

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, SEPTEMBER 20, 2012
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:11 P.M.

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

Committee members absent: None

Also in attendance: J. Spatz, T. McGhee, C. Peterson and S. Lux of Baker Tilly

Minutes

Commissioner Russo moved to approve the Regular Committee Meeting of August 16, 2012 Finance Committee Meeting, the Special Meeting of September 6, 2012 Finance Committee Meeting, and the Executive Session of September 6, 2012 Finance Committee Meeting. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried

Approval of Reconciliations

Mr. Lux noted that the reconciliations had been signed off on.

Treasurer's Report – August 2012

Mr. Lux provided the Committee with a summary of the August Treasurer's Report.

Mr. Lux noted that cash and investment increased in the month. Increase due to timing of receipts and large volume of water sold in July.

He also noted that the investment portfolio was similar to last months. Overall the portfolio is earning 50 basis points and remains well diversified.

Chairman Suess asked about the status of the change in bank accounts by the Commission. Financial Administrator Peterson noted the transition to the new accounts has begun and the closure of old accounts should occur within the next couple of months.

Cash flows from operating activities remain negative through the first four months, but are closer to breakeven. Mr. Lux noted that \$15.1M of debt and \$1.8M of interest had been paid year-to-date.

Mr. Lux noted the that total cash and investments was \$69 million and targeted amount in the O&M Account had decreased from the prior month by approximately \$2M due to the decline in water purchases. All targeted and required cash balances had been met.

Financial Statements – August 2012

Financial Administrator Peterson provided the Committee with a summary of the August Financial Statements.

Revenue over expenditures increased to \$7.7M as of August 31, 2012 driven by strong water sales and Sales Tax collections that continue to trend positively over the prior year.

Financial Administrator Peterson discussed the improvement of cash on the balance sheet compared to the prior year. Also reviewed was the accounts receivable balance which was in line with the prior year balance but did decline versus the prior month due to the timing of collections from customers.

Commissioner Pruyn inquired about the long-term receivables outstanding. Financial Administrator Peterson noted that those accounts were related to water quality loans. Commissioner Russo asked whether the decline in accounts payable was only driven by the decline in water purchases. Financial Administrator Peterson noted that was the primary driver, but other payments to the city of Chicago contributed to the decline as well. General Manager Spatz then described the payment was part of the labor costs at the Lexington facility.

Financial Administrator Peterson reviewed certain accounts for budget versus actual activity that may change later in the year including personnel benefits and repair and maintenance accounts.

Recommendation for Financial Advisor

Financial Administrator Peterson informed the committee that based upon the Special Meeting held on September 6th that the recommendation is to engage the services of Public Financial Management Group. The engagement would be limited to a maximum cost of \$30,000.

Financial Administrator Peterson discussed the issuance of a Request for Proposal for Bond Counsel within the next couple of weeks.

Update on Treasurer Position

General Manager Spatz stated that he two candidates were interviewed. Additional discussion regarding the candidates and salary would be part of the Executive Session of the General Meeting.

General Manager Spatz and Mr. McGhee leave the meeting.

Election of Interest Period under Northern Trust Certificate of Debt

Financial Administrator Peterson stated that the Libor rate for one month is 0.22% which down slightly from last month, which was .24%.

The committee members agreed to reset the interest period to one month.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members.

Aug 8, 2012 to Sept 11, 2012	\$ 7,761,491.45
<u>Estimated</u>	<u>\$ 691,410.00</u>
Total	\$ 8,452,901.45

Other

Financial Administrator Peterson discussed the issuance of a Request for Proposal for Auditors within the next week.

Adjournment

The meeting concluded at 6:55 P.M.