

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, JANUARY 11, 2007
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Rathje at 7:31 P.M.

Commissioners in attendance: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje

Commissioners Absent: T. Feltes, R. Ferraro, and W. Murphy

Also in attendance: Treasurer R. Thorn, R. Martin, R. M. Richter, M. Crowley, C. Johnson, R. C. Bostick, J. Schori, F. Frelka, T. McGhee, and E. Kazmierczak

PUBLIC COMMENTS

Patrick Bond, Attorney for the Cities of Wood Dale and West Chicago, attended the meeting to inform the Board of upcoming requests to be made by the communities in writing.

Mr. Bond advised that the City of Wood Dale will be requesting financial assistance with the capping or repair of several of their old backup wells, the total estimated cost of which is \$300,000.00. Mr. Bond also advised the Board that the City of Wood Dale was in favor of the Commission defeasing its outstanding revenue bonds as that would save the City approximately \$150,000 in each year the bonds would otherwise be outstanding.

With respect to the City of West Chicago, Mr. Bond advised that the City would be renewing its request to divert a portion of the Commission's sales taxes to the City of West Chicago and/or eliminate the City of West Chicago from the Commission's sales tax base. Staff Attorney Crowley summarized the Board's discussions with the City to date, noting that that when the Commission first considered the City's request in March of 2005, through January 2006 when the matter was last discussed, the only consensus reached among the Commissioners was passive support for a legislative proposal whereby the City of West Chicago would become an Excluded Unit under the Commission's enabling legislation, thereby removing the City from the Commission's tax base.

Richard Furstenau, Naperville City Councilman, advised the Board that the City of Naperville would be adopting shortly a resolution recommending a different policy on Commission rates and reserves than that being recommended by Commission staff. Specifically, Mr. Furstenau expressed his belief that the City's resolution would suggest that instead of reducing the water rate to \$1.15 only to increase it to \$1.25 years later to accommodate the reservoir project as suggested by staff, the Commission should reduce the water rate to a constant rate of \$1.25 and then achieve the desired fund balance through customer rebates. As he did at the December 2006 Commission meeting, Mr. Furstenau then expressed his concern with the Commission having such a

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large amount of money in reserves and reiterated that the City of Naperville has only \$20 Million set aside for a rainy day on a much larger annual budget (\$350 Million). With respect to the City of West Chicago's request, Mr. Furstenau commented that the City of West Chicago had full knowledge that its residents and businesses were being taxed to finance a portion of the Commission's Waterworks System yet chose to proceed with an alternative source of supply of water even in light of the favorable water rate offered by the Commission.

APPROVAL OF MINUTES

Commissioner Wilcox moved to approve the Minutes of the December 14, 2006 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Vrdolyak and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Chaplin moved to approve the Minutes of the December 14, 2006 Committee of the Whole Meeting of the DuPage Water Commission. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER'S REPORT

Treasurer Thorn presented the Treasurer's Report for the month of December 2006 which showed receipts of \$6,631,237.00, disbursements of \$3,683,150.00, and a cash and investment balance of \$145,022,678.00.

Commissioner Chaplin moved to accept the December 2006 Treasurer's Report. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Administration Committee

No meeting

Engineering & Construction Committee – Reported by Commissioner Wilcox

Commissioner Wilcox reported that the Engineering & Construction Committee reviewed and recommended for approval all items listed on the Engineering & Construction Committee agenda.

Finance Committee – Reported by Commissioner Poole

Commissioner Poole reported that the Finance Committee reviewed and recommended for approval the Accounts Payable and Resolution No. R-5-07. Commissioner Poole further reported that the Finance Committee discussed the water rate and reserve policy issues and would be offering comments at the appropriate time in the agenda.

CHAIRMAN'S REPORT

None

MAJORITY OMNIBUS VOTE AGENDA

Commissioner Hartwig moved to adopt the items listed on the Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Chaplin.

After Commissioner Maio (i) received clarification that the changes to the Commission's Deferred Compensation Plan to be approved by Resolution No. R-5-07 were allowed, but not necessarily mandated, by recent amendments to the Internal Revenue Code, and (ii) requested that staff review Commission policy on military service benefits for possible changes, the motion was unanimously approved by a Roll Call Vote:

Majority Omnibus Vote

- Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje
- Nays: None
- Absent: T. Feltes, R. Ferraro, and W. Murphy
- Item 1: Resolution No. R-4-07: A Resolution Approving and Authorizing the Execution of the STARCOM21 User Agreement between the DuPage Water Commission and Motorola, Inc.—“Majority Omnibus Vote”
- Item 2: Resolution No. R-5-07: A Resolution Amending and Restating the Deferred Compensation Plan Established for the Benefit of the Employees of the DuPage Water Commission—“Majority Omnibus Vote”
- Item 3: Resolution No. R-6-07: A Resolution Awarding a Contract for the Installation of Security Doors at the DuPage Water Commission—“Majority Omnibus Vote”

SUPER/SPECIAL MAJORITY OMNIBUS VOTE AGENDA

Commissioner Mueller moved to adopt the items listed on the Super/Special Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Mathews.

In response to Commissioner Maio's request, General Manager Martin gave a brief summary of the Chicago Intergovernmental Agreement to be approved by Resolution No. R-7-07. Based upon the General Manager's summary, Commissioner Vrdolyak confirmed that the Commission's reasonably estimated share of the total cost for the back up generator system, VFD replacement, and PV cells, including engineering, construction, legal, and land acquisition, is approximately \$13 Million, and Commissioner Zeilenga confirmed that the Commission's "worst case" exposure regarding the costs involved is \$15 Million. Without further discussion, the motion was unanimously approved by a Roll Call Vote:

Super/Special Majority Omnibus Vote

- Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje
- Nays: None
- Absent: T. Feltes, R. Ferraro, and W. Murphy
- Item 1: Resolution No. R-1-07: A Resolution Approving and Ratifying Certain Task Orders under a Master contract with EN Engineering, LLC at the January 11, 2007, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"
- Item 2: Resolution No. R-2-07: A Resolution Approving and Authorizing the Execution of a Contract between the DuPage Water Commission and Primera Engineers, LTD. for Professional Engineering Services—"Super/Special Majority Omnibus Vote"
- Item 3: Resolution No. R-3-07: A Resolution Approving and Ratifying Certain Work Authorization Orders Under Quick Response Contract QR-7/05 at the January 11, 2007, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"
- Item 4: Resolution No. R-7-07: A Resolution Approving and Authorizing the Execution of an Intergovernmental Agreement Concerning the Construction, Operation, and Maintenance of Electrical Generation Facilities and Other Capital Improvements at the Lexington Pumping Station—"Super/Special Majority Omnibus Vote"

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- Item 5: Resolution No. R-8-07: A Resolution Approving and Ratifying Certain Task Orders under a Master Contract with Greeley and Hansen LLC at the January 11, 2007, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"
- Item 6: Resolution No. R-9-07: A Resolution Approving and Authorizing the Execution of a Third Amendment to the Contract for Evaluation, Design, and Bidding of Electrical Generation Supply Facilities at the DuPage Pump Station—"Super/Special Majority Omnibus Vote"

OLD BUSINESS

Chairman Rathje requested that the text of an e-mail received from Commissioner Ferraro be entered into the record as follows:

"Bob,

As you know, I am out of town and unable to attend this evening's Commission meeting. I ask you to forward this e-mail to Chairman Rathje and my fellow Commissioners.

Chairman Rathje,

I am deeply troubled by the change in direction I have seen in various pieces of correspondence relating to the 2007-2008 Capital Improvement Plan. It was my understanding that staff was directed to develop a strategy to reduce reserves through a rate reduction. Recent proposals seem to undermine the direction given at the December meeting. I am unfamiliar with this type of governance. Typically when direction is given it is not altered without the consensus of the full body. What I have witnessed is disconcerting and breeds distrust. I want to express my continued support for a reduction in rates to \$1.15 and creation of a reserve policy. This best reflects the will of the customers we serve. Allowing reserves to remain in their current state as suggested by some is irresponsible and causes me to question the underlying motivation. I thank you for your continued leadership on these difficult issues.

Ross"

Chairman Rathje then informed the Board that he had spoken with Commissioner Murphy regarding the water rate, rebate, and reserve policy issues and that Commissioner Murphy held some very strong opinions as to the direction in which he felt the Commission should proceed. As a result, Chairman Rathje suggested that the Capital Improvement Plan be approved with the understanding that the Summary of Revenues, Expenditures, and Fund Balances, including rate projections and assumptions, was not being approved as part of the plan approval but, rather, would be approved at a later date when Commissioner Murphy could be in attendance. Commissioner Poole concurred with Chairman Rathje's suggestion but noted, for whenever the Summary of Revenues, Expenditures, and Fund Balances is to be

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approved, that (i) not only could the water rate stay at \$1.45 as some Commissioners suggest but also the reserves could simultaneously be brought down in one fell swoop via a rebate and (ii) the various line items that collectively comprise the approximately \$20 Million reserve need to be clearly designated as such in the Summary of Revenues, Expenditures, and Fund Balances.

Commissioner Wilcox agreed with Commissioner Poole's requested clarification of the reserve line items in the Summary of Revenues, Expenditures, and Fund Balances. Commissioner Wilcox then commented that he was pleased with the proposed Capital Improvement Plan except for the omission of the relocation of the existing North Transmission Main along West Avenue in the City of Elmhurst.

After providing a brief history of the long-standing dispute between the Commission and the County as to whether the Commission is required to move its West Ave. water line, Commissioner Wilcox moved to amend the proposed Five Year Capital Improvement Plan to include the costs involved to relocate the existing North Transmission Main along West Avenue in the City of Elmhurst. Seconded by Commissioner Chaplin.

After an extended discussion ensued concerning whether the plan needed to be (or should be) amended to add at the last minute a new project that most of the Commissioners were unfamiliar with and, if so, whether the project should be included by way of a contingency figure or specifically identified, with or without disclaimers of liability, Commissioners Wilcox and Chaplin withdrew their motion and second, respectively, with the understanding that staff would provide an analysis of the legal issues involved and a relocation cost estimate for discussion by the Board at the February Commission meeting.

Commissioner Poole moved to approve the Fiscal Year 2007-2008 Capital Improvement Plan as presented. Seconded by Commissioner Mueller and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

NEW BUSINESS

At the request of Chairman Rathje, General Manager Martin gave a brief explanation of the items listed under New Business.

Commissioner Hartwig moved to suspend the purchasing procedures of the Commission's By-Laws and approve Purchase Order No. 10080 in the amount of \$76,938.50, plus shipping, to Motorola, Inc. Seconded by Commissioner Chaplin and unanimously approved by a Roll Call Vote:

Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje

Nays: None

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Absent: T. Feltes, R. Ferraro, and W. Murphy

Commissioner Vrdolyak moved to suspend the purchasing procedures of the Commission's By-Laws and approve Purchase Order No. 10073 in the amount of \$27,932.64 to Flowserve. Seconded by Commissioner Mueller and unanimously approved by a Roll Call Vote:

Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje

Nays: None

Absent: T. Feltes, R. Ferraro, and W. Murphy

Commissioner Mueller moved to change the meeting time of the February 8, 2007 Commission meeting to 10:00 A.M. and the Committee meetings, if necessary, to 9:30 A.M. Seconded by Commissioner Vrdolyak and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Wilcox moved to direct staff to provide an analysis of the legal issues involved, and an estimate of the cost associated with, the relocation of the Commission's existing North Transmission Main along West Avenue in the City of Elmhurst. Seconded by Commissioner Mathews and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

ACCOUNTS PAYABLE

Commissioner Maio moved to approve the Accounts Payable in the amount of \$5,835.62 subject to submission of all contractually required documentation. Seconded by Commissioner Wilcox and unanimously approved by a Roll Call Vote:

Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje

Nays: None

Absent: T. Feltes, R. Ferraro, and W. Murphy

EXECUTIVE SESSION

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

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Ayes: E. Chaplin, L. Hartwig, W. Maio, G. Mathews, W. Mueller, A. Poole, J. Vrdolyak, G. Wilcox, D. Zeilenga, and L. Rathje

Nays: None

Absent: T. Feltes, R. Ferraro, and W. Murphy

The Board went into Executive Session at 8:35 P.M.

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

All voted aye. Motion carried.

Commissioner Mueller moved to adjourn the meeting at 8:46 P.M. Seconded by
Commissioner Zeilenga and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

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