

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, NOVEMBER 17, 2016
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:50 P.M.

Committee members in attendance: P. Suess, R. Gans, J. Pruyn, D. Russo, and J. Zay

Committee members absent: None

Non-Committee members in attendance: None

Also in attendance: J. Spatz, C. Peterson, W. Fates, and J. Schroeder and D. Nelson from PFM Asset Management

Minutes

Commissioner Russo moved to approve the Minutes of the Regular Committee Meeting of October 20, 2016 of the Finance Committee. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Fates stated that he had reviewed and approved the journal entries and bank reconciliations for the month of October 2016.

Property and Liability Insurance

General Manager Spatz reviewed the recommendation from Nugent Consulting and the proposal for worker's compensation and employer's liability insurance from Illinois Public Risk Fund. He noted that the increase was primarily based upon budgeted salary increases.

Commissioner Gans moved to recommend purchasing the worker's compensation and employer's liability insurance from Illinois Public Risk Fund. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried

Request for Board Action

General Manager Spatz described that after completion of the prior year audit the pension liability was approximately \$190,000 due to the change in accounting principle. In addition, the Commission staff called IMRF and was informed that their current rate of

return was approximately 6%. He explained that since the current rate is below the target rate of 7.5% there would likely be a shortage resulting in charges again in 2016. He noted that the amount requested of \$300,000 would possibly bring us to 100% funded based upon the most recent figures from IMRF and cover anticipated investment charges.

Commissioner Russo made a motion to recommend the authorization of an accelerated payment to the IMRF for the DuPage Water Commission pension plan. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried

Treasurer's Report – October 2016

Treasurer Fates reviewed the written summary of the October Treasurer's Report. Cash and Investments were \$155.5 Million. He described by account the Commission's cash and investments increase of \$1.2 Million from the prior month he also stated that all investments are in compliance with the investment policy.

The market yield on the portfolio increased by 0.04% to 1.08% in the current month. The portfolio was showing unrealized gains of \$237,700 compared to unrealized gains at the prior year end of approximately \$537,000.

Treasurer Fates detailed the \$19.2 Million increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Other

General Manager Spatz informed the Finance Committee that Illinois American Water Company will be looking to prepay its subsequent customer costs in December as allowed by the amended contracts they signed last year. The amount will be approximately \$2.5 Million. The Commission also reached out to Argonne to see if they would be prepaying on their remaining subsequent customer charges and they responded not at this time.

General Manager Spatz and Chairman Zay left the meeting at 6:03 P.M.

Financial Statements – October 2016

Financial Administrator Peterson noted that for the first six months of the fiscal year, revenues exceeded expenses by approximately \$17.5 Million. The results were primarily due to higher than anticipated water sales, sales tax collections and timing of expenditures.

The Commission collected \$77,000 in Sales Tax in October. Cumulatively Sales Tax collections as of October 31, 2016, were approximately \$867,000 over the budgeted amount.

Financial Administrator Peterson stated that cash and investment balances at the end of October exceeded liabilities or targets by \$67 Million.

It was noted that cash balances were up compared to prior year by approximately \$36 Million. Receivables declined versus last year due to lower current month water sales.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members. The numbers below were to be presented in the General Meeting.

October 12, 2016 to November 8, 2016	\$8,349,788.17
<u>Revised Estimated</u>	<u>\$1,037,700.00</u>
Total	\$9,387,488.17

Investment Review

Jeff Schroeder from PFM gave the Committee a brief overview of the markets current economic conditions and projected interest rate activity. Mr. Schroeder then reviewed the activity in the Commission's investments including rate of returns, investment types and durations. A discussion was had regarding investing longer term as interest rates increase.

Chairman Zay returned to the meeting at 6:24 P.M.

Other

A discussion was had regarding start times for the committee meetings next year.

Adjournment

Commissioner Russo moved to adjourn the meeting at 6:30 P.M. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.