

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, NOVEMBER 17, 2011
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:00 P.M.

Committee members in attendance: C. Janc , J. Pruyn, D. Russo, P. Suess, and J. Zay
(*ex officio*)

Committee members absent:

Also in attendance: M. Scheck, D. Loftus, J. Spatz, T. McGhee, N. Narducci, S. Lux of Baker Tilly, J. Grabowski City of Elmhurst, Kevin York City of Elmhurst, Representatives from Harris Bank and Representatives from PFM Asset Management LLC.

Minutes

Commissioner Pruyn moved to approve the Minutes of the October 20, 2011 Finance Committee meeting as presented. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

Approval of Reconciliations

Treasurer Narducci noted that the reconciliations were approved.

Financial Statements – October 2011

Mr. Lux provided the Committee with a summary of the October Financial Statements.

Committee Chairman Suess asked staff about the difference between the 49% of budget and the 90.3% of expenditure budget. General Manager Spatz explained that the 49% was the actual expenditure through the first six months of the budget year and the 90.3% was the expected portion of the six month budget based on the past three years adjusted for seasonally.

Committee Chairman Suess asked staff if they were confident that the Commission would sustain the 90.3% expectation for the rest of the year. General Manager Spatz reported that he was. Mr. Lux added that the Commission was under budget due to reduction in personnel, lower insurance costs, and lower project costs due to staff's contribution on some projects.

Treasurer's Report – October 2011

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

Commissioner Pruyn asked why the restricted depreciation cash account was under the targeted amount in previous months. Mr. Lux reported that the accounts target amount reflects the current month's requirement which increases by \$175,000 each month, so the previous months will always be less than the current month's requirement.

Commissioner Pruyn asked why the Revenue Bond account has a \$7,133,342 when the target is \$14,289,188. Mr. Lux responded that under the Revenue Bond Ordinance the Commission funds the revenue Bond account at 1/12 of the required amount per month and we are at the six month mark. Mr. Lux added that the six month interest payment on the revenue bond would be made next month.

Commissioner Pruyn asked why the October balance of the lockbox was so much higher than the September balance. Mr. Lux stated that it was a timing issue on when amounts are transferred to the Illinois Fund. Once checks are cleared they are transferred out leaving a \$1,000 balance in the account.

Quarterly Budget Review

Mr. Lux provided the Committee with the status of the budget at the six month mark and reported that the Commission had not exceeded any of the budgeted accounts and was on track to reach its year end budget.

Commissioner Pruyn asked why the balance in the general ledger for Accounts Payable was different than the Accounts Payable register shows today. Mr. Lux reported that a number of checks from the prior approved estimated A.P. list had been cut in that time frame and additional items relating to November were added.

Ordinance O-15-11

The Committee discussed the ordinance and Committee Chairman Suess asked if any of the Commission's customers had contacted the Commission with questions or complaints. General Manager Spatz reported that he had not received any direct comments from our customers, but he had met with some of the Mayors and the City of Chicago to discuss the rate increase. He also stated that the City would be providing documentation to show how the increased revenue would be used by the Chicago water department.

Commissioner Pruyn added that the City stated that water rates after 2015 would be tied to the CPI with a 5% cap.

Workers' Compensation and Employer's Liability Insurance

The committee discussed the renewal policy and recommended approval.

Northern Trust/West Suburban Bank Prepayment(s)

General Manager Spatz recommended that the Commission make a \$3,000,000 prepayment on the West Suburban loan in December if the Commission financial

position allowed. The Committee agreed that if the Commission is in a position to make the prepayment, the General Manger should make the \$3,000,000 payment.

Discussion of Investment Advisor

Mr. Lux gave a report on the proposals that the Commission received from firms offering their services as the Commission investment advisor. General Manager Spatz added that the staff and Treasurer Narducci agreed that PFM Asset Management LLC would be the best firm to assist the Commission with its investment needs at this time. The Committee discussed the services and fees that PFM offered and agreed with the recommendation. The Committee also stated that in the future they would like to have a presentation with Q/A in addition to a recommendation.

Commissioner Janc recused himself from the process due to a possible conflict with his employer.

Discussion of Banking Relationships

Mr. Lux gave a report on the proposals that the Commission received from firms offering their banking services to the Commission. General Manager Spatz added that the staff and Treasurer Narducci agreed that Harris Bank had the most favorable proposal to provide banking services to the Commission. The Committee discussed the services and fees that Harris offered and agreed with recommendation. The Committee reiterated their request for additional input in future selection processes.

Commissioner Janc recued himself from the process due to a possible conflict with his employer.

Discussion of Financial Administrator

General Manager Spatz reported that the Administration Committee requested the opportunity to review the job qualifications for this position. General Manager Spatz also commented that they should have their review completed quickly so he can advertise the position in December.

Accounts Payable

Mr. Lux presented the Accounts Payable to the committee members.

October 12, 2011 – November 10, 2011	\$4,379,249.15
<u>Estimated</u>	<u>\$4,993,540.00</u>
Total	\$9,372,789.15

Commissioner Pruyn inquired about a \$1,500 Business card charge on the estimated A.P. list. Manager of Operations McGhee informed him that this item was to cover all of the Commissions I-Pass devices.

Other

Treasurer Narducci passed out a project list and discussed various items that he thought should be priorities and which items he would attend to at a later date.

Commissioner Pruyn asked if the Commission could lower the interest rate on either of our Certificate of Debt by having our Bond Rating restored. Manager of Operations McGhee reported that the interest rates were no longer tied to our bond rating. Mr. Lux added there might be a possibility of lowering the rates on the Revenue Bonds if the Commission decided to refund the bonds, but due to the fact that the bonds are close to their retirement date the majority has already been paid and it probably would not be beneficial to refund the bonds at this time.

Commissioner Russo asked when the F.A. position would be advertised. Manager of Operations McGhee stated that once the Administration Committee finishes their review the General Manger would allow the entire Board one final review before advertising the position.

Committee Chairman Suess asked Mr. Lux for an update on Baker Tilly's project list. Mr. Lux gave an update on their list

Adjournment

Commissioner Russo moved to adjourn the meeting at 7:10P.M. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.