

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JUNE 18, 2015
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

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

Committee members in attendance: P. Suess (arrived at 6:05 P.M.), R. Gans, J. Pruyn, D. Russo (by telephone), and J. Zay (arrived at 6:09 P.M.)

Committee members absent: none

Non-Committee members in attendance: none

Also in attendance: J. Spatz, C. Peterson, and D. Ellsworth

Minutes

Commissioner Gans moved to approve the Minutes of the Regular Committee Meeting of May 21, 2015 of the Finance Committee. Seconded by Chairman Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of May 2015.

Treasurer's Report – May 2015

Treasurer Ellsworth stated that he had provided the Committee with a written summary of the May Treasurer's Report. Cash and Investments were \$102.5M, an increase of \$2.9M from last month.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio was at 81 basis points, unchanged from the prior month. The portfolio was showing unrealized gains of nearly \$217,000 compared to unrealized gains at the prior year end of approximately \$215,000.

Treasurer Ellsworth noted that the Statement of Cash Flows shows the breakdown of the \$2.9M increase year-to-date. He stated that all targeted reserve levels were met or exceeded targets. Debt Service is down to \$10.8M as of May 31, 2015.

General Manager Spatz discussed the possibility of moving funds from the General Account to the Operating Reserve Account in the near future to earn a better rate of return. Currently, the Operating Reserve is just meeting its minimum required balance of 120 days of the current budget.

Financial Statements – May 2015

Financial Administrator Peterson provided the Committee with a summary of the May Financial Statements. She noted that for the first month of the new fiscal year, revenues exceeded expenses ahead of budgeted seasonal expectations. Water sales were basically flat with budgeted expectations, but water purchases were approximately 3.8% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 3.4% in May. Financial Administrator Peterson discussed balances and activity within the cash and investment accounts compared to targets and liabilities.

Financial Administrator Peterson noted that cash balances were up compared to prior year by over \$30M. Receivables were slightly higher compared to prior year due to higher water costs. Debt has declined by \$21M compared to prior year balances at May 31st.

Financial Administrator Peterson noted that there was no unusual activity or significant variances to discuss within the statement of revenue and expenses.

Commissioner Pruyn asked staff to verify when the Commission would stop collecting sales tax and if rate increases are expected to occur on May 1st going forward. General Manager Spatz noted that the sales tax expires on June 1, 2016, but the Commission will continue to receive sales tax collections for 3 months following due to the delay between when the tax is collected by the state and then received by the Commission. General Manager Spatz did verify it was the intention of the Commission to implement future rate increases at May 1st, the beginning of each new fiscal year. He did note that this was based upon the City of Chicago maintaining its plan to increase rates in June of each year.

R-16-15

Commissioner Pruyn and General Manager Spatz reviewed briefly the changes discussed in the prior meeting: 1) Adding language to limit Supranational investments to 5% of total portfolio (Section 7.0, b); 2) Extend the ability to invest in Commercial Paper to 270 days from 210 (Section 7.0, d); 3) add language to invest in Mortgage-backed securities based upon weighted average life of 5 years, rather than the final maturity (Section 3.2).

Commissioner Gans moved to recommend to the Board a Resolution Amending and Restating the Investment Policy of the DuPage Water Commission. Seconded by Chairman Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

R-20-15

Chairman Zay moved to recommend to the Board a Resolution Approving, Ratifying, and Accepting the Appointment of Commissioner Pruyn as the Treasurer of the Commission for No Additional Compensation. Seconded by Chairman Suess and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Status of 2015 Audit

Financial Administrator noted that the Commission's 2015 Audit is meeting its scheduled deadlines and will be ready to be distributed in draft form in July.

Accounts Payable

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

May 12, 2015 to June 9, 2015	\$8,765,549.23
<u>Estimated</u>	<u>\$1,109,650.00</u>
Total	\$9,875,199.23

Other

Commissioner Russo discussed with the Committee the monthly charges paid by subsequent customers based upon initial balances due when joining the Commission for missed fixed costs and local facilities charges. He noted that the agreements have the customers paying the Commission a 10% interest rate on the outstanding principal balances. He would like to get on the Finance Committee agenda the possibility of allowing the subsequent customers the ability to pay the remaining principal outstanding with a possible early payment fee.

General Manager Spatz noted there could be savings for the customers and the Commission might benefit from receiving the cash outstanding now rather than over the next nine years. He also stated that the Commission would need to review the contracts with legal counsel regarding prepayment because a couple of the customers had already made prepayments in the past. The Committee agreed to put this as a discussion item on the next agenda.

Adjournment

Commissioner Gans moved to adjourn the meeting at 6:27 P.M. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.