

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, SEPTEMBER 16, 2021
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 6:35 P.M.

Commissioners in attendance: D. Bouckaert, J. Broda, J. Fennell, P. Gustin, J. Healy, D. Novotny, K. Rush, D. Russo, P. Suess, and J. Zay

Commissioners Absent: R. Gans, J. Pruyn and F. Saverino

Also in attendance: Treasurer W. Fates, J. Spatz, C. Johnson, C. Peterson, D. Panaszek, C. Bostick, D. Cuvalo, Z. Evans, J. Schori, and B. Armstrong of Luetkehans, Brady, Garner & Armstrong LLC.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Commissioner Healy moved to approve the Minutes of the August 19, 2021, Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Broda and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER'S REPORT

Treasurer Fates presented the August 2021 Treasurer's Report consisting of 13 pages with pages 1 and 2 containing a summary of the report.

Treasurer Fates pointed out the \$212.4 million of cash and investments on page 4, which reflected an increase of about 2.8 million from the previous month. Treasurer Fates also pointed out the schedule of investments on pages 5 through 11 totaling \$177.7 million and the market yield on the total portfolio showed 1.04% which had decreased from the prior month. On page 12, the statement of cash flows showed an increase in cash and investments by about \$1.7 million and operating activities increased by approximately \$1.3 million. On page 13, the monthly cash/operating report showed that the Commission has met all recommended reserve balances.

Commissioner Russo moved to accept the August 2021 Treasurer's Report. Seconded by Commissioner Healy and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Finance Committee

No Report.

Administration Committee

No Report.

Engineering & Construction Committee – Reported by Commissioner Fennell

Commissioner Fennell reported that the Engineering & Construction Committee reviewed and recommended for approval all action items listed on the Engineering & Construction Committee Agenda. After providing a brief summary, Commissioner Fennell moved to adopt item numbers 2 through 7 under the Engineering & Construction Report section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Gustin and unanimously approved by a Roll Call Vote.

Ayes: D. Bouckaert, J. Broda, J. Fennell, P. Gustin, J. Healy, D. Novotny, K. Rush, D. Russo, P. Suess, and J. Zay

Nays: None

Absent: R. Gans, J. Pruy and F. Saverino

Item 2: Resolution No. R-43-21: A Resolution Approving and Ratifying Certain Work Authorization Orders Under Quick Response Contract QR-12/21 at the September 16, 2021, DuPage Water Commission Meeting (Benchmark Construction Co. in an estimated amount of \$50,000.00)

Item 3: Resolution No. R-44-21: A Resolution Approving and Ratifying Task Order 1 Under a Master Contract with DeLasCasas CP, LLC at the September 16, 2021, DuPage Water Commission Meeting (amount not-to-exceed \$5,950.00)

Item 4: Resolution No. R-45-21: A Resolution Approving and Ratifying Certain Task Orders under a Master Contract with Greeley and Hansen at the September 16, 2021 DuPage Water Commission Meeting (additional services for costs not-to-exceed \$31,829.00)

Item 5: Resolution No. R-46-21: A Resolution Approving and Ratifying Certain Task Orders Under a Master Contract with Lockwood, Andrews & Newnam, Inc, at the September 16, 2021, DuPage Water Commission Meeting (in the amount of \$81,000.00)

Item 6: Resolution No. R-47-21: A Resolution Approving and Ratifying Certain Work Authorization Orders under Quick Response Electrical Contract QRE 9/20 at the September 16, 2021 DuPage Water Commission Meeting (FSG, Inc. an estimated cost of \$2,850.00)

Item 7: Resolution No. R-48-21: A Resolution Approving and Ratifying Certain Task Orders under a Master Contract with Northern Inspection Services, LLC at the September 16, 2021 DuPage Water Commission Meeting (total amount not-to-exceed \$15,765.00)

ACCOUNTS PAYABLE

Commissioner Healy moved to approve the Accounts Payable in the amount of \$11,673,854.01 subject to submission of all contractually required documentation, for invoices that have been received and to approve the Accounts Payable in the amount of \$1,364,325.00 subject to submission of all contractually required documentation, for invoices that have not yet been received but have been estimated. Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote.

Ayes: D. Bouckaert, J. Broda, J. Fennell, P. Gustin, J. Healy, D. Novotny, K. Rush, D. Russo, P. Suess, and J. Zay

Nays: None

Absent: R. Gans, J. Pruyin and F. Saverino

CHAIRMAN'S REPORT

Chairman Zay reported that the process of filling the General Manager's position is underway and that the Commission had hired the services of Baker Tilly to help assist with the national search. Chairman Zay then discussed what he felt everyone's role should be in the selection process noting that although Baker Tilly is a good company, he felt that the Board members should be involved with reviewing the resumes. Chairman Zay then referred to the General Manager search process that was conducted in 2011 stating that a special committee or work group had been designated with board members being asked to review all resumes and submit their top candidates for further consideration adding that he would like to follow the same process. Chairman Zay then stressed the importance of handling the process in-house by the Commissioners and asked members to speak up if they disagreed.

It was suggested to post the General Manager's Profile on the websites of the DuPage Mayors and Managers and the Illinois State Association of Counties.

As a point of clarification, Commissioner Suess stated that his recollection of the process, back in 2011, was that all resumes received were shared with each of the Board members and then each Board member ranked their top 5 potential candidates and asked Chairman Zay if that process was consistent with what he was suggesting for the current search. Chairman Zay replied yes, noting that he would like it to be the same process as in 2011. General Manager Spatz added that once the Board members narrow down the selection, Baker Tilly would then begin the vetting process. Commissioner Rush asked if Baker Tilly would be conducting any video screening and General Manager Spatz stated that video screening is an option that was provided in the scope of services which the Board can decide whether to include or not once the selection had been narrowed. Commissioner Rush recommended utilizing Baker Tilly to help offer their insight on the selection of qualified candidates and Chairman Zay disagreed noting that it should be the decision of the Board members and who they feel would be the best candidate. Commissioner Rush disagreed. Commissioner Russo noted that he was in favor of utilizing Baker Tilly for the vetting process but felt that the Board should be handling the candidate selection part. Commissioner Fennell felt that the more resources and insight that Baker Tilly could offer would be a better return on the Commission's investment. General Manager Spatz informed that Baker Tilly has a strong background in hiring top executives in the water industry and suggested that after the Board narrows the selection of candidates, have Baker Tilly begin the vetting process and also provide a recommendation of candidates for Board consideration towards the next step. Commissioner Fennell agreed stating that the role of Baker Tilly is not to eliminate any candidates, but providing insight based on their professional credentials is value that should not be overlooked. Chairman Zay stated that the Board could revisit the discussion at the appropriate time.

Next, Chairman Zay reported that ongoing discussions continue regarding a potential water supply to the Villages of Oswego, Montgomery, and Yorkville as he and General Manager Spatz met with representatives from each of the towns and felt that the meeting was positive. Chairman Zay further noted that the details of that meeting should be kept confidential and hence the reason why General Manager Spatz reached out to each Board member, individually, not only to provide a status update but also obtain a verbal consensus to move forward with finalizing the terms if/when the time comes. Chairman Zay stated that all three towns would be a great addition and reassured them that the Commission would be a very stable choice.

Discussion ensued regarding a water supply to towns outside county lines. General Manager Spatz noted that he would be working with Dan DiSanto, Village Administrator for the Village of Oswego and that the three towns are expected to make a water supply selection within the next few months. General Manager Spatz stated that he would be preparing a letter listing all points that the Board members gave consensus on so the Village would have something in writing. Both Commissioner's Russo and Gustin suggested preparing a Letter of Intent. General Manager Spatz noted that the Commission had already met with Village representatives numerous times and provided presentations which included costs. Commissioner Russo suggested putting together a summary which would confirm board consensus by listing everything the Commission

would support. Other items discussed were timelines, legislation, design, easements, etc. Commissioner Sues stated that if he was working for the other side that he would want some kind of proposal stating the Commission's intent. Chairman Zay stated that the Commission had already provided that through presentations which included the same terms that are clearly written in the Charter Customer Contract. General Manager Spatz informed that he had also prepared a memorandum with a comparison of terms, governance, risks, costs etc. which was also sent to their representative.

With no further discussion, Chairman Zay stated that staff would continue to keep Board members informed on any new developments.

OMNIBUS VOTE REQUIRING MAJORITY VOTE

None

OMNIBUS VOTE REQUIRING SUPER-MAJORITY OR SPECIAL MAJORITY VOTE

None

OLD BUSINESS

General Manager Spatz updated the Commissioners on his recent meeting with the City of Chicago regarding their methodology on regional rates, the factors involved, and any concerns the Commission may have which would need to be relayed back to Chicago including the Commission's partnership with Chicago whether its helping/hurting with regionalization relating to potential new customers.

General Manager Spatz began presenting the Cost-of-Service Methodology Overview from the City of Chicago Department of Water Management. In the overview, General Manager Spatz noted that it points out regional and predictable fair water rates. The City utilizes the AWWA M1 standard which is a standard that AWWA uses for setting wholesale rates. With that said, you take the O&M cost and add it to your depreciation and fair value rate base which gives you the revenue requirements that the City needs to then divide up proportionally by customer size. The Commission is about 15% of the City's water systems revenues.

Next, costs centers were broken down by cribs and tunnels, purifications plants, pumping stations and transmission mains. General Manager Spatz, being very familiar with the City's system, pointed out various inconsistencies and inaccuracies with some of the cost centers related to the Commission's system. General Manager Spatz also pointed out that the City is putting a larger emphasis on max day calculations, approximately 4 times the cost, compared to average day commodity cost noting that he had requested the support documentation for verification as it had not been included in the overview.

With the new regional rate, costs associated with Lexington Pumping Station would be modified with the Commission paying 100% as the Commission is the only customer supplied by this station. The City's proposed 2030 wholesale water rate to the Commission would be potentially significantly lower than what is currently being charged. Based upon recent articles regarding Joliet's potential water rate which would be \$2.82/1,000 gallons in 2030, the Commission's proposed rate would be lower. The City has asked the Commission not to discuss the actual proposed water rate until they have an opportunity to discuss regional rates with their other customers. The City was ok with sharing that the Commission's proposed regional rates would be the lowest rates of any of their customers.

General Manager Spatz relayed, to the City, concerns regarding the proposed rates for 2030 when the Commission's current water supply contract expires in 2024. The City responded by suggesting that the Commission consider extending its current contract as they need time to speak with all their customers which may not be completed by the 2024 expiration date. General Manager Spatz stated that the question back to the City would be that if they are able to reach a water purchase agreement with regional rates for the City of Joliet with all of its unknowns and before October of 2022, then why couldn't they reach an agreement with the Commission by its 2024 expiration date considering the Commission's cost of services are very well known.

Chairman Zay noted there are obviously questions, such as why the Commission is paying for Lexington Pumping Station costs and could the Commission just run everything through our new SCADA system. Some of the communities, if they chose either the Joliet or Fox River options, would need to install deeper wells at a significant cost to get them to 2030. However, if they joined the Commission then completion may be possible within the next 5 years which would eliminate the need and cost to install deeper wells. Chairman Zay also pointed out that if potential future customers decided to join the Commission, the City of Chicago would be selling additional water that much quicker.

Commissioner Suess asked what the next steps would be because he didn't understand the significance of discussing something for 2030 when the Commission's current water supply contract expires in 2024. General Manager Spatz noted that the City's response was that they would like to discuss with all their customers and enter into regional/wholesale-based contracts first. General Manager Spatz stated that if regional rates were obtained, being the City's largest customer, the Commission could be the driving force for all other customers entering into regional rate contracts. Next steps would be to continue the wholesale engagement and incorporate data as requested and continue to develop and refine the parameters for the cost-of-service study.

Commissioner Suess asked if there were any constraints or requirements to the Commission's Charter Customers as the 2024 expiration date gets closer and how does staff see the timeline playing out. General Manager Spatz stated that it hurt the Commission with its Charter Customers because staff began the discussion of renegotiating the water supply contract, with both parties, several years ago with no significant movement from the City of Chicago which has caused frustration with both the

Commission and its customers. The Commission has scheduled a meeting at the end of the month as requested by the working group to provide a status update to all its customers regarding the City's supply contract, our customers contract, and the alternative water source study. Chairman Zay noted that the City would not have regionalization in place before 2024 and General Manager Spatz added that the Commission would most likely need to extend its current contract and depending on the number of years of the contract extension would then determine what other language would need to be added. Chairman Zay stated that the City and the Commission have almost the same amount of customers and understood that the City would like to speak with all its customers first. However, the Commission also has an obligation to its customers to let them know what going on and by holding things up puts the Commission in a bind. The Commission cannot negotiate with its customers until it gets confirmation of terms and duration from the City.

Commissioner Gustin questioned whether the Commission could enter into an agreement in 2024 that would address regionalization in order to move forward. General Manager Spatz answered yes and no. With the extension, the Commission would need to prepare a letter to the City requesting to extend its current water supply contract anywhere from 10 – 40 years and with the same terms. However, before the Commission would agree to extend its current contract, both parties would have to mutually agree on a second agreement that would include regionalization as part of the contract extension. Commissioner Gustin questioned what happens if it doesn't get done by 2024 and General Manager Spatz answered that there would need to be specific language in the contract that allows the Commission "an out" if the City cannot meet the deadline. Commissioner Healy suggested adding an Addendum to the contract extension that would allow options for the Commission regarding future water supply extensions.

NEW BUSINESS

General Manager Spatz informed Board members that he had been informed of a complete set of the Commission's water system plans for sale from a bookstore on Amazon. Upon contacting the bookstore to try and find out where the plans came from and to verify just the one set (which General Manager Spatz purchased and had on hand for display) the gentlemen on the phone stated that they came from an Engineer who lived on the north side of the city and passed away about 7 years ago and his family was selling all his engineering books. No other information was provided.

EXECUTIVE SESSION

None

Commissioner Gustin moved to adjourn the meeting at 7:40 P.M. Seconded by Commissioner Broda and unanimously approved by a Voice Vote.

All voted aye. Motion carried.