read as follows:

"SECTION THREE: The Chairman shall be and hereby is authorized and directed to execute, and the Clerk shall be and hereby is authorized and directed to attest, an Intergovernmental Agreement Concerning the Implementation of Water Service to the Suburban Estates Service Area in Unincorporated DuPage County, in the form attached hereto as Exhibit 1; provided, however, that the Agreement shall not be so executed on behalf of the Commission unless and until the Chairman shall have been presented with copies of the Agreement executed by the Village of Woodridge. Upon execution by the Chairman, the Intergovernmental Agreement Concerning the Implementation of Water Service to the Suburban Estates Service Area in Unincorporated DuPage County, and all things provided for therein, shall be deemed accepted by the DuPage Water Commission without further act."

SECTION THREE: Exhibit 1 to Resolution No. R-44-02 shall be and it hereby is amended in its entirety so that said Exhibit 1 shall hereafter be and read as set forth in the Exhibit 1 attached hereto and by this reference incorporated herein and made a part hereof. Any and all references to Exhibit 1 in Resolution No. R-44-02 shall hereafter be deemed to refer to the Exhibit 1 attached hereto.

SECTION FOUR: This Resolution shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED this _____ day of _____, 2003.

Chairman

ATTEST:

Clerk

EXHIBIT 1

INTERGOVERNMENTAL AGREEMENT CONCERNING THE
IMPLEMENTATION OF WATER SERVICE TO THE
SUBURBAN ESTATES SERVICE AREA IN DUPAGE COUNTY

THIS AGREEMENT, made and entered into as of this _____ day of _____, 2003 ("Effective Date"), by and between the DUPAGE WATER COMMISSION, a county water commission created and existing under the laws of the State of Illinois (the "Commission"), and the VILLAGE OF WOODRIDGE, a municipal corporation created and existing under the laws of the State of Illinois (the "Charter Customer"),

WITNESSETH:

WHEREAS, the Commission was formed and exists pursuant to the Water Commission Act of 1985, 70 ILCS 3720/1 *et seq.*, and Division 135 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-135-1 *et seq.*, for the purpose of securing an adequate source and supply of water for its customers; and

WHEREAS, the Commission operates a water system supplying a number of municipalities and other customers in DuPage County with water drawn from Lake Michigan; and

WHEREAS, the Charter Customer owns and operates a water distribution system (the "Charter Customer Water System"), which system is supplied with water by the Commission pursuant to the terms of that certain Water Purchase and Sale Contract dated as of June 11, 1986, with the Commission (the "Charter Customer Contract"); and

WHEREAS, over fifty percent (50%) of the wells sampled in the area depicted on the map attached hereto and by this reference incorporated herein and made a part hereof as Exhibit A (the "Service Area") have detectable levels of Trichloroethylene ("TCE"), a regulated chemical as determined by the National Primary Drinking Water

Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.*; and

WHEREAS, the construction of certain improvements to the Charter Customer Water System will enable the Charter Customer to serve properties within the Service Area that currently cannot be served by the existing Charter Customer Water System (the “Improvements”); and

WHEREAS, to carry out their duties and responsibilities, and desiring to create a method of providing an adequate supply of Lake Michigan water to areas of DuPage County affected by contaminated well water, the Commission, the County of DuPage (the “County”), and the Charter Customer entered into that certain Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected By Contamination, effective as of October 11, 2002 (the “Enabling Agreement”); and

WHEREAS, the Commission, the County, and the Charter Customer have jointly determined that the Service Area is in reasonable proximity to an area recognized by the Illinois Environmental Protection Agency (“I.E.P.A.”) as an area of significant health risk due to TCE well water contamination in excess of the maximum contaminant level and, as such, the Service Area should be, and is hereby, designated as a “Secondary Service Area” pursuant to the Enabling Agreement; and

WHEREAS, it is in the best interests of the Commission and the Charter Customer to coordinate and implement the supply of Lake Michigan water to the Service Area in accordance with the Enabling Agreement; and

WHEREAS, the Commission and the Charter Customer desire to set forth their understanding regarding such coordination and implementation in this Agreement; and

WHEREAS, the matters set forth in this Agreement will serve the public interest and assure that the significant public health and safety threat posed by the contaminated well water supply in the Service Area is minimized to the greatest extent possible; and

WHEREAS, pursuant to Section 10 of Article VII of the Illinois Constitution of 1970, the provisions of the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, and other applicable authority, the Commission and the Charter Customer are authorized to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the Commission and the Charter Customer hereby agree as follows:

SECTION 1. PREAMBLES

The foregoing recitals are by this reference incorporated herein and made a part hereof as if fully set forth herein.

SECTION 2. CONSTRUCTION OF IMPROVEMENTS; EXTENSION OF SERVICE

A. Description of the Improvements. For purposes of this Agreement, the “Improvements” shall include the construction of new mains between the existing water main located on Hobson Road and the existing water main located on 63rd Street, and from the existing water main located on Hobson Road to Prentice Drive, Vale Drive, and Southcrest Drive; which extensions shall consist of approximately 7,500 total lineal feet of new water main, including the service lines from the water mains up to and including the B-boxes.

B. Design of the Improvements. The Charter Customer shall be the contracting party with the design engineer and shall administer the design contract for the benefit of both the County and the Charter Customer. The Charter Customer shall keep the County advised as to the progress of the design work. The Charter Customer and the County shall confer upon issues regarding the details of such design work. The final design of the Improvements shall be subject to the review of both the County and the Charter Customer and subject to the final approval of the Charter Customer.

C. Condition Precedent to Construction. The Charter Customer shall begin construction upon the occurrence of the following condition: The I.E.P.A approval of a grant for up to seventy percent (70%) of the total cost of the construction of water main infrastructure. If the aforereferenced condition fails to occur, Section 6.2 of the Enabling Agreement shall govern the extension of a New Main to the Service Area. Notwithstanding the foregoing, the Charter Customer hereby reserves the right to commence construction prior to the occurrence of said condition at its sole discretion.

D. Construction and Acceptance of the Improvements. The Charter Customer shall solicit bids for the construction of the Improvements. The Charter Customer's standard form of bidding and construction contract documents shall be used. The Charter Customer agrees to solicit, award, and administer all contracts for the project in the best interest of both the County and the Charter Customer and to consult with, and keep advised, County officials regarding the progress of the work and any problems encountered or changes recommended. The Charter Customer shall enter into a construction contract(s) with the selected contractor(s), and shall administer such construction contract(s) in conformance with this Agreement. Any change order, as well as final acceptance and approval of the completed Improvements, shall be

subject to the final approval of the Charter Customer. The Charter Customer shall not be required to approve or accept any portion of the Improvements until all portions of the Improvements, including all punch list items, have been fully and properly completed.

E. Cost of Design and Construction. The Improvements shall be designed and constructed at the sole cost of the Charter Customer. The Commission shall loan the Charter Customer all or a portion of the funds needed for the design and construction of the Improvements in accordance with Section 3 of this Agreement.

F. Extension of Service.

1. If Existing Mains (as defined in the Enabling Agreement) can be used to provide service to any Customer (as defined in the Enabling Agreement) in the Service Area, the Charter Customer shall a) within ninety (90) days after a Customer decides to receive water service from the Charter Customer, enter into any necessary annexation, pre-annexation, water service agreement, or water loan agreement with that Customer; and b) within one hundred twenty (120) days after the Customer decides to receive water service from the Charter Customer, extend and offer service through the Existing Mains to the property line (B-boxes) of that Customer.
2. The Charter Customer shall complete construction of the Improvements within one hundred eighty (180) days after I.E.P.A. approval of the grant referred to in Section 2.C of this Agreement. Thereafter, within thirty (30) days after each Customer has entered into the necessary agreement providing for water service by the

Charter Customer within the Service Area, the Charter Customer shall extend and offer service to the Customers' property line (B-boxes).

SECTION 3. COMMISSION FINANCING

A. Service Costs and Retail Customer Base. Service Costs (as defined in the Enabling Agreement) for the supply of Lake Michigan water to the Service Area are hereby established in the amount of \$1,421,700, which Service Costs are detailed in Exhibit B attached hereto and by this reference incorporated herein and made a part hereof. The number of Potential Customers (as defined in the Enabling Agreement) in the Service Area is hereby established at 107.

B. Loan. The Commission shall, after the execution and delivery of this Agreement, loan to the Charter Customer an amount not to exceed \$1,421,700 (the "Commitment") in order to provide funds to finance in whole or in part the Service Costs (the "Loan").

C. Loan Repayment. The Charter Customer shall repay the principal balance of the Loan in 13 annual installments, commencing in 2010 on the 15th day of the month in which the Charter Customer made its first draw on the Loan (an "Annual Payment Date"), and continuing in successive annual installments on each Annual Payment Date in each year thereafter to and including the 2022 Annual Payment Date, with the final payment of any principal, if not sooner paid, on the 2023 Annual Payment Date. Each of the 13 annual installments of principal on the Loan shall be determined as of the last day of the month preceding the Annual Payment Date in any given year during the term of the Loan (a "Determination Date") and shall be determined by dividing the unpaid principal balance of the Loan as of the applicable Determination Date by the number of

annual installments of principal remaining to be paid during the term of the Loan. Interest on the unpaid principal balance of the Loan, at the rate of two percent (2%) per annum, calculated on the basis of a calendar year consisting of 360 days of twelve 30-day months, shall be paid commencing on the 2004 Annual Payment Date, and continuing on the Annual Payment Date each year thereafter until the principal balance of the Loan has been paid in full. Notwithstanding the foregoing, however, in the event the number of Customers in the Service Area is less than the number of Potential Customers in the Service Area, determined as of the Determination Date in any given year during the term of the Loan, then the Charter Customer shall only be required to pay to the Commission the total amount of interest and principal that would otherwise be due on the Loan for that year multiplied by the number of Customers in the Service Area divided by the number of Potential Customers in the Service Area. If, at maturity, there remains any unpaid principal balance or interest on the Loan, the Commission shall extend the terms of the Loan for a commercially reasonable period provided the Charter Customer is not in default under this Agreement or the Enabling Agreement.

D. Tender of Loan Payments. Payments of principal and interest shall be made in lawful money of the United States of America in federal or other immediately available funds.

E. Procedure for Borrowing. The Charter Customer may draw on the Loan no more than once per month, on the 15th day of the month, provided that the Charter Customer shall give the Commission irrevocable notice (which notice must be received by the Commission prior to 10:00 a.m., local time, 15 days prior to the requested borrowing date), specifying the amount to be borrowed and the requested borrowing date. Each borrowing pursuant to this Agreement shall be in an aggregate principal

amount of the lesser of (i) \$10,000 or a whole multiple thereof and (ii) the Available Commitment. For purposes of this Section 3.E, the Available Commitment at a particular time is an amount equal to the difference between the Commitment and the aggregate principal balance of the Loan then outstanding.

F. Optional Prepayments. Subject to the limitations of this Section 3.F, the Charter Customer may, no more frequently than once in any given year, prepay, in whole or in part, the Loan, without premium or penalty, upon at least one business day's irrevocable notice to the Commission, specifying the date and amount of prepayment. The amount of any such optional prepayment shall be in increments of \$50,000. If such notice is given, the Charter Customer shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. The proceeds of any such prepayment shall be applied by the Commission first, to the payment of accrued and unpaid interest, if any, on the Loan and second, to the payment of the unpaid principal balance of the Loan. The Charter Customer shall not be entitled to, nor receive any credit for, interest on any such prepayment.

G. Mandatory Prepayments. Except for the I.E.P.A. grant referred to in Section 2.C of this Agreement, the Charter Customer shall have, and hereby accepts, the obligation to prepay the Loan, in whole or in part, on any date within 60 days after the receipt by the Charter Customer of any other grant or any settlement funds from any source to the extent such grant or settlement funds are attributable to the Service Costs identified in Exhibit B attached hereto. The proceeds of any such prepayment shall be applied by the Commission first, to the payment of accrued and unpaid interest, if any, on the Loan and second, to the payment of the unpaid principal balance of the Loan.

The Charter Customer shall not be entitled to, nor receive any credit for, interest on any such prepayment.

H. Application of Loan Proceeds. The proceeds of the Loan shall be devoted to and used with due diligence for the purpose of paying the Service Costs identified in Exhibit B attached hereto in connection with the supply of Lake Michigan water to the Service Area; provided, however, that where an unexpended balance remains in any one or more of the various cost components of the Service Costs detailed in Exhibit B attached hereto, such balance may be transferred and expended, in whole or in part, to and for any other cost component of the Service Costs detailed in Exhibit B attached hereto.

SECTION 4. DEFAULTS AND REMEDIES

A. Commission Defaults. The occurrence of the following shall constitute a default by the Commission under this Agreement: The failure by the Commission to observe and/or perform any covenant, condition, and/or agreement on its part to be observed and/or performed under this Agreement, and the continuation of said failure for thirty (30) days after the Commission's receipt of written notice thereof from the Charter Customer. However, if said failure cannot be remedied by the Commission within said thirty (30) day period, and the Commission shall have diligently pursued resolution of the failure during said thirty (30) days, the period shall be extended by such additional time as may be reasonably required by the Commission to cure or correct said failure. In no event shall the period be extended by more than ninety (90) days. In the event of a default by the Commission under this Agreement, the Charter Customer shall have the same remedies as are provided for, and only the remedies provided for, in the Enabling Agreement for a default by the Commission.

B. Charter Customer Defaults. The occurrence of the following shall constitute a default by the Charter Customer under this Agreement: The failure by the Charter Customer to observe and/or perform any covenant, condition, and/or agreement on its part to be observed and/or performed under this Agreement, and the continuation of said failure for thirty (30) days after the Charter Customer's receipt of written notice thereof from the Commission. However, if said failure cannot be remedied by the Charter Customer within said thirty (30) day period, and the Charter Customer shall have diligently pursued resolution of the failure during said thirty (30) days, the period shall be extended by such additional time as may be reasonably required by the Charter Customer to cure or correct said failure. In no event shall the period be extended by more than ninety (90) days. In the event of a default by the Charter Customer under this Agreement, the Commission shall have the same remedies as are provided for, and only the remedies provided for, in the Enabling Agreement for a default by the Charter Customer.

C. Force Majeure. In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligation under this Agreement, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States, of the

State of Illinois, or of any civil or military authority, insurrections, riots, terrorism, acts of terror, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or tunnels, partial or entire failure of water supply, and inability on the part of the Commission or of the Charter Customer to deliver Lake Michigan water, or of the Charter Customer to receive Lake Michigan water, on account of any other causes not reasonably within the control of the party claiming such inability. The settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and the above requirement that any "Force Majeure" shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. The Task Force (as defined in the Enabling Agreement) shall make a recommendation to the Commission, which shall determine if force majeure which renders any of the parties unable to perform under this Agreement shall relieve the Charter Customer of its obligations to make payments to the Commission that may be required under Section 3 of this Agreement.

SECTION 5. LEGAL RELATIONSHIPS AND REQUIREMENTS

A. Supplemental Agreement. This Agreement shall be deemed to supplement the Enabling Agreement in connection with the supply of Lake Michigan water to the Service Area; provided, however, that the requirements of Section 6.2 of the Enabling Agreement shall be, and they hereby are, waived unless the I.E.P.A. fails to approve the grant referred to in Section 2.C of this Agreement and the Charter Customer otherwise requests. If there is any other conflict or inconsistency between the

terms of this Agreement and the terms of the Enabling Agreement, then the terms of this Agreement shall control. The Charter Customer shall at all times comply with all terms and conditions of the Enabling Agreement except as otherwise provided in this Agreement.

B. Term of Agreement. This Agreement shall continue in full force and effect from the Effective Date until the end of the term of the Enabling Agreement. The Commission and the Charter Customer agree to begin consideration of whether an extension of this Agreement is necessary not later than three (3) years prior to the end of the term of this Agreement.

C. Cooperation and Further Agreements. The Commission and the Charter Customer agree to meet and cooperate in good faith throughout the term of this Agreement to implement the letter and spirit of the provisions set forth in this Agreement. The Commission and the Charter Customer agree and acknowledge that further details regarding the Service Costs, and the financing of the Service Costs, in connection with the supply of Lake Michigan water to the Service Area may be subject to a future agreement.

D. Assignment. This Agreement may not be assigned by any party, in whole or in part, without the prior written consent of the other party.

E. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed received by the addressee thereof when delivered in person on a business day at the address set forth below or on the third business day after being deposited in any main or branch United States post office, for delivery at the address set forth below by properly addressed, postage prepaid, certified or registered mail, return receipt requested.

Notices and communications to the Commission shall be addressed to, and delivered at, the following address:

DuPage Water Commission
600 East Butterfield Road
Elmhurst, Illinois 60126-4642
Attention: General Manager

Notices and communications to the Charter Customer shall be addressed to, and delivered at, the following address:

Village of Woodridge
Five Plaza Drive
Woodridge, Illinois 60517-5014
Attention: Village Administrator

By notice complying with the requirements of this Section 5.E, the Commission and the Charter Customer each shall have the right to change the address or addressee or both for all future notices to it, but no notice of a change of address shall be effective until actually received.

F. Entire Agreement. This Agreement sets forth the entire agreement of the Commission and the Charter Customer with respect to the coordination and implementation of the supply of Lake Michigan water to the Service Area in accordance with the Enabling Agreement, and there are no other understandings or agreements, oral or written, by or between the Commission and the Charter Customer with respect thereto, nor was the making and execution of this Agreement induced by any representation, statement, warranty, agreement, or action other than those expressed or explicitly referenced in this Agreement.

G. No Waiver. No course of dealing or failure of the Commission or the Charter Customer to enforce strictly any term, right, or condition of this Agreement shall be construed as a waiver of such term, right, or condition. No express waiver of any

term, right, or condition of this Agreement shall operate as a waiver of any other term, right, or condition.

H. No Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the contracting parties, and nothing in this Agreement is intended, either expressly or impliedly, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement, or to acknowledge, establish, or impose any legal duty to any third party.

I. Governing Law. This Agreement shall be governed by and construed exclusively under the applicable laws of the State of Illinois, without regard to conflicts of law principles.

J. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. Any such counterpart may be signed by one of the parties hereto so long as each of the parties hereto has signed one or more of such counterparts.

IN WITNESS WHEREOF, the Commission and the Charter Customer have caused this Agreement to be executed by their duly authorized officers, pursuant to proper authorization of their respective governing bodies, as of the date first stated above.

ATTEST:

DUPAGE WATER COMMISSION

By: _____

By: _____

Its: _____

Its: _____

ATTEST:

VILLAGE OF WOODRIDGE

By: _____

By: _____

Its: _____

Its: _____

1251477_v2

EXHIBIT A



EXHIBIT B

Suburban Estates Cost Comparison

Description	Estimated Cost	
Engineering*	\$95,000	
Construction**	\$750,000	
10% Contingency	\$84,500	
Meter installation	\$53,500	(\$500 per lot)
Legal, Title, Record	\$80,250	(\$750 per lot)
Service line/well cap	\$347,750	(\$3,250 per lot)
Professional Fees	\$10,700	\$100 per lot)
Total:	<u>\$1,421,700</u>	

* Includes engineering costs that will be reimbursed from Illinois Environmental Protection Agency grant proceeds if the grant is approved.

** Includes construction costs that will be reimbursed from Illinois Environmental Protection Agency grant proceeds if the grant is approved. Also includes interest, at Market Rate (as defined in the Enabling Agreement), on construction costs actually paid out prior to receipt of Loan proceeds therefor.



DuPage Water Commission

MEMORANDUM

TO: Chairman & Commissioners

FROM: General Manager

DATE: November 7, 2003

SUBJECT: Summary of Action Since Previous Meeting

1. In accordance with Commission direction given at its October 8th meeting, Virchow Krause has been employed to analyze PA93-0226 and the terminology contained therein as it relates to the Commission's rate setting processes. The fee for this initial phase relating to the act is \$20,000. Black & Veatch was also asked to propose on this work. Their price was significantly higher. In addition, Virchow Krause is not only financial consultants; they are also CPA's.
2. On October 24th, the audit report for April 30, 2003 was sent to the Commission's customers, rating agencies, national information repositories, bond trustees and other interested parties.

600 E. BUTTERFIELD ROAD
ELMHURST, IL 60126-4642
(630) 834-0100 • FAX: (630) 834-0120

P.O.		N ₂		7729	
DATE			DATE REQUIRED		
10/08/2003			ASAP		
TERMS		NET 45 DAYS			
		TAX EXEMPT			
SHIP VIA		BEST WAY			
FOB					

TO: Oakfield Ford	SHIP TO: Attn: Mike Schweizer
443 East St. Charles Road	Above Address
Villa Park, IL 60181	

[illegible]

This Purchase Order Number must appear on all invoices, acknowledgments, bills of lading, correspondence and shipping cartons. Please notify us if you are unable to ship complete order by date specified.

(ACCT. # WF-6961)

Please send 2 copies of your invoice

James A. J. Halzo SIGNATURE

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

ACPA0311
ACCOUNTS PAYABLE SPREADSHEET

MEETING OF

11/13/03

- a - Subject to submission of all contractually required documentation.
b - Subject to satisfactory completion of all DuPage Water Commission contract closeout procedures and requirements.
c - Construction items are coded with account numbers in the 7000 series.

VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Acres Group, Inc.	17682	11/01/03	Landscape Mgmt Serv: November 2003	WF-6622	WR	4,373.80	4,373.80
Aerex Pest Control	605753	10/23/03	Exterminator - Service Building: October 2003	WF-6622	WR	45.00	
Aerex Pest Control	605765	10/23/03	Exterminator - Pump & Motor Rooms: October 2003	WF-6622	WR	45.00	
Aerex Pest Control	606036	10/23/03	Exterminator - DPPS: October 2003	WF-6622	WR	48.00	138.00
AKT-1 Industries, Inc.	6738	10/27/03	Maintenance Supplies	WF-6622	WR	933.20	933.20
Alternative Business Suppliers Incorporated	39584	10/14/03	Copier Maintenance	WF-6550	WR	168.68	168.68
Alvord, Burdick & Howson	75	10/31/03	Naperville Rd. to Diehl Rd.: 09/25/03-10/24/03	WF-7913	ST	5,931.29	
Alvord, Burdick & Howson	75	10/31/03	Diehl Rd. to 75th: 09/25/03-10/24/03	WF-7913	ST	7,735.17	
Alvord, Burdick & Howson	75	10/31/03	Butterfield Rd. to Prairie Path: 09/25/03-10/24/03	WF-7913	ST	31,775.13	
Alvord, Burdick & Howson	246	10/31/03	Butterfield to 75th St:08/25/03-10/24/03	WF-7913	ST	4,020.75	
Alvord, Burdick & Howson	246	10/31/03	72" Transmission Main Cath. Protect: 08/25/03-10/24/03	WF-7913	ST	1,370.00	
Alvord, Burdick & Howson	246	10/31/03	90" Transmission Main: 08/25/03-10/24/03	WF-7913	ST	14,851.20	
Alvord, Burdick & Howson	2003-342	10/31/03	48" West Transmission Main - TW-3: 09/25/03-10/24/03	WF-7913	ST	85,863.61	
Alvord, Burdick & Howson	2003-345	10/31/03	Blow-Off Valve Improvement Tsk Odr. #9: 09/25/03-10/24/03	WF-6389	WR	19,975.99	
Alvord, Burdick & Howson	2003-346	10/31/03	Blow-Off Valve Improvement Tsk Odr. #9: 09/25/03-10/24/03	WF-6389	WR	73.94	
Alvord, Burdick & Howson	2003-347	10/31/03	72" Along Rt. 83 (TIB-1) Task Order # 11: 09/25/03-10/24/03	WF-7913	ST	18,201.32	189,798.40
Ambac Assurance Corporation		11/03/03	Debt Service Reserve Surety Bond: 2003 Revenue Bond	WF-3822	WR	228,685.42	228,685.42
Aries Charter Transportation, Inc.	20995	10/08/03	21 Passenger Mini Bus Rental - Jardine Treatment Plant	WF-6131	WR	327.00	327.00
AT&T	6308340100	10/25/03	Long Dist. Serv. DPPS: 09/25/03-10/25/03	WF-6514	WR	498.59	498.59
AT&T Wireless Service - Chicago	150038750	09/28/03	Cellular Phone Serv.: 08/27/03-09/26/03	WF-6514	WR	196.31	
AT&T Wireless Service - Chicago	150038750	10/28/03	Cellular Phone Serv.: 09/27/03-10/26/03	WF-6514	WR	222.22	418.53
Avalon Petroleum Company	433916	10/01/03	Gasoline	WF-6642	WR	1,448.00	
Avalon Petroleum Company	438774	10/20/03	Gasoline	WF-6642	WR	1,602.00	3,050.00
Banc One Capital Markets, Inc.		10/20/03	Financial Advisory Services - 2003 Revenue Bonds	WF-3150	WR	47,500.00	47,500.00

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

ACPA0311
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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Basic Chemical Solutions, LLC	SI388749	10/03/03	Sodium Hypochlorite	WF-6613	WR	2,520.00	2,520.00
Cardmember Services (First USA Bank)	311806002454	09/03/03	Office Supplies	WF-6521	WR	85.41	
Cardmember Services (First USA Bank)	311806002454	10/03/03	Administrative Expense	WF-6590	WR	268.74	
Cardmember Services (First USA Bank)	311806002454	10/03/03	Office Supplies	WF-6521	WR	31.57	
Cardmember Services (First USA Bank)	311806002462	10/03/03	Valve Test - TW-2: E. Nawrocki	WF-3530	ST	566.50	
Cardmember Services (First USA Bank)	311806002462	10/03/03	Valve Test - TW-2: E. Kazmierczak	WF-6131	WR	566.50	
Cardmember Services (First USA Bank)	311806002470	10/03/03	Replenish I-PASS Transponders: M-78556, M-134705	WF-6131	WR	80.00	1,598.72
Cathodic Protection Management, Inc.	2	10/06/03	Corrosion Survey: Partial Invoice No. 2	WF-6389	WR	115,242.41 (a)	
Cathodic Protection Management, Inc.	2	10/06/03	Corrosion Survey: Partial Invoice No. 2	WF-3520	WR	(11,524.24) (a)	103,718.17
Central Parts Warehouse	45622B	10/02/03	Vehicle Maintenance	WF-6641	WR	29.95	
Central Parts Warehouse	45738A	10/02/03	Vehicle Maintenance	WF-6641	WR	115.82	145.77
Chicago Engraving & Design Studios, Inc.	430	10/03/03	Commissioner Plaque	WF-6590	WR	65.00	65.00
Chicago Suburban Express Inc.	548567	10/10/03	Freight on Meter Station Maintenance Supplies	WF-6633	WR	32.50	32.50
Chicago, City of: Dept. of Water	Ltr.	10/29/03	Electric Service: 08/01/03-09/02/03	WF-6611	WR	102,886.70	
Chicago, City of: Dept. of Water	Ltr.	10/29/03	Electric Service: 09/02/03-09/29/03	WF-6611	WR	83,553.72	186,440.42
Chicago, City of: Supt. of Wtr. Coll.	Ltr.	11/03/03	Water Supply: 10/01/03-10/31/03	WF-1910	WR	(619,101.97)	
Chicago, City of: Supt. of Wtr. Coll.	Ltr.	11/03/03	Water Supply: 10/01/03-10/31/03	WF-6611	WR	3,095,509.86	2,476,407.89
Choice Coffee Co.	109205	10/01/03	Coffee	WF-6521	WR	147.45	147.45
Cintas First Aid & Safety	343184871	10/13/03	First Aid Supplies	WF-6622	WR	118.70	118.70
CLC Lubricants Co.	112907	10/16/03	Maintenance Supplies	WF-6622	WR	217.25	
CLC Lubricants Co.	112907	10/16/03	Drum Deposit	WF-1552	WR	25.00	242.25

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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Commonwealth Edison	Various	10/01/03	Remote Opr.Valve: 09/03/03-10/01/03	WF-6612	WR	847.92	
Commonwealth Edison	Various	10/16/03	CP Station: 09/17/03-10/16/03	WF-6612	WR	120.00	
Commonwealth Edison	Various	10/22/03	Tank Site Serv: 09/25/03-10/22/03	WF-6612	WR	1,409.15	
Commonwealth Edison	Various	10/03/03	Meter Sta. Serv.: 09/04/03-10/03/03	WF-6612	WR	3,933.98	6,311.05
Consolidated Concrete Restoration, Inc.	4702	10/02/03	Foundation Waterproofing at Meter Stations 10C, 15A, 20A	WF-6633	WR	11,700.00	11,700.00
Constellation NewEnergy, Inc.	0297187001	10/30/03	DPPS Electric Service: 09/23/03-10/22/03	WF-6612	WR	116,057.16	116,057.16
CTE Engineers, Inc.	44140599.2000-5	10/17/03	Eng. Serv. - Emergency Operations Plan: 08/23/03-10/03/03	WF-1398	WR	7,060.60	
CTE Engineers, Inc.	44140599.2000-5	10/17/03	Eng. Serv. - Emergency Operations Plan: 08/23/03-10/03/03	WF-6389	WR	7,060.60	
CTE Engineers, Inc.	44140599.2000-5	10/17/03	Eng. Serv. - Emergency Operations Plan: 08/23/03-10/03/03	WF-5900	WR	(7,060.60)	7,060.60
Datastream Systems, Inc.	235993	10/09/03	1 Year Service Agreement: 12/14/03-12/13/04	WF-6622	WR	2,989.00	2,989.00
Door Systems Inc.	0112988-IN	10/24/03	Pedestrian Door for Tank Site	WF-6633	WR	2,275.00	2,275.00
Downers Grove, Village of		10/30/03	Water Quality Loan - Draw # 3	WF-1932	ST	100,000.00	100,000.00
Elmhurst Plaza Standard Inc.	24970	10/11/03	Vehicle Maintenance: M-76785	WF-6641	WR	361.80	
Elmhurst Plaza Standard Inc.	24982	10/14/03	Vehicle Maintenance: M-66159	WF-6641	WR	166.45	528.25
Excalibur Refreshment Concepts, Inc.	29346	10/23/03	Coffee	WF-6521	WR	103.05	103.05
Exelon Service, Inc.	54708	10/23/03	DPPS Security System Upgrade	WF-6622	WR	9,000.00	9,000.00
Federal Express Corp.	4-928-97528	10/22/03	Messenger Service	WF-6532	WR	149.05	149.05

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

ACPA0311
ACCOUNTS PAYABLE SPREADSHEET

MEETING OF

11/13/03

- a - Subject to submission of all contractually required documentation.
b - Subject to satisfactory completion of all DuPage Water Commission contract closeout procedures and requirements.
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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Gallagher, AJ Risk Mgmt Svcs PR		10/29/03	Pollution Legal Liability	WF-1551	WR	24,177.54	
Gallagher, AJ Risk Mgmt Svcs PR		10/29/03	Pollution Legal Liability	WF-6411	WR	4,782.66	
Gallagher, AJ Risk Mgmt Svcs PR		10/31/03	Underground Storage Tank	WF-1551	WR	275.48	
Gallagher, AJ Risk Mgmt Svcs PR		10/31/03	Underground Storage Tank	WF-6411	WR	269.52	
Gallagher, AJ Risk Mgmt Svcs PR	198151	10/06/03	Excess Umbrella	WF-1551	WR	15,074.00	
Gallagher, AJ Risk Mgmt Svcs PR	200633	11/01/03	Pollution Legal Liability	WF-1551	WR	232.92	
Gallagher, AJ Risk Mgmt Svcs PR	200633	11/01/03	Pollution Legal Liability	WF-6411	WR	46.08	
Gallagher, AJ Risk Mgmt Svcs PR	200758	11/01/03	Above Ground Property Excess Limits	WF-1551	WR	15,669.40	
Gallagher, AJ Risk Mgmt Svcs PR	200758	11/01/03	Above Ground Property Excess Limits	WF-6421	WR	15,330.60	
Gallagher, AJ Risk Mgmt Svcs PR	200764	11/01/03	Above Ground Property Insurance	WF-1551	WR	107,158.47	
Gallagher, AJ Risk Mgmt Svcs PR	200764	11/01/03	Above Ground Property Insurance	WF-6421	WR	104,841.53	
Gallagher, AJ Risk Mgmt Svcs PR	200770	11/01/03	Underground Property Insurance	WF-1551	WR	76,596.57	
Gallagher, AJ Risk Mgmt Svcs PR	200770	11/01/03	Underground Property Insurance	WF-6421	WR	74,940.43	
Gallagher, AJ Risk Mgmt Svcs PR	200772	11/01/03	Underground Property Excess Limits	WF-1551	WR	31,980.74	
Gallagher, AJ Risk Mgmt Svcs PR	200772	11/01/03	Underground Property Excess Limits	WF-6421	WR	31,289.26	
Gallagher, AJ Risk Mgmt Svcs PR	200777	11/01/03	Above Ground Property Excess Limits	WF-1551	WR	32,855.19	
Gallagher, AJ Risk Mgmt Svcs PR	200777	11/01/03	Above Ground Property Excess Limits	WF-6421	WR	32,144.81	
Gallagher, AJ Risk Mgmt Svcs PR	200778	11/01/03	Above Ground Property Insurance	WF-1551	WR	23,991.87	
Gallagher, AJ Risk Mgmt Svcs PR	200778	11/01/03	Above Ground Property Insurance	WF-6421	WR	23,473.13	
Gallagher, AJ Risk Mgmt Svcs PR	200780	11/01/03	Underground Property Excess Limits	WF-1551	WR	12,636.61	
Gallagher, AJ Risk Mgmt Svcs PR	200780	11/01/03	Underground Property Excess Limits	WF-6421	WR	12,363.39	640,130.20
Grainger	001-226656-5	10/06/03	Maintenance Supplies	WF-6622	WR	461.81	
Grainger	970-533576-9	10/10/03	Maintenance Supplies	WF-6622	WR	48.95	
Grainger	970-897301-2	10/01/03	Maintenance Supplies	WF-6622	WR	33.18	543.94
Hach Company	3612639	10/06/03	SCADA/Instrumentation	WF-6624	WR	351.30	351.30
Holland & Knight		10/07/03	Legal Services: September 2003	WF-7951	ST	4,525.64	
Holland & Knight		10/07/03	Legal Services: September 2003	WF-6251	WR	19,583.82	24,109.46
Home Depot	4042267	10/10/03	Maintenance Supplies	WF-6622	WR	8.97	
Home Depot	6050585	10/08/03	Maintenance Supplies	WF-6622	WR	93.36	102.33

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

ACPA0311
ACCOUNTS PAYABLE SPREADSHEET

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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
HSQ Technology	5816	10/29/03	SCADA Support Service: 10/01/03-10/31/03	WF-6624	WR	450.00	450.00
Illinois E.P.A.		10/09/03	I.E.P.A. Permit for TIB-1 Construction Project	WF-7972	ST	500.00	500.00
Illinois Paper Company	68418	10/21/03	Office Supplies	WF-6521	WR	211.93	211.93
Invensys Metering Systems		10/20/03	Training - J. Salz	WF-6132	WR	500.00	500.00
J.U.L.I.E.	09-03-0429	10/01/03	Utility Locates: September 2003	WF-6634	WR	4,437.00	4,437.00
JM Process Systems, Inc.	100303A	10/03/03	Equipment Repair	WF-6624	WR	428.85	428.85
Katten Muchin Zavis Rosenman	1300060844	09/29/03	Legal Services as Bond Counsel - 2003 Revenue Bond	WF-3150	WR	112,500.00	112,500.00
Lab Safety Supply, Inc.	1003769093	09/29/03	Maintenance Supplies	WF-6622	WR	172.20	172.20
Lewellyn Technology, Inc.	E0057473	10/29/03	Training: C. Bostick	WF-6132	WR	795.00	795.00
McGladrey & Pullen, LLP	M-1547748-050	10/17/03	Audit - FY '03 - Final Payment	WF-6310	WR	1,500.00	
McGladrey & Pullen, LLP	M-1557908-050	10/31/03	Cash & Investments Review - August 2003	WF-6310	WR	4,700.00	6,200.00
McMaster-Carr Supply Co.	78221441	10/10/03	Maintenance Supplies	WF-6622	WR	48.36	
McMaster-Carr Supply Co.	Various	10/22/03	Steel Mobile Cabinet Workbench, 6' Fiberglass Step Ladder	WF-6633	WR	703.48	751.84
Mel's Ace Hardware	Various	10/01/03	Vehicle Maintenance	WF-6641	WR	58.41	
Mel's Ace Hardware	Various	10/22/03	Locating Supplies	WF-6634	WR	39.07	
Mel's Ace Hardware	01173981 77	10/28/03	Pipeline Repairs	WF-6631	WR	9.15	
Mel's Ace Hardware	Various	10/30/03	Maintenance Supplies	WF-6622	WR	142.40	249.03
Menards - Hillside	62350	10/03/03	Maintenance Supplies	WF-6622	WR	13.32	13.32
Mid-Town Petroleum, Inc.	87266	10/29/03	Maintenance Supplies	WF-6622	WR	445.00	
Mid-Town Petroleum, Inc.	87266	10/29/03	Drum Deposit	WF-1552	WR	20.00	465.00

DUPAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

ACPA0311
ACCOUNTS PAYABLE SPREADSHEET

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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
MK Battery	360848	10/13/03	Batteries for Emergency Lights	WF-6622	WR	748.80	748.80
Moody's Investors Service	F1437771-000	10/08/03	Bond Rating: 2003 Water Revenue Refunding Bonds	WF-3150	WR	54,398.00	54,398.00
Naperville, City of	Various	10/22/03	Meter Sta. Service: 09/15/03-10/15/03	WF-6612	WR	447.86	447.86
National City Bank	801810001	10/16/03	Safekeeping Fees: 09/01/03-09/30/03	WF-6233	WR	866.90	866.90
National Relay Labs	95764	10/31/03	Calibrate Electromechanical Protective Relays	WF-6621	WR	4,800.00	4,800.00
Network Technologies Group, LLC	15894	10/13/03	Corrosion Telemetry: 09/01/03-10/12/03	WF-6514	WR	158.57	158.57
Neuco Inc.	435859	10/15/03	Pump Parts	WF-6621	WR	268.40	268.40
Nextel Communications	648652511	10/17/03	Cellular Phone Serv.: 09/09/03-10/08/03	WF-6514	WR	233.09	233.09
NICOR	2-38-82-32429	10/17/03	DPPS Service: 09/12/03-10/14/03	WF-6513	WR	104.60	104.60
North Shore Uniform	03-859	09/18/03	Employee Uniforms	WF-6626	WR	541.82	541.82
Orr Safety Corporation	TSD0004899	10/02/03	Repairs to Gas Detector	WF-6622	WR	290.00	
Orr Safety Corporation	TSD0005139	10/21/03	Repairs to Gas Detector	WF-6622	WR	65.00	355.00
PMA Financial Network, Inc.	77491	10/21/03	PMA Local Bank Analysis Report	WF-6232	WR	625.00	625.00
Program Professional Service, Inc.	80071	10/21/03	Window Washing DPPS: October 2003	WF-6622	WR	167.00	
Program Professional Service, Inc.	80120	10/25/03	Window Washing DPPS: October 2003	WF-6622	WR	300.00	467.00
Quill	4360352	10/15/03	Office Supplies	WF-6521	WR	335.03	
Quill	4402607	10/17/03	Office Supplies	WF-6521	WR	263.90	598.93
Reliable Office Supplies	CVM45700	10/29/03	Office Supplies	WF-6521	WR	63.24	
Reliable Office Supplies	CVM48800	10/30/03	Office Supplies	WF-6521	WR	76.32	139.56

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Rossi Contractors, Inc.	30601	11/03/03	Insurance & Bonds for Contract QR-6/02	WF-6631	WR	19,500.00	19,500.00
Rossi Contractors, Inc.	BOV-1	10/31/03	Cont. BOV-1: Partial Invoice No. 15	WF-6631	WR	638,391.59 (a)	
Rossi Contractors, Inc.	BOV-1	10/31/03	Cont. BOV-1: Partial Invoice No. 15	WF-3520	WR	(63,839.16) (a)	
Rossi Contractors, Inc.	BOV-1	10/31/03	Cont. BOV-1: Partial Invoice No. 15	WF-3530	WR	(4,200.00) (a)	570,352.43
Royal Office Products	Various	10/13/03	Office Supplies	WF-6521	WR	160.65	160.65
SBC	6308940725	10/04/03	Tank Site #1: 10/04/03-11/03/03	WF-6514	WR	20.71	
SBC	6308340100	09/22/03	Service DPPS: 09/22/03-10/21/03	WF-6514	WR	573.88	
SBC	6308340100	10/22/03	Service DPPS: 10/22/03-11/21/03	WF-6514	WR	642.06	
SBC	7082096241	10/16/03	Backup Telemetry Serv: 10/16/03-11/15/03	WF-6514	WR	705.36	1,942.01
SBC Paging	2220004	10/01/03	Pager Service: 10/01/03-10/31/03	WF-6514	WR	156.07	
SBC Paging	2220004	11/01/03	Pager Service: 11/01/03-11/30/03	WF-6514	WR	156.98	313.05
Sears Commercial Credit	T035097	10/03/03	Maintenance Supplies	WF-6622	WR	844.36	844.36
Seeco Consultants, Inc.	11441	10/27/03	Material Testing - BOV-1: 09/16/03-10/15/03	WF-6389	WR	1,112.00 (a)	1,112.00
Sir Speedy	39497	10/03/03	Duplication of Tank Site #1 Pump Station O & M Manuals	WF-6621	WR	743.75	743.75
Sooper Lube	Various	10/30/03	Vehicle Maintenance: M-82136	WF-6641	WR	108.80	108.80
Specialty Mat Service	217607	10/06/03	Floor Mat Service: 10/06/03	WF-6622	WR	58.40	
Specialty Mat Service	219383	10/20/03	Floor Mat Service: 10/20/03	WF-6622	WR	233.40	291.80
SPI Energy Group		10/01/03	Eval. of On-Site Generation Proposals: 08/29/03-09/30/03	WF-6389	WR	973.75	973.75
ThyssenKrupp Elevator Company	3916	11/01/03	Elevator Maintenance: 11/01/03-11/30/03	WF-6622	WR	218.42	218.42
Total Facility Maintenance, Inc.	113080	11/01/03	DPPS Cleaning Services: November 2003	WF-6622	WR	1,925.83	1,925.83

DU PAGE WATER COMMISSION - ACCOUNTS PAYABLE 03-OCT-03 TO 06-NOV-03

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VENDOR	INVOICE #	DATE	DESCRIPTION	ACCT# (c)	FUNDING SOURCE	INVOICE AMOUNT	VENDOR AMOUNT
Tree Town Repro Service	675071	10/22/03	Mylar Plan Reproduction	WF-6634	WR	59.40	
Tree Town Repro Service	675600	10/22/03	Mylar Plan Reproduction	WF-6634	WR	60.30	
Tree Town Repro Service	683935	10/02/03	Photocopying Services	WF-6622	WR	15.00	
Tree Town Repro Service	684298	10/01/03	Tank Site #1 Drawings	WF-6633	WR	15.00	149.70
United Radio Communications	9995600	10/29/03	Portable Radio Repairs	WF-6641	WR	128.03	128.03
United States Postal Service		11/04/03	Replenish Postage Meter	WF-6532	WR	3,000.00	3,000.00
USABlueBook	722756	10/03/03	Pumping Operations	WF-6621	WR	106.75	106.75
Verizon Wireless	Various	10/11/03	Cellular Phone Serv.: 10/12/03-11/11/03	WF-6514	WR	294.72	294.72
Waste Management North	2020902-2008-0	11/01/03	Refuse Disposal	WF-6622	WR	149.82	149.82
West Shore Pipe Line Company		10/09/03	Relocation Work for TIB-1	WF-7500	ST	869,375.00	869,375.00
Wildman, Harrold, Allen & Dixon LLP	241014	10/07/03	In-House Counsel Employment Considerations	WF-6259	WR	230.00	230.00
Total Accounts Payable							5,833,087.45 =====



October 28, 2003

Mr. James J. Holzwart
DuPage Water Commission
600 E. Butterfield Road
Elmhurst, IL 60126-0120

Dear James:

It was a pleasure to talk with you regarding the project to analyze certain aspects of Illinois Public Act 93-0226 (the Act) as it relates to the rate equalization provision for the DuPage Water Commission. Per your request we are providing a short letter discussing our understanding of the scope of the project along with our proposed fees.

SCOPE OF SERVICES

Based on our discussion, we understand that the scope of services for this project will be as follows:

Phase I

- We will review the complete Illinois Public Act 93-0226 as it relates to the DuPage Water Commission.
- We will analyze the sections that relate to rate equalization as described in section 70 ILCS 3720/0.02 for the purpose of interpreting its meaning.
- We will prepare a written deliverable which discusses our interpretation of this section, paying particular attention to the phrase "pro-rata portion of the original capital costs less any rebates".
 - The deliverable shall include our evaluation of the terms "pro-rata portion", "original capital costs" and "rebates" as used in the Act. The deliverable shall include the basis for our interpretation including but not limited to: definitions used in generally accepted accounting principles, definitions used in the enabling legislation for the creation of the DuPage Water Commission, industry practices and DuPage Water Commission historical uses for the terms.
 - Based on our analysis of the terms of the Act, the deliverable shall include a preliminary analysis of what this section of the Act means to the DuPage Water Commission. This shall include our interpretation of the parties this section applies to including addressing the issue of potential refunds.
 - Based on our interpretation, we will provide the Commission with our recommendations of compliance with this section of the Act.

Phase II

- Phase II will consist of developing a plan for implementation of compliance with the Act as recommended in Phase I and subsequently approved by the DuPage Water Commission. The plan for implementation will lay out the steps needed for compliance, a timeline for completion and an assignment of the party responsible for completion of each step.

Mr. James J. Holzwart
DuPage Water Commission

October 28, 2003
Page 2

Phase II –continued

- Virchow Krause & Co. LLP is available to provide assistance with implementation of the steps outlined in the plan for implementation described above, based on the needs of the DuPage Water Commission.

PROJECT FEES

Based on our preliminary review of the history of DuPage Water Commission, a reading of the Act and other financial information of the Commission we estimate the fees for Phase I to be \$20,000. This fee includes the deliverables described above for Phase I only. The fee includes attendance at two DuPage Water Commission meetings. Additional meetings will be billed at our cost. Out-of-pocket expenses for mileage reimbursement, telephone, copies, etc., will be billed at our cost. Phase II fees will be based on the findings in Phase I and the level of assistance desired by the Commission for implementation. Our invoices for these fees will be rendered each month as work progresses, with payment due upon presentation. A finance charge of 1.5% per month shall be imposed on accounts not paid within 30 days of the receipt of our statement for services. Our fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the project. If significant additional time is necessary, we will discuss it with you.

You agree that our liability to you for any damages incurred as a result of this engagement, shall be limited to the amount paid by you for services under this engagement or Five Thousand Dollars (\$5,000.00), whichever is greater.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than three years after the act, event or service that is subject of such action or within one year of discovery of such act, error, or omission, whichever occurs last.

It is agreed that all disputes that arise in connection with our engagement that cannot be mutually resolved by us shall be submitted to binding arbitration under the rules and procedures of the American Arbitration Association.

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If any provision of this letter is determined to be unenforceable, all other provisions shall remain in force.

SUMMARY

We are pleased that you considered Virchow Krause & Co. LLP for this important project. We have a solid reputation for providing consulting services to public utilities throughout the nation. We agree that an analysis by a firm that is independent from the Commission and its members is a good idea. Virchow Krause & Co. LLP not only offers some of the most experienced accountants and consultants in the public utility industry, we also have engineers on staff that can assist if needed.

Mr. James J. Holzwart
DuPage Water Commission

October 28, 2003
Page 3

We hope that the scope of the project as outlined in this letter meets your vision of the desired outcomes for the project.

We appreciate the opportunity to be of service to the DuPage Water Commission and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

We look forward to working with you on this project, and we appreciate the opportunity to be of service.

Sincerely,

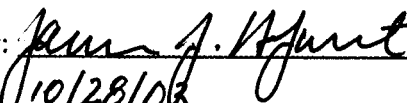
VIRCHOW, KRAUSE & COMPANY, LLP



Vicki V. Hellenbrand, CPA, Partner

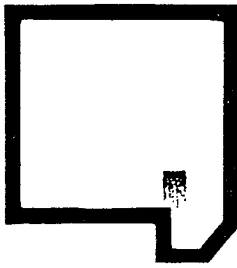
VVH/jj

Accepted By:



Date:

10/28/03



DU PAGE WATER COMMISSION

600 E. BUTTERFIELD ROAD ELMHURST, IL 60126-4642
(630) 834-0100 FAX: (630) 834-0120

October 24, 2003

SEE ATTACHED LIST

Dear _____ :

Enclosed is a copy of the audited Annual Financial Report for the fiscal year ending April 30, 2003 for the DuPage Water Commission. If you have any questions, please feel free to contact me.

Very truly yours,

Richard H. Skiba, Jr.
Financial Administrator

/vpb
Enclosure

cc: Chairman and Commissioners
James J. Holzwart, Gen. Mgr.

Accounting/Correspondence/YEAR END AUDIT REPORT.DOC
Accounting/Correspondence/AUDIT SEND CUSTOMERS
Accounting/Correspondence/AUDIT SEND FIN OFF
Accounting/Correspondence/AUDIT SEND OTHERS

Mr. Ed Krauss
Moody's Investor Service
39 Church Street
New York, NY 10007

Governmental Accounting
Standards Board
Post Office Box 5116
Norwalk, Connecticut 06856-
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Skillman, NJ 08558

FT Interactive Data
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New York, NY 10038

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Darien, IL 60559

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Village Administrator
Village of Glendale Heights
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Glendale Heights, IL 60139

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Village Administrator
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Itasca, IL 60143-1795

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City Manager
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Naperville, IL 60566-7020

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Villa Park, IL 60181-2696

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Willowbrook, IL 60521

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Mgr. Of Utility Services
Argonne National Laboratory
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Argonne, IL 60439

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General Manager
Illinois American Water Co.
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Mr. Riccardo Ginex
Village Manager
Village of Downers Grove
801 Burlington Avenue
Downers Grove, IL 60515-4776

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Glen Ellyn, IL 60137

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Village of Lisle
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Lisle, IL 60532-1898

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Village Manager
Village of Oak Brook
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Oak Brook, IL 60521-2255

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Acting Village Manager
Village of Westmont
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Westmont, IL 60185

Mr. Brad Townsend
City Manager
City of Wood Dale
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Wood Dale, IL 60191-1596

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Village Manager
Village of Winfield
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Mr. Daniel Wennerholm
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Village of Bloomingdale
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Bloomingdale, IL 60108-1403

Mr. Robert Bahan
Village Manager
Village of Clarendon Hills
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Clarendon Hills, IL 60514-1292

Mr. Thomas Borchert
City Manager
City of Elmhurst
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Elmhurst, IL 60126-2892

Mr. Bo Proczko
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Village of Hinsdale
19 E. Chicago Avenue
Hinsdale, IL 60521

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Village of Lombard
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Lombard, IL 60148

Ms. Robin Weaver
Village Administrator
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Mr. John Perry
Village Administrator
Village of Woodridge
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Woodridge, IL 60517

Mr. Martin Bourke
City Administrator
City of Oakbrook Terrace
17W275 Butterfield Road
Oakbrook Terrace, IL 60181

Mr. Thomas Kuehne
Finance Director
Village of Addison
One Friendship Plaza
Addison, IL 60101-2786

Mr. Stan Helgersen
Finance Director
Village of Carol Stream
500 N. Gary Avenue
Carol Stream, IL 60188-1899

Ms. Trisha Steele
Acting Director of Finance
Village of Downers Grove
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Downers Grove, IL 60515-4776

Mr. Jon Batek
Finance Director
Village of Glen Ellyn
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Glen Ellyn, IL 60137

Ms. Kim Schiller
Finance Director
Village of Lisle
925 Burlington Ave.
Lisle, IL 60532-1898

Mr. Darrell J. Langlois
Finance Officer/Treasurer
Village of Oak Brook
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Oak Brook, IL 60521-2255

Ms. Bonnie Owens
Finance Director
Village of Westmont
31 W. Quincy Street
Westmont, IL 60185

Mr. Robert Broznowski
Finance Director
City of Wood Dale
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Wood Dale, IL 60191-1596

Mr. Richard Saks
Finance Director
City of Oakbrook Terrace
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Mr. Warren C. Warren
Finance Director
City of West Chicago
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West Chicago, IL 60185

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Village Treasurer
Village of Bensenville
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Bensenville, IL 60106

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Director of Finance
Village of Clarendon Hills
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Ms. Marilyn Gaston
Director of Finance
City of Elmhurst
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Elmhurst, IL 60126-2892

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Asst. Village Mgr./Dir. Of Adminis.
Village of Hinsdale
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Hinsdale, IL 60521

Mr. Leonard Flood
Finance Director
Village of Lombard
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Lombard, IL 60148

Ms. Pamela Figolah
Director of Finance
Village of Roselle
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Roselle, IL 60172

Mr. Mark Horton
Director of Finance
City of Wheaton
P. O. Box 727
Wheaton, IL 60189-0727

Ms. Christine Tromp
Director of Finance
Village of Woodridge
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Woodridge, IL 60517

Mr. Erik Bush
Director of Finance & Information
Services
City of Warrenville
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Finance Director/Treasurer
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City Treasurer
City of Darien
1702 Plainfield Rd.
Darien, IL 60559

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Finance Director
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Ms. Carole Schreiber
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Village of Itasca
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Villa Park, IL 60181-2696

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Director of Finance
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Willowbrook, IL 60521

Mr. Nick Narducci
Finance Director
Village of Winfield
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Winfield, IL 60190

Mr. Bill Sheehan
Treasurer
Village of Wayne
5N430 Railroad Street
Wayne, IL 60184



DuPage Water Commission

MEMORANDUM

TO: Chairman & Commissioners

FROM: General Manager

DATE: October 3, 2003

SUBJECT: Subsequent Customer Pricing Under PA93-0226

At its September meeting, the Commission asked for information regarding the retroactive effect of applying PA93-0226 to municipal subsequent customers. A preliminary analysis has been completed for Winfield and Oakbrook Terrace.

This analysis is intended to demonstrate the order of magnitude of any rebates resulting from such a program. Detailed, final estimates for all subsequent customers would require an extensive analysis and recalculation of monthly invoices—82 in the case of Winfield and 46 for Oakbrook Terrace. Before the time required in order to complete this analysis is expended, the Commission will need to arrive at a policy decision with regard to the interpretation of “original costs less rebates.”

It should also be noted this preliminary estimate contained in this report is based upon the following criteria:

- this analysis was done on a macro basis as of August 31, 2003;
- an equity “buy-in” approach has been used in lieu of missed fixed cost payments;
- the Commission’s cost of capital was based on the weighted average interest rate of outstanding Commission general obligation and revenue bonds as of the date of execution of the subsequent customer contracts involved;
- the time value of money has not been considered.

REIMBURSEMENT OF CONNECTION FACILITIES

Reducing the interest rate on these facilities to the Commission's cost of capital had a minor affect on each municipal subsequent customer. From 10%, Oakbrook Terrace's rate was reduced to 5.94%. Due to certain understandings in the Winfield contract, its original contract interest rate was 5% prior to its first delivery of water and 10% thereafter. Under the "cost of capital" assumption, Winfield's interest rate would be 5.99%.

Oakbrook Terrace's outstanding connection facilities balance as of August, 2003 would be reduced from \$32,266 to \$27,016. Their monthly facilities payment from September, 2003 through April 2024 would be reduced to \$189 from \$308.

Winfield has actually fully reimbursed the Commission for its connection facilities. However, the effect of the changed interest rate resulted in an additional \$57 being owed to the Commission as of August, 2003.

MISSED FIXED COST PAYMENTS

The substitution of the "equity buy-in" for the missed fixed cost payments coupled with the "cost of capital" rate for the 10% original contract rate reduced the "buy-in" for both municipal subsequent customers.

As of August, 2003, Oakbrook Terrace would receive a \$23,660 refund. Its monthly payment would be reduced to \$799 from \$1,510 from September, 2003 through April 30, 2024.

Winfield had also prepaid some of its missed fixed cost payments. Under this analysis its remaining monthly payment would be reduced to \$5,874 from \$8,488 from September, 2003 through April, 2024. Winfield would also receive a refund of missed fixed cost payments paid through August, 2003 of \$605,884.

CAPITAL RISK FACTOR CHARGES

From October, 1999 through August, 2004, Oakbrook Terrace paid \$42,160 in Capital Risk (15%) charges. From October, 1996 through August, 2004, Winfield paid \$588,746 in Capital Risk (15%) charges. (Note: from April, 1995 through August, 2004, all private utility subsequent customers paid \$1,689,141 in Capital Risk (15%) charges.)

McGladrey & Pullen

Certified Public Accountants

To the Board of Commissioners
DuPage Water Commission
Elmhurst, IL

This letter is intended to inform the Board of Commissioners of the DuPage Water Commission about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Board of Commissioners.

In addition to our report on your financial statements, we have provided under separate cover a letter, dated June 19, 2003, concerning the internal control conditions that we noted during our audit of the DuPage Water Commission financial statements for the year ended April 30, 2003.

The following summarizes various matters which must be communicated to you under auditing standards generally accepted in the United States of America.

The Auditor's Responsibility Under Generally Accepted Auditing Standards

Our audit of the financial statements of the DuPage Water Commission for the year ended April 30, 2003 was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

Significant Accounting Policies

The Board of Commissioners have the ultimate responsibility for the appropriateness of the accounting policies used by the Commission. Following is a description of significant accounting policies or their application which were either initially selected or changed during the year.

- Implementation of Governmental Accounting Standards Board Statement No. 40 which amends GASB Statement No. 3.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. The Board of Commissioners may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Commission.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Major Issues Discussed with Management Prior to Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the DuPage Water Commission.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than the specified parties.

McGladrey & Pullen, LLP

Schaumburg, Illinois
October 10, 2003

DuPage Water Commission

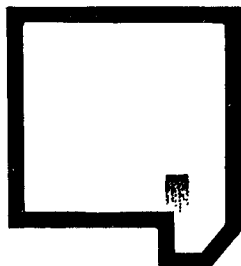
Basic Financial Statements and
Management's Discussion and Analysis
April 30, 2003

DuPage Water Commission

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DU PAGE WATER COMMISSION

600 E. BUTTERFIELD ROAD ELMHURST, IL 60126-4642

(630) 834-0100 FAX: (630) 834-0120

October 8, 2003

To the Chairman and Members
of the Board of Commissioners
DuPage Water Commission

Lady and Gentlemen:

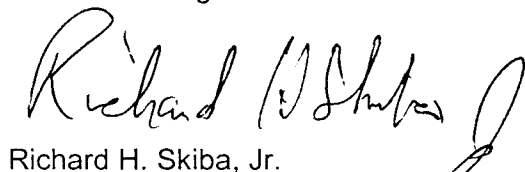
The audited financial statements for fiscal year 2002-03 and the report from McGladrey & Pullen, LLP accompany this letter. These financial statements have been prepared in compliance with accounting principles set by the Governmental Accounting Standards Board (GASB).

GASB adopted new accounting standards in June, 1999 that require a management discussion and analysis to be part of the basic annual audited financial statements. That document is included for the second time in these audited financial statements for the fiscal year ending April 30, 2003.

In November, the Commission will issue a separate water system annual report providing additional, unaudited information on operating as well as financial results. Readers of this report are referred to the water system annual report for more detailed budget variance and other financial analyses.

Respectfully submitted,


James J. Holzwart
General Manager


Richard H. Skiba, Jr.
Financial Administrator

FY 2003 Transmittal Letter.doc

DuPage Water Commission

Management's Discussion and Analysis

In June 1999, the Governmental Accounting Standards Board (GASB) adopted Statement 34, "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments." The standard requires that a "Management Discussion and Analysis" be included in annual audited basic financial statements. The Commission implemented GASB Statement 34 for the fiscal year ending April 30, 2002.

FUND STRUCTURE

The Commission's only fund, the Water Fund, is a proprietary fund type. As such, it records its transactions based on the flow of economic resources. Both the Commission's sales tax, which is not a user fee, and its general obligation bonds are accounted for in the Water Fund.

FINANCIAL OPERATIONS SUMMARY

With revenues of \$91.1 million and expenses amounting to \$70.0 million, the Commission's net assets increased by \$21.1 million in fiscal year 2002-03 to \$368.8 million. Restricted net assets and net assets invested in property, plant and equipment were \$51.2 million and \$181.2 million respectively. Of the \$136.4 million of unrestricted net assets, \$28.1 million was designated to meet emergencies and \$49.5 million was designated for capital improvements including related debt service. Another \$45.0 million has been set aside to mitigate against the possibility of future water rate increases. Water quality commitments and unfunded pension liabilities of \$10.0 million and \$3.8 million respectively account for the balance of unrestricted net assets.

BUDGETARY ANALYSIS

Total revenues were 2.1% less than budget. Total operating expenditures were below budget by 3.8%.

Water operations and maintenance revenues were 1.0% less than budget. Wet weather slowed May 2002 water sales. Beginning in June, extremely dry hot conditions helped the Commission set an all-time monthly record for water deliveries in July: 3.8 billion gallons. But, for the fiscal year, total water sales were 31.96 billion gallons against a budget of 32.28 billion gallons.

The Commission's sales tax receipts have been reduced by the national economic slow down. Sales tax collections for the fiscal year were \$3,013,000 (8.9%) less than budget.

Falling interest rates have caused an increase in investment market values. As a result of these market fluctuations, investment income was 28.2% above budget. Statement 31 of the Governmental Accounting Standards Board requires investments be reported at fair market value. A number of these investments were purchased when market yields were higher and were held because the current market did not match those yields. The market value of these investments exceeds their value at maturity by approximately \$2.8 million. Due to the Commission's practice of investing to maturity, this market-based income likely will not be realized.

DuPage Water Commission

Management's Discussion and Analysis

Overall direct water supply costs were 1.2% over budget. Electric service costs at both the City of Chicago's pumping station and the Commission's pumping station were significantly higher than budgeted.

Bond interest costs were 12.3% less than the budget due to a budgeting error. A \$935,000 premium amortization was budgeted as a discount. This resulted in a \$1.87 million favorable budget variance at fiscal year end.

Insurance costs are significantly less than the current fiscal year budget. The Commission had to increase property insurance deductibles, which caused the Commission to increase its self-insurance budget line item by nearly \$1.0 million for fiscal year 2002-03. No self-insured losses were incurred.

COMPARISON TO PRIOR FISCAL YEAR

Water sales for fiscal year 2002-03 were 31.96 billion gallons versus 30.99 billion gallons last fiscal year. There were no major new customers. The reduction in the amount of total water sales, despite the increase in gallons delivered, is attributable to a reduction in the average charter customer water rate from \$1.75 per 1,000 gallons to \$1.65 on May 1, 2002.

The national economic slow down has affected the Commission's sales tax receipts. This revenue source was significantly less than fiscal year 2001-02. Despite this decrease, sales tax revenues have been sufficient to fund all system capital improvements as well as providing an alternative funding source for debt service. Sales taxes were used to make all general obligation bonds payments in fiscal year 2002-03. In addition, \$7.7 million of sales tax funds were used to reduce the customers' fixed cost payments for fiscal year 2002-03 by 43%. This is a continuation of a practice started in fiscal year 1997-98.

Interest income was slightly lower than fiscal year 2001-02. Yields for fiscal year 2001-02 were 3.5% versus 2.9% in fiscal year 2002-03.

All other revenues are derived mainly from construction reimbursements for additional metering and emergency connection facilities. Most of the work on these projects occurred last fiscal year. No new projects were started in fiscal year 2002-03.

Water distribution costs increased due mainly to higher electric utility costs and a 4% increase in water rates charged by the City of Chicago. Repairs to the DuPage Pumping Station heating system and the blow-off valve repair project added an additional \$1.9 million not incurred in the previous fiscal year.

The decrease in bond interest is due to the reduction of outstanding bond principal. The refinancing of the Commission's general obligation bond in December 2001 also reduced the yield on the Commission's outstanding debt.

In the fiscal year 2002-03, the Commission placed \$5.7 million of new pipelines and metering facilities in service. This caused a slight increase in depreciation expense.

DuPage Water Commission

Management's Discussion and Analysis

As maintenance responsibilities have expanded, two new technical positions were added in fiscal year 2002-03. This along with normal salary adjustments caused the change in personnel from fiscal 2001-02 levels.

Under the all other expenses category, insurance costs were substantially more than the prior fiscal year. Rising property insurance costs are the reason for the change from last fiscal year. In attempting to help solve a water quality issue involving unincorporated areas not served by the Commission, the Commission incurred legal costs higher than the prior fiscal year.

DUPAGE WATER COMMISSION REVENUES AND EXPENSES YEAR-TO-YEAR COMPARISON

	FY 2002-2003	FY 2001-2002	INCREASE (DECREASE)	% CHANGE
REVENUES				
WATER SALES - ALL CATEGORIES	\$ 53,978,882	\$ 55,506,213	\$ (1,527,331)	-2.8%
SALES TAXES	30,704,457	33,062,484	(2,358,027)	-7.1%
INVESTMENT INCOME	5,808,624	6,027,426	(218,802)	-3.6%
ALL OTHER REVENUES	569,493	3,002,774	(2,433,281)	-81.0%
TOTAL REVENUE	91,061,456	97,598,897	(6,537,441)	-6.7%
EXPENSES				
WATER DISTRIBUTION	46,305,822	40,745,833	5,559,989	13.6%
BOND INTEREST	13,347,632	15,407,363	(2,059,731)	-13.4%
DEPRECIATION	6,424,735	6,323,022	101,713	1.6%
PERSONAL SERVICES	2,326,679	2,116,275	210,404	9.9%
ALL OTHER EXPENSES	1,587,078	1,137,472	449,606	39.5%
TOTAL EXPENSES	69,991,946	65,729,965	4,261,981	6.5%
NET REVENUE/ EXPENSE	\$ 21,069,510	\$ 31,868,932	\$(10,799,422)	-33.9%

DuPage Water Commission

Management's Discussion and Analysis

DUPAGE WATER COMMISSION
SUMMARY OF CHANGES IN NET ASSETS

ASSETS	April 30, 2003	April 30, 2002	INCREASE (DECREASE)
CASH & INVESTMENTS	\$203,420,754	\$191,696,574	\$11,724,180
RECEIVABLES	14,962,546	16,533,833	(1,571,287)
OTHER ASSETS	646,487	531,438	115,049
NET PROPERTY PLANT AND EQUIPMENT	379,640,940	380,187,750	(546,810)
DEFERRED WATER SUPPLY CONTRACT COST	12,414,247	20,221,726	(7,807,479)
TOTAL ASSETS	\$611,084,974	\$609,171,321	\$1,913,653
LIABILITIES & EQUITY			
PAYABLES	5,128,126	6,645,547	\$(1,517,421)
ACCRUED INTEREST	4,831,062	5,129,812	(298,750)
DEFERRED REVENUE	3,030,408	3,287,169	(256,761)
BONDS PAYABLE – CURRENT	18,415,000	17,550,000	865,000
BONDS PAYABLE - NON CURRENT, NET	210,902,697	228,850,622	(17,947,925)
TOTAL LIABILITIES	242,307,293	261,463,150	\$(19,155,857)
NET ASSETS	\$368,777,681	\$347,708,171	\$21,069,510

DuPage Water Commission

Management's Discussion and Analysis

CAPITAL ASSET CHANGES

The Commission's capital assets increased by \$5.8 million during fiscal year 2002-03. Of this amount, \$3.8 million was for metering station facilities. Total fixed assets before depreciation stood at \$426.1 million on April 30, 2003. There were \$12.4 million of watermain and delivery facilities under construction at fiscal year end.

DUPAGE WATER COMMISSION CHANGES IN CAPITAL ASSETS YEAR-TO-YEAR COMPARISON

CAPITAL INVESTMENT	FY 2002-2003	FY 2001-2002	INCREASE (DECREASE)	% CHANGE
LAND AND PERMANENT EASEMENTS	\$ 11,158,482	\$ 11,158,482	\$ -	0.0%
WATER MAINS	322,878,065	321,044,013	1,834,052	0.6%
BUILDINGS AND OTHER STRUCTURES	81,377,256	77,513,863	3,863,393	5.0%
PUMPING EQUIPMENT	5,225,286	5,225,286	-	0.0%
OFFICE FURNITURE AND EQUIPMENT	4,950,579	4,933,416	17,163	0.3%
VEHICLES AND OTHER EQUIPMENT	485,393	441,746	43,647	9.9%
TOTALS	\$ 426,075,061	\$ 420,316,806	\$ 5,758,255	1.4%

DEBT ADMINISTRATION

All scheduled bond payments through May 1, 2003 were made on time. Requirements of the revenue bond ordinance have also been met, in full, as of fiscal year end. Principal reductions of \$8.4 million in general obligation debt and \$9.2 million in revenue bond were achieved. On April 30, 2003, remaining general obligation bonded debt was \$84.3 million. Revenue bond principal outstanding was \$155.3 million.

General obligation bond principal and interest payments continue to be 100% funded through the Commission's sales tax proceeds. This allowed for the abatement of \$13.1 million of property taxes for the Commission's general obligation bonds in February 2003. Property taxes for the bond payments have been abated annually since 1986.

DuPage Water Commission

Management's Discussion and Analysis

DUPAGE WATER COMMISSION CHANGES IN OUTSTANDING BONDED DEBT YEAR-TO-YEAR COMPARISON

DEBT INSTRUMENT	FY 2002-2003	FY 2001-2002	INCREASE (DECREASE)	% CHANGE
FULL FAITH AND CREDIT GENERAL OBLIGATION BONDS	\$ 84,275,000	\$ 92,675,000	\$ (8,400,000)	-9.1%
REVENUE BONDS BACKED BY FIXED COST REQUIREMENTS	155,260,000	164,410,000	(9,150,000)	-5.6%
TOTALS	\$239,535,000	\$ 257,085,000	\$ (17,550,000)	-6.8%

INVESTMENT PORTFOLIO

The Commission's investment portfolio totaled \$203.5 million. It was earning 1.27% based on market yield and 2.04% based on original purchase price. The benchmark yield adopted by the Commission was 1.00% at April 30, 2003.

Commission funds are invested as follows: United States Treasury obligations (34.4%), United States Agency obligations (30.3%), the Illinois Funds Money Market Fund (8.0%), the Illinois Funds Prime Funds (8.2%), certificates of deposit (12.3%) and government money market funds (6.8%).

OTHER FINANCIAL INFORMATION

On July 22, 2003, the Illinois Governor signed into law Public Act (PA) 93-0226. This act impacts certain DuPage Water Commission procedures and contracts as well as provides a one-time \$75 million grant from the Commission to DuPage County payable over a five-year period. The impact of the act is currently under review by the Commission.

The act also limits the Commission's average charter customer water rate to be no greater than current levels (\$1.65 per 1,000 gallons) until April 30, 2008. This rate is expected to be sufficient to meet all Commission obligations and complete all currently planned capital projects.

DuPage Water Commission

Management's Discussion and Analysis

The impact of the one-time \$75 million transfer to DuPage County is reflected in the July 2003 financial reports. It has been determined that, under applicable accounting rules, this is in part a current and long-term liability of the Commission as of July 22, 2003.

After the enactment of PA 93-0226, both Standard & Poor's and Moody's Investors Services undertook a re-rating of the Commissions 1993 Water Revenue Bonds. After a full review of the Commissions financial plans for this and the next four fiscal years, both agencies confirmed the rating given to the Commission 1993 revenue bonds prior to the enactment of PA 93-0226. Standard & Poor's rating was confirmed as "AAA" and Moody's confirmed their "Aa1" rating.

On August 27, 2003, the Commission sold \$135,810,000 of refunding revenue bonds at an average interest rate of 3.98%. On September 30, 2003, the Commission delivered these new bonds thereby retiring \$145,655,000 of revenue bonds issued in 1993 at an average yield of 5.64%. The present value saving to the Commission of this transaction was nearly \$6.9 million. The underlying rating on the uninsured 2003 bonds (maturing May 1, 2004 through May 1, 2008) is "AAA" by Standard & Poor's and "Aa1" by Moody's Investor Services. Certain maturities of the new bonds (May 1, 2009 through May 1, 2016) are insured by AMBAC Assurance Corporation and are rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

The Commission joined with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. The Commission became aware of a water contamination issue involving areas of the county not presently receiving Lake Michigan water service. As a wholesale distributor of Lake Michigan water, the Commission is not able to directly address this issue. However, the Commission agreed to make long-term, low-interest loans available to customer municipalities, retailers of Lake Michigan water, to extend their systems to serve county areas having water quality issues.

The full extent of this contamination is unknown at this time. However, the Commission committed to provide loans totaling not more than \$10 million toward mitigating the problem over the next five fiscal years without affecting its current financial condition. While these long-term, low-interest loans may reduce the Commission's investment income, both the Commission's long-term rate stabilization and five-year capital improvement programs will not be adversely affected by this commitment.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Honorable Chairman and
Members of the Board of Commissioners
DuPage Water Commission

We have audited the accompanying basic financial statements of the DuPage Water Commission (Commission), as listed in the table of contents, as of April 30, 2003, and for the year then ended. These basic financial statements and the schedules referred to below are the responsibility of the Commission's management. Our responsibility is to express an opinion on these basic financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of April 30, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 40, "Deposit and Investment Risk Disclosures" – an Amendment of GASB No. 3 as of and for the year ended April 30, 2003.

The Management's Discussion and Analysis on pages 1 through 7 is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on budget comparison listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information was not audited by us and, accordingly, we do not express an opinion thereon.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 19, 2003

DuPage Water Commission

Statement Of Net Assets

April 30, 2003

Assets

Cash and investments	\$ 120,777,233
Restricted cash and investments	82,643,521
Receivables	
Water sales	6,067,707
Accrued interest	1,351,793
Sales tax	7,170,000
Other	373,046
Inventory	167,080
Prepaid expenses and deposits	479,407
Fixed assets, less accumulation depreciation of \$66,175,011 (Note 9)	359,900,050
Construction in progress	19,740,890
Deferred water supply contract costs	12,414,247

Total assets	\$ 611,084,974
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Liabilities

Accounts payable	\$ 3,335,694
Contract retentions	1,170,141
Accrued liabilities	622,291
Accrued interest payable	4,831,062
Deferred revenue	3,030,408
Revenue bonds payable - current (Note 8)	9,605,000
Revenue bonds payable - noncurrent, net (Note 8)	133,513,217
General obligation bonds payable - current (Note 8)	8,810,000
General obligation bonds payable - noncurrent, net (Note 8)	77,389,480

Total liabilities	\$ 242,307,293
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Net Assets

Unrestricted funds	\$ 136,423,000
Reserved for bond ordinances (Note 4)	51,202,190
Capital investments	181,152,491

Total net assets	\$ 368,777,681
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The accompanying notes are an integral part of this statement.

DuPage Water Commission

**Statement Of Revenues, Expenses And
Changes In Net Assets
For The Year Ended April 30, 2003**

Operating revenues

Water sales:

Operations and maintenance costs	\$ 42,819,534
Fixed costs	10,164,758
Customer differential	994,590
Other income	569,493

Total operating revenues	54,548,375
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Operating expenses

Water supply costs	46,305,822
Depreciation	6,424,735
Personal services	2,326,679
Insurance	662,113
Professional and contractual services	817,662
Administrative costs	103,808
Land and right of way	3,495

Total operating expenses	56,644,314
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Operating loss	(2,095,939)
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Nonoperating revenues (expenses)

Sales tax	30,704,457
Investment income	5,808,624
Interest and other charges	(13,347,632)

Total net nonoperating revenues	23,165,449
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Changes in net assets	21,069,510
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Total net assets, at April 30, 2002	347,708,171
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Total net assets, at April 30, 2003	\$ 368,777,681
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The accompanying notes are an integral part of this statement.

DuPage Water Commission

**Statement Of Cash Flows
For The Year Ended April 30, 2003**

Cash Flows From Operating Activities

Cash received from customers	\$ 53,855,432
Other cash receipts	1,076,333
Cash payments for water supply	(37,736,891)
Cash payments for personal services	(2,361,060)
Cash payments for insurance	(752,950)
Cash payments for professional and contractual services	(697,595)
Cash payments for administrative costs	(103,204)
Cash payments for right of way	(3,495)
Net cash provided by operating activities	13,276,570

Cash Flows From Capital And Related Financing Activities

Cash received from sales taxes	31,454,457
Interest paid on revenue bonds	(8,456,658)
Interest paid on general obligation bonds	(4,722,650)
Principal paid on revenue bonds	(9,150,000)
Principal paid on general obligation bonds	(8,400,000)
Construction of fixed assets	(7,860,805)
Capital outlay	(114,702)
Net cash used in capital and related financing activities	(7,250,358)

Cash Flows From Investing Activities

Interest on investments	5,929,217
Proceeds from investments maturing	332,095,820
Payments for investments purchased	(371,602,935)
Net cash used in investing activities	(33,577,898)

Net decrease in cash and cash equivalents (27,551,686)

Cash and cash equivalents, at April 30, 2002 74,362,660

Cash and cash equivalents, at April 30, 2003 46,810,974

Other investments (at market) 156,609,780

Total cash and investments, at April 30, 2003 203,420,754

Restricted cash and investments 82,643,521

Unrestricted cash and investments \$ 120,777,233

The accompanying notes are an integral part of this statement.

DuPage Water Commission

Notes To Basic Financial Statements

Note 1. Reporting Entity

The DuPage Water Commission (Commission) is a county water commission, body politic and corporate, political subdivision and unit of local government, in DuPage County, Illinois, existing and operating under the Water Commission Act of 1985 (P.A. 84-119), effective July 30, 1985, as amended (the "1985 Commission Act"). The Commission declared the official start of operations on May 1, 1992.

The DuPage Water Commission Board consists of thirteen Board members. Seven of the Board members are appointed by the DuPage County Board Chairman with the advice and consent of the County Board. One of these appointees is designated as chairman of the Commission. The other six Board members are appointed by vote of the mayors of municipalities within the DuPage County districts.

The purpose and objectives of the Commission are:

- a. To provide water to municipalities and other customers within DuPage County.
- b. To plan, construct, acquire, develop, operate, maintain and/or contract for facilities for receiving, storing and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and other customers.
- c. To provide adequate supplies of such water on an economical and efficient basis for the municipalities and other customers.
- d. To provide a forum for discussion, study, development and implementation of recommendations of mutual interest regarding water distribution and supply facilities within DuPage County.

The primary authority to designate management, influence operations, formulate budgets, set water rates and the rights to Commission surpluses and deficiencies rests with the Commission Board. Significant matters that require Board action include setting water rates, borrowing funds, amending the Chicago Water Supply contract or Commission bylaws and employing the general manager and professional contractors. These significant matters must carry a majority vote of all commissioners, which majority must contain at least one-third of the DuPage County appointed Board members and 40% of the municipality appointed Board members. Neither DuPage County nor the municipalities within DuPage County have the ability to significantly influence operations; therefore, the Commission is not included in any other governmental reporting entity. In addition, the Commission does not have any component units.

Note 2. Adoption of New Accounting Standards

During fiscal year 2003, the Commission adopted Governmental Accounting Standards Board ("GASB") Statement No. 40, "Deposit and Investment Risk Disclosures," an amendment of GASB Statement No. 3.

The principal effect of adopting this statement was to inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. No restatements of previously reported amounts were required as a result of the adoption of this standard.

DuPage Water Commission

Notes To Basic Financial Statements

Note 3. Summary of Significant Accounting Policies

The accounting policies of the Commission conform to accounting principles generally accepted in the United States of America. The following is a summary of the more significant policies:

Basis of Accounting

The Water Fund is accounted for as a proprietary fund type using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with water system operation are included on the balance sheet.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred or prepaid amounts have been utilized. Water revenue is recognized when the water is delivered. Sales tax revenue is recognized at the time of the related sale.

In accordance with the Commission's revenue bond ordinance (see Note 7), the Commission maintains accounts for the Revenue Bond Construction Fund, the Special Redemption Fund and the Arbitrage Rebate Fund, but these funds are presently inactive.

Deferred revenues in the Water Fund represent payments from non-charter customers for Customer Differential revenues. These deferred revenues will be amortized on a straight-line basis through April 30, 2024. Customer differentials represent payments for connecting to the Commission's System as well as fixed costs charged to subsequent customers to cover costs which would have been paid by subsequent customers if they had been Charter Customers.

Investments

The Commission applies GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement requires reporting investments at their fair value as of the balance sheet date. All investment income, including changes in the fair value of the investment portfolio, is recognized as income or expense currently.

Accounts Receivable

Customer receivables are recorded as receivables and revenues at their original invoice amount. Management regularly reviews the customer receivable accounts and has deemed no allowance for uncollectible accounts necessary as of April 30, 2003. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 40 days.

DuPage Water Commission

Notes To Basic Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

Budgets

In April 2003, the Commission adopted the annual management budget in the amount of \$75,601,542 for the fiscal year ended April 30, 2004, detailed as follows:

	<u>Water Fund</u>
Direct water distribution costs	\$ 50,510,173
Capital outlay/depreciation	6,780,299
Personal services	2,597,416
Insurance	1,746,663
Professional and contractual services	1,243,260
Administrative costs	147,120
Land and right-of-way	5,995
Principal and interest expenses	<u>12,570,616</u>
Total operating expenditures	75,601,542
Construction expenditures	9,242,000
Construction expenditures capitalized	<u>(9,242,000)</u>
Total expenditures	<u><u>\$ 75,601,542</u></u>

An appropriation ordinance is adopted annually to supplement the Commission's management budget. Total Commission expenditures did not exceed the appropriation ordinance, which is the legal spending authority for the Commission.

Bond Discount and Issuance Expense and Losses on Defeasance

Discount and issuance expenses and losses on defeasance related to the outstanding General Obligation Bonds, Water Revenue Bonds and Water Refunding Revenue Bonds have been deferred and are being amortized as an element of debt service expense over the lives of the related bonds.

Accrued Benefits

The Commission accrues a liability for vested vacation pay, which is cumulative, and for unused current calendar year personal days.

DuPage Water Commission

Notes To Basic Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

Until April 19, 2003, the Commission had provided employees with a Simplified Employee Pension - Individual Retirement Account (SEP-IRA), which was funded by the Commission at 8% of base pay. During fiscal year 2002, the Commission made contributions in the amount of \$159,312. A self-directed Individual Retirement Account was maintained for each participant. Each participant had a fully vested interest in his retirement account balance. Accordingly, the amounts related to these assets are not reflected on the Commission's financial statements. As of April 19, 2003 contributions were terminated to the SEP-IRA. The Commission has elected to have the Illinois Municipal Retirement Fund (IMRF) provide its retirement plan. Contributions began on May 1, 2003 for the IMRF plan. A portion of employees' assets were rolled over from the SEP-IRA plan to the IMRF plan. The Commission also passed a resolution to assist employees in funding the employee's share of the cost of converting prior service with the Commission into IMRF creditable service up to \$1,400,000. As discussed in Note 4, \$3,805,524 of unrestricted net assets has been designated for this purpose, as well as the unfunded IMRF liability created upon joining.

Fixed Assets

Fixed assets represent costs of the Commission's waterworks system that are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the fixed assets, including contributed fixed assets, which are as follows:

Type of Fixed Asset	Life
Water mains	80 years
Buildings and other structures	40 years
Pumping equipment	30 years
Office furniture and equipment	3-10 years
Vehicles and other equipment	5-25 years

Proprietary Activity Accounting and Financial Reporting

The Commission applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs").

Statement of Cash Flows

For purposes of the statement of cash flows, money market funds and investments in Illinois Public Treasurer's Investment Pool are considered cash equivalents.

DuPage Water Commission

Notes To Basic Financial Statements

Note 3. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (and disclosure of contingent assets and liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 4. Net Assets

GASB Statement No 34 requires the delineation of Net Assets as Invested in Property, Plant and Equipment ("capital investments"), Restricted and Unrestricted. The balance of capital investments represents funds that have been used to acquire pipelines, pump stations, storage facilities and meter stations constructed and operated by the DuPage Water Commission, net of outstanding debt.

The Commission has the following restricted net assets:

Reserved for Revenue Bond Ordinance

The following amounts are reserved in accordance with the Commission's various Revenue Bond Ordinances:

Reserved for future principal and interest payments and required reserves	\$ 38,595,215
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Resolution R-10-03 designated and assigns \$8,916,329 to the Revenue Bond Reserve within the Sales Tax subaccount of the General Account of the Water Fund. The restriction of these funds is required to permit the reduction of the Fixed Cost Revenue Requirements adopted by Ordinance O-7-02 pursuant to Ordinances O-1-87 and O-8-93.	8,916,329
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Reserved for General Obligation Bond	<u>3,690,646</u>
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Total Reserved	<u><u>\$ 51,202,190</u></u>
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DuPage Water Commission

Notes To Basic Financial Statements

Note 4. Net Assets (Continued)

The Commission adopted Resolution R-16-03 on April 10, 2003. This resolution made the following designations and assignments of the Commission's net assets balance:

Designated for Operations

Designated and assigned to the Construction Reserve within the Sales Tax subaccount of the General Account of the Water Fund	\$ 49,512,314
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Designated and assigned a water rate stabilization reserve in the General Account of the Water Fund to reduce fluctuations in rates charged to customers in future years	45,005,162
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Designated and assigned for emergency repairs and other contingencies	<u>28,100,000</u>
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Total Operations Designation	<u>122,617,476</u>
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Designated Non-Operating

Designated and assigned for unfunded pension fund liability and to assist employees in funding the employee's share of the cost of converting prior service with the Commission into IMRF creditable service	3,805,524
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Designated for areas affected by contaminated well water pursuant the intergovernmental agreement, R-32-02	<u>10,000,000</u>
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Total Non-Operating Designation	<u>13,805,524</u>
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Total Designated Unrestricted	<u><u>\$ 136,423,000</u></u>
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DuPage Water Commission

Notes To Basic Financial Statements

Note 5. Water Contract with the City of Chicago

The Commission has entered into a 40-year contract (from March 19, 1984) with the City of Chicago, Illinois (the "Chicago Contract"), under which Chicago has agreed to supply all of the Commission's water requirements, up to 1.7 times the year's annual average day amount (which is a quantity adequate to meet the customers' projected needs), with water of such quality as will meet or exceed applicable standards of the state and federal governments. The Chicago Contract provides that the cost of water to the Commission shall be equal to the rate fixed for large quantities of water furnished through meters to consumers inside Chicago furnished by Chicago through meters. The Commission is obligated to purchase a minimum amount of water; such minimum is 50% of the aggregate Illinois Department of Natural Resources allocations. In fiscal 2003, the Commission purchased 32.0 billion gallons of water from the City of Chicago; such purchases equaling 94.6% of the aggregate Illinois Department of Natural Resources allocations.

As a part of the Chicago Contract, the Commission agreed to construct and then sell to Chicago certain interconnection facilities, including the Chicago (Lexington) Pumping Station. The interconnection facilities connect Chicago's water system with the Commission's transmission system. Chicago is paying for the interconnection facilities through a credit of 20% of the net charges for water furnished to the Commission. The cost of the interconnection facilities is shown on the balance sheet as Deferred Water Supply Contract Costs. The Commission expects to have fully recovered this amount during fiscal year 2005.

Note 6. Commitments and Contingent Liabilities

On April 25, 2002, the Commission approved a motion for a proposed agreement to make long-term, low-interest loans from Commission funds available to Charter Customer municipalities for the purpose of providing financing, under certain circumstances to future customers who presently live in areas of DuPage County not presently served by the Commission. The Commission's belief is that the implementation of final intergovernmental agreements relating to this motion will not materially affect the financial position of the Commission. As of April 30, 2003, there are no outstanding loan balances.

As of April 30, 2003, the Commission's remaining commitment on contracts for construction is approximately \$18.6 million. The Commission has certain other contingent liabilities resulting from litigation, claims and commitments incident to the ordinary course of business. It is the Commission's opinion that final resolution of such contingencies will not materially affect the financial position of the Commission.

Note 7. Revenue Bond Ordinance

On January 15, 1987, the Commission adopted an ordinance (the "Ordinance") authorizing the issuance of Water Revenue Bonds, Series 1987, for the purpose of financing a portion of the construction of the water supply system.

The Ordinance required the establishment of funds designated as "Water Fund," "Revenue Bond Construction Fund," "Special Redemption Fund" and "Rebate Fund" (the "Arbitrage Rebate Fund") and various accounts within the Water Enterprise Fund designated as "Operation and Maintenance Account," "Interest Account," "Principal Account," "Debt Service Reserve Account," "Operation and Maintenance Reserve Account," "Depreciation Account" and "General Account."

DuPage Water Commission

Notes To Basic Financial Statements

Note 7. Revenue Bond Ordinance (Continued)

Revenues held or collected from ownership and operation of the system are deposited in the Water Fund. Monies deposited in the Water Fund are required to be transferred to the extent available within the following accounts of the Water Fund in the indicated order:

Operation and Maintenance Account – An amount sufficient to make the amount then on deposit sufficient to pay operation and maintenance costs for the month of deposit and the next succeeding month.

Interest Account – Monthly one-sixth of the amount sufficient to cover interest becoming due on the bonds on the next succeeding semiannual interest payment date.

Principal Account – Monthly one-twelfth of the amount sufficient to cover principal of the bonds coming due on the next succeeding principal maturity date.

Debt Service Reserve Account – An amount equal to the maximum annual debt service requirement less the amount of any applicable surety bond coverage.

Operation and Maintenance Reserve Account – An amount equal to one-sixth of an amount equal to two months of the budgeted annual operation and maintenance costs until such reserve equals two months of the annual operation and maintenance costs.

Depreciation Account – Monthly amounts of at least \$175,000. Any amounts in excess of the required minimum balance of \$5,000,000 may be transferred to the general account of the Water Fund by resolution of the Commission Board.

General Account – All revenues remaining in the Water Fund after all required transfers are made to the respective accounts will be transferred to this account.

The Ordinance requires that the Interest Account, the Principal Account and the Debt Service Reserve Account be held by the Trustee. All other accounts are held by the Commission.

The Ordinance provides for the creation of the Special Redemption Fund to be held by the Trustee to account for issuance proceeds and condemnation awards to the extent not used to repair or replace the system and any other Commission-designated transfer. These monies may be used for debt service purposes. This fund was not active in fiscal 2003.

The Ordinance created the Arbitrage Rebate Fund to be held by the Trustee to maintain the tax-exempt status of the interest paid on the bonds. Beginning in fiscal 1988, an account was established and funds were transferred to segregate funds deemed necessary to maintain the tax-exempt status of the revenue bonds. Investment earnings of the Interest, Principal and Debt Service Reserve Account is used for the purpose of funding amounts set aside in the Arbitrage Rebate Fund.

During fiscal 2003, all required transfers were made and account balances were sufficient to meet Ordinance requirements.

DuPage Water Commission

Notes To Basic Financial Statements

Note 7. Revenue Bond Ordinance (Continued)

Restricted cash and investments at April 30, 2003 are as follows:

	<u>Water Fund</u>
Depository	\$ 3,030,408
Operation and maintenance	10,380,703
Interest	4,113,954
Principal	9,605,000
Debt service reserve	17,857,304
Operation and maintenance reserve	10,407,758
Depreciation reserve	5,181,189
General Obligation Bond Debt Service Fund	13,150,876
Sales tax	8,916,329
Total restricted cash and investments	<u>\$ 82,643,521</u>

Note 8. Bonds Payable

General Obligation Bonds:

The following summarizes the general obligation bond activity for the fiscal year ended April 30, 2003:

Bonds outstanding, April 30, 2002	\$ 92,675,000
Principal payments	<u>(8,400,000)</u>
Bonds outstanding, April 30, 2003	<u>\$ 84,275,000</u>

DuPage Water Commission

Notes To Basic Financial Statements

Note 8. Bonds Payable (Continued)

General obligation bond debt at April 30, 2003 consists of the following:

	General Obligation Refunding Bonds, Series 2001
Face value	\$ 84,275,000
Plus:	
Unamortized premium	3,273,089
Less:	
Unamortized loss on defeasance	(1,348,609)
Bonds payable, net	<u>\$ 86,199,480</u>
Rate of Interest	<u>5.00 to 5.25%</u>
Maturity	March 1, 2003 - 2011

Payments due on the general obligation bonds through maturity are as follows:

Fiscal Year Ending April 30	Interest	Principal	Total
2004	\$ 4,302,650	\$ 8,810,000	\$ 13,112,650
2005	3,862,150	9,260,000	13,122,150
2006	3,399,150	9,725,000	13,124,150
2007	2,912,900	10,205,000	13,117,900
2008	2,402,650	10,715,000	13,117,650
2009-2011	3,797,588	35,560,000	39,357,588
Total	<u>\$ 20,677,088</u>	<u>\$ 84,275,000</u>	<u>\$ 104,952,088</u>

Revenue Bonds:

The following summarizes the revenue bond activity for the fiscal year ended April 30, 2003:

Bonds outstanding, April 30, 2002	\$ 164,410,000
Principal payments	(9,150,000)
Bonds outstanding, April 30, 2003	<u>\$ 155,260,000</u>

DuPage Water Commission

Notes To Basic Financial Statements

Note 8. Bonds Payable (Continued)

Water revenue bond debt at April 30, 2003 consists of the following:

	Water Refunding Bonds Series 1993
Face value	\$ 155,260,000
Less -	
Unamortized discount	(2,002,274)
Unamortized issuance costs	(946,339)
Unamortized loss on defeasance	(9,193,170)
Bonds payable, net	<u>\$ 143,118,217</u>
Rate of interest	<u>5.0 to 5.5%</u>
Maturity	May 1, 2002 - 2014

Payments due on water revenue bonds through maturity are as follows:

Fiscal Year Ending April 30	Interest	Principal	Total
2004	\$ 7,987,783	\$ 9,605,000	\$ 17,592,783
2005	7,490,490	10,085,000	17,575,490
2006	6,957,722	10,600,000	17,557,722
2007	6,386,648	11,150,000	17,536,648
2008	5,774,193	11,740,000	17,514,193
2009-2015	20,026,470	102,080,000	122,106,470
Total	<u>\$ 54,623,306</u>	<u>\$ 155,260,000</u>	<u>\$ 209,883,306</u>

DuPage Water Commission

Notes To Basic Financial Statements

Note 9. Fixed Assets

A summary of changes in fixed assets is as follows:

	Balance May 1, 2002	Net Changes	Balance April 30, 2003
Land and permanent easements	\$ 11,158,482	\$ -	\$ 11,158,482
Water mains	321,044,013	1,834,052	322,878,065
Buildings and other structures	77,513,863	3,863,393	81,377,256
Pumping equipment	5,225,286	-	5,225,286
Office furniture and equipment	4,933,416	17,163	4,950,579
Vehicles and other equipment	441,746	43,647	485,393
	420,316,806	5,758,255	426,075,061
Accumulated depreciation	(59,785,050)	(6,389,961)	(66,175,011)
Total net fixed assets	\$ 360,531,756	\$ (631,706)	\$ 359,900,050

Note 10. Cash and Investments

The following is a summary of the Commission's cash and investments (including restricted cash and investments):

Cash

At year-end the carrying amount of the Commission's cash balances was \$194,907 and the bank balance was \$209,506, \$136,964 of which was insured by the Federal Depository Insurance Corporation. The remaining \$72,542 was covered by collateral held in the Commission's name by a third party.

Investments

As of April 30, 2003, the Commission had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
U.S. Government Securities	\$ 59,968,280	\$ 41,170,780	\$ 18,797,500
U.S. Government Strip	9,996,875	9,996,875	-
U.S. Government Agencies	61,644,625	20,363,000	41,281,625
Illinois Funds	32,894,706	32,894,706	-
Certificates of Deposit	25,000,000	25,000,000	-
Money Market Funds	13,721,361	13,721,361	-
Total	\$ 203,225,847	\$ 143,146,722	\$ 60,079,125

DuPage Water Commission

Notes To Basic Financial Statements

Note 10. Cash and Investments (Continued)

Interest Rate Risk – The Commission's investment policy does not limit the Commission's investment portfolio to specific maturities. All investments carry a fixed rate of interest. The weighted average of the Commission's interest rates is currently 2.04%.

Credit Risk - The Commission's investment policy limits investments of the Commission's funds to the following: (a) direct or fully guaranteed obligations of the U.S. Government; (b) fully guaranteed obligations of certain U.S. federally chartered agencies; (c) interest-bearing demand or time deposits in banks and savings and loan associations; (d) short-term obligations of U.S. corporations with assets exceeding \$500,000,000 and with a rating of AAA1, 2 or 3; (e) money market mutual funds whose portfolio consists solely of U.S. Government obligations; (f) the Public Treasurer's Investment Pool of the State of Illinois; (g) repurchase agreements; and (h) state or local government obligations rated AAA or AA. The Revenue Bond Ordinance restricts funds held in the Interest and Principal accounts of the Water Fund to only investments in (a) as described above. The Revenue Bond Ordinance also restricts funds held in the Debt Service Reserve Account in the Water Fund to only investments in (a) and (b), as described above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year-end, the carrying amount of the Commission's certificates of deposit was \$25,000,000. The certificates are covered by FDIC insurance and/or collateralized with securities held in the Commission's name by a third-party trustee. As of year-end, the carrying amounts of the Commission's U.S. Government Securities and U.S. Government Agencies were \$69,965,155 and \$61,644,625, respectively. The Illinois Funds and the Money Market funds are not subject to custodial credit risk.

The Illinois Funds Investment Pool is not registered with the SEC. Oversight for the Pool is provided by the Auditor General's Office of the State of Illinois. The fair value of the position in the Pool is the same as the value of the Pool shares.

Note 11. Major Customer

During fiscal year 2003, approximately \$10.4 million, or 19.3%, of water sales revenue in the Water Fund was realized from the City of Naperville, the Commission's largest customer.

Note 12. Subsequent Events

On July 22, 2003, the Governor of the State of Illinois signed into law Public Act 93-0226 which amends the Water Commission Act of 1985. This act made changes concerning the appointment of the chairman of the Commission as well as requires the Commission to transfer \$75,000,000 to the DuPage County Board. The transfer is to occur on or before July 1 of each year beginning in July 2003, \$15,000,000 per year, for a period of five years.

On August 27, 2003, the Commission sold \$135,810,000 of refunding revenue bonds at an average interest rate of 3.98%. These bonds were used to retire bonds issued in 1993 at an average interest rate of 5.64%. The present value savings to the Commission of this transaction was approximately \$6.9 million.

Dupage Water Commission

**Statement Of Revenues, Expenses And
Changes In Net Assets Budget And Actual
Water Fund
For the Year Ended April 30, 2003**

	Actual	Budget	Favorable (Unfavorable)
Operating Revenues			
Water sales:			
Operations and maintenance costs	\$ 42,819,534	\$ 43,256,125	\$ (436,591)
Fixed costs	10,164,758	10,164,758	-
Customer differential	994,590	1,005,634	(11,044)
Other income	569,493	370,750	198,743
Total operating revenues	54,548,375	54,797,267	(248,892)
Operating Expenses			
Water supply costs	46,305,822	45,768,774	(537,048)
Depreciation	6,424,735	6,698,472	273,737
Personal services	2,326,679	2,434,103	107,424
Insurance	662,113	1,493,781	831,668
Professional and contractual services	817,662	986,720	169,058
Administrative costs	103,808	131,520	27,712
Land and right of way	3,495	5,995	2,500
Total operating expenses	56,644,314	57,519,365	875,051
Operating loss	(2,095,939)	(2,722,098)	(626,159)
Nonoperating Revenues (Expenses)			
Sales tax	30,704,457	33,717,690	(3,013,233)
Investment income	5,808,624	4,531,250	1,277,374
Interest and other charges	(13,347,632)	(15,218,089)	1,870,457
Total net nonoperating revenues	23,165,449	23,030,851	134,598
Changes in Net Assets	21,069,510	20,308,753	760,757
Net assets, at April 30, 2002	347,708,171	346,440,411	1,267,760
Net assets, at April 30, 2003	\$ 368,777,681	\$ 366,749,164	\$ 2,028,517

DuPage Water Commission

**Schedule Of Insurance
April 30, 2003**

Insured	Description of Coverage	Amount of Coverage	Expiration Date	Insuring Company
DuPage Water Commission	Property	\$100,000 Building and Personal Property \$25,000 Deductible \$100,000 Boiler and Machinery \$5,000,000 Extra Expense	11/1/2003	CNA Insurance Company
DuPage Water Commission	Public Entity Liability	\$20,000,000 Per Occurrence	11/1/2003	Specialty National
DuPage Water Commission	Auto Liability	\$20,000,000 Each Accident Liability \$1,000,000 Per Accident/Uninsured \$500 Comprehensive Deductible \$500 Collision Deductible	11/1/2003	Specialty National
DuPage Water Commission	Workers' Compensation	\$2,500,000 Each Accident \$2,500,000 Each Employee \$2,500,000 Policy Limit	12/15/2003	Illinois Public Risk Fund
DuPage Water Commission	Commercial Crime	\$500,000 Forgery or Alteration \$500,000 Employee Dishonesty \$500,000 Theft and Destruction \$100,000 Computer Fraud \$1,000 Deductible	11/1/2003	Specialty National
DuPage Water Commission	Underground Storage Tank - Third Party Liability	\$1,000,000 Each Incident \$1,000,000 Aggregate \$5,000 Deductible Per Incident	11/1/2003	Illinois National Insurance Company
DuPage Water Commission	Pollution Legal Liability	\$10,000,000 Per Incident \$10,000,000 Aggregate \$25,000 Deductible Per Incident	11/1/2004	American International Specialty Lines
DuPage Water Commission	Bond - Central Avenue Easement	\$25,000	7/5/2003	Kemper
DuPage Water Commission	Bond - Maybrook Easement	\$25,000	11/4/2004	Kemper
James Cekal	Treasurer's Bond	\$56,500,000	2/10/2004	Liberty Mutual
James Holzward	General Manager's Bond	\$5,000,000	2/10/2004	Liberty Mutual

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Debt Covenants Compliance

To the Honorable Chairman and
Members of the Board of Commissioners
DuPage Water Commission

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the DuPage Water Commission as of April 30, 2003, and have issued our report thereon, dated June 19, 2003.

We have also audited the Commission's compliance with the terms, covenants, provisions and conditions of Article X of the Revenue Bond Ordinance 1987 and Article II of the Water Refunding Revenue Bond Ordinance of 1993. The management of the DuPage Water Commission is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on compliance with these requirements.

In connection with our audit, nothing came to our attention that caused us to believe that the DuPage Water Commission failed to comply with the terms, covenants, provisions, or conditions of Article X of the Revenue Bond Ordinance of 1987 and Article II of the Water Refunding Revenue Bond Ordinance of 1993, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Commissioners, the management of DuPage Water Commission and the revenue bond holders and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 19, 2003