

**MINUTES OF A MEETING OF THE  
FINANCE COMMITTEE  
OF THE DUPAGE WATER COMMISSION  
HELD ON THURSDAY, MARCH 14, 2013  
600 EAST BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order at 6:02 P.M.

Committee members in attendance: C. Janc, J. Pruyn, D. Russo and J. Zay

Committee members absent: P. Suess

Also in attendance: J. Spatz, T. McGhee, C. Peterson, D. Ellsworth, J. Broda and R. Furstenau

By consensus of members present, it was determined that Commissioner Pruyn, in the absence of Chairman Suess, would act in the capacity of Chairman Pro Tem of the Finance Committee.

**Minutes**

Commissioner Janc moved to approve the minutes of the Regular Committee Meeting of February 21, 2013 of the Finance Committee. Seconded by Commissioner Russo and unanimously approved by a Voice Vote. Motion carried.

**Approval of Reconciliations**

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of February.

**Treasurer's Report – February 2013**

Treasurer Ellsworth provided the Committee with a summary of the January Treasurer's Report. He noted on page 1 of the report that cash and investments totaled \$62.9M down \$7.5M from the previous month. The decrease was attributed to a \$9M payment to the escrow agent relative to the bond advance refunding that was done on February 1, 2013. The allocation of holdings changed significantly during the month as US Treasury investments declined by nearly \$10M that was also due to the transfer to the escrow agent and balances in the IL Funds money market account were moved to either IIIT accounts or the BMO Harris money market account.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio increased slightly to 37 basis points. The schedule also reflects the significant changes in reserve and restricted accounts due to the defeasance of the 2003 Revenue Bonds and adoption of new reserve policy by the Board in the past couple of months.

Treasurer Ellsworth noted that year to date cash and investments has decreased by \$14.2M. Operating activities decreased cash flows by approximately \$175,000 due mainly to the timing of receivables collected and higher purchased water rates. Sales tax collections increased cash receipts by \$27M. Debt Service payments year-to-date were just under \$40M. Construction of assets generated a cash outflow of nearly \$1.5M year to date.

Treasurer Ellsworth stated that all targeted reserve levels were met or exceeded. He then explained that the Commission had approximately \$2.3M in cash and investments over the reserve requirements. This does not include the \$17M in the General and Sales Tax accounts. Total debt outstanding was approximately \$75.4M. Commissioner Pruyn asked if this was all the reserves based upon the new debt. Treasurer Ellsworth stated yes and General Manager Spatz added that the Operating reserve target was based upon 120 days of the preliminary 2013-2014 budgeted amounts.

### **Financial Statements – February 2013**

Financial Administrator Peterson provided the Committee with a summary of the February Financial Statements. Revenue over expenditures increased to nearly \$21M as of February 28, 2013 driven by stronger-than-anticipated water sales and Sales Tax collections that continue to trend positively over the prior year. Year to date water sales were at 7.3% over the prior year.

Financial Administrator Peterson noted that the requirement compliance schedule will be renamed the targeted reserve schedule next month. The schedule shows the first three accounts' net asset balances. The next two accounts show the reserve fund policy accounts' invested balances compared to targeted levels. The General and Sales Tax accounts, which are unassociated with specific current liabilities or targets, are then broken out separately below. All targeted balances have been met.

Financial Administrator Peterson then described the changes in the balance sheet related to the refunding activity. The change in Other Income on revenue and expense report was then discussed. The reduction was mainly due to the reversal of accrued interest income related to the investments held for the principal and interest payments due in May 2013 for the 2003 Revenue Bonds. Financial Administrator Peterson stated that the Commission had received a statement of investments from the escrow agent and currently the value of the assets and accrued interest did slightly exceed the liability.

Commissioner Pruyn asked if the statements reflect all the gains and losses on the defeasance. Financial Administrator Peterson replied yes, that all entries related to the debt refinancing had been booked. The discussion then focused on the deferred loss that had been capitalized and will be amortized over the next three years.

### **Discussion of Tentative Draft Fiscal Year 2013-2014 Budget**

There were no questions on the budget. General Manager Spatz stated that the budget would be voted on in the next General Board meeting after a public hearing.

### **Update on Debt Refinancing and Related Reserve Activity**

Financial Administrator Peterson noted that Ice Miller LLP was in the process of preparing an opinion letter related to the tax rebate calculation. General Manager Spatz stated that upon further review by Ice Miller, a calculation was unnecessary for the new Revenue Bonds, but an opinion stating why it was not needed at this time or in the future would be the prudent course of action. The costs will remain below the amount contracted with Ice Miller.

Chairman Zay asked for further clarification as to who decided the calculation was not necessary. Financial Administrator Peterson noted that it was Ice Miller. General Manager Spatz also verified that the Commission's general counsel, Gorski & Good, had agreed with the decision and recommendation from Ice Miller.

General Manager Spatz also discussed the possibility of refinancing the debt certificates. He mentioned that the Commission staff has begun discussions with some banks to gather information on different scenarios for refinancing the debt at a lower fixed rate. A discussion that included the need for debt diversity, payment flexibility and limiting further refinancing needs followed.

### **Election of Interest Period under Northern Trust Certificate of Debt**

Financial Administrator Peterson stated that the Libor rate for one month is 0.20% similar to last month.

Commissioner Russo moved to recommend the election of a one-month Libor rate period with Northern Trust to the General Board. Seconded by Commissioner Janc and unanimously approved by a Voice Vote. Motion carried.

Commissioner Furstenau and Terry McGhee left the meeting at 6:28 p.m.

### **Accounts Payable**

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

Feb 8, 2013 to Mar 5, 2013	\$ 5,881,339.63
<u>Estimated</u>	<u>\$ 713,805.00</u>
Total	\$ 6,595,144.63

Commissioner Russo moved to recommend the presented accounts payable amounts to the General Board. Seconded by Commissioner Janc and unanimously approved by a Voice Vote. Motion carried.

General Manager Spatz left the meeting at 6:32 p.m.

**Other**

None

**Adjournment**

Commissioner Russo moved to adjourn the meeting at 6:33P.M.      Seconded by  
Commissioner Janc and unanimously approved by a Voice Vote.