

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JANUARY 16, 2020
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:47 P.M.

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

Committee members absent: D. Russo

Non-Committee members in attendance: None

Also in attendance: Treasurer B. Fates, J. Spatz, and C. Peterson

Minutes

Commissioner Gans moved to approve the Minutes of the Committee Meeting of November 21, 2019 of the Finance Committee. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote. Motion carried.

Approval of Reconciliations

Treasurer Fates reported that he had reviewed and approved the journal entries and bank reconciliations for the months of November and December 2019.

R-10-20

General Manager Spatz informed the committee that our current credit card provider informed us that they would be terminating our agreement after 15 years. No reason for the termination was given. The Commission then immediately reached out to BMO Harris to see if they could provide us with a credit card agreement on short notice. They quickly responded that they could, and the terms and limits are similar to those we had with our previous provider. The resolution allows the General Manager to enter into the new agreement and combines all recent card policy changes into one resolution going forward.

Commissioner Pruyn moved to recommend Resolution R-10-20, A resolution authorizing the execution of a BMO Harris Bank, N.A. Commercial Card agreement for BMO Harris Bank Commercial Mastercard® credit cards. Seconded by Commissioner Gans and unanimously approved by a Voice Vote. Motion carried.

Other

General Manager Spatz discussed the increase in the CPI rate that is used to calculate the water rate increase from the City of Chicago, which was 2.445%. This would translate to an increase of \$0.10 per 1,000 gallons. He let the Committee know that he was still working on the budget to present to the Board and customers. The thought is for the

Commission to absorb this increase in water purchase costs and hold our rates steady, if possible. General Manager Spatz also updated the Committee on the tollway expansion project and the possible costs the Commission could incur from this tollway project. He also discussed other capital projects and the impact these will have on the Commission's reserves. A discussion was had regarding the change in rates and revenue sources over the past five years, capital expenditures for the next five years, and addition of new customers.

General Manager Spatz then discussed the status of the contract renewal with the customers. He also asked if we could remove the sales tax information going forward in the Financial Statements section of the package. It was a consensus of the Commissioners that the sales tax information in the Board packet could be discontinued. Financial Administrator Peterson also mentioned that our agreement with our current property insurance broker is expiring in August and would like a recommendation whether to agree to the option year or send out a new request for proposals. The consensus was to issue a new request to brokers.

General Manager Spatz left the meeting at 6:09 P.M. Chairman Zay left the meeting at 6:11 P.M.

Treasurer's Report – November and December 2019

Treasurer Fates highlighted the written summary of the November Treasurer's Report. Cash and Investments totaled \$178.0M. He briefly discussed the various account activities in the Commission's cash and investments over the seven months of the current fiscal year.

Market yield on the portfolio was at 2.04%, a decrease from the prior month (2.07%). The portfolio was showing unrealized gains of \$1.3M compared to unrealized losses at the prior year end of approximately \$0.4M.

Treasurer Fates reviewed the \$6.8M increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Treasurer Fates then reviewed the written summary of the December Treasurer's Report. Cash and Investments totaled \$178.8M. He detailed the various account activities in the Commission's cash and investments over the eight months of the current fiscal year.

Market yield on the portfolio was at 2.03%, a decrease from the prior month (2.04%). The portfolio was showing unrealized gains of \$1.2M compared to unrealized losses at the prior year end of approximately \$0.4M.

Treasurer Fates reviewed the \$7.7M increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets.

Financial Statements – November and December 2019

Financial Administrator Peterson focused the discussion on the eight months ended December 31, 2019. She stated that revenues exceeded expenses by approximately \$7.4M, excluding the contribution income of \$15M from the Bartlett project, primarily due to higher than budgeted investment earnings and timing of expenditures. The contribution income is related to the addition of the TW-3 transmission main (\$14M asset) and the Bartlett metering station (\$1M asset) to the Commission’s general ledger as depreciable fixed assets. Water sales were above seasonal budgeted amounts by 2.7% for the month, but down 2.6% year-to-date.

Financial Administrator Peterson stated that total cash and investment balances at the end of December exceeded total liabilities and targets. It was noted that cash balances were up slightly compared to prior year, and receivables were up due to timing of receivables and higher 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.

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|--|-----------------------|
| November 13, 2019 to December 10, 2019 | \$7,886,819.50 |
| <u>Additional Accrued and Estimated Payments</u> | <u>\$1,300,475.00</u> |
| Total | \$9,187,294.50 |
| December 11, 2019 to January 7, 2020 | \$8,231,280.09 |
| <u>Additional Accrued and Estimated Payments</u> | <u>\$872,580.00</u> |
| Total | \$9,103,860.09 |

Adjournment

Commissioner Pruyn moved to adjourn the meeting at 6:22 P.M. Seconded by Commissioner Gans and unanimously approved by a Voice Vote. Motion carried.