

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DuPAGE WATER COMMISSION
HELD ON THURSDAY, SEPTEMBER 15, 2011
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:15 P.M.

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

Committee members absent: J. Pruyn

Also in attendance: J. Spatz, T. McGhee, J. Nesbitt, N. Narducci, and S. Lux.

Minutes

Commissioner Janc moved to approve the Minutes of the June 23, 2011 and July 21, 2011 Finance Committee meetings 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 – August 2011

Mr. Lux provided the Committee with a synopsis of the August Financial Statements. General Manager Spatz noted on the last page of the Treasurer's Report that the amount in the Other Income column will continue to decrease because the Commission will not be receiving any additional funding from Downer's Grove's since they paid their water quality loan in full.

At approximately 6:30PM, Manager of Operations McGhee left the meeting.

Committee Chairman Suess asked if the Commission was expecting operations to be under budget by 10% at the end of the fiscal year. Mr. Lux responded that it is still early in the fiscal year and because of current savings related to current staffing vacancies and related benefits, the Commission might come in under budget unless there is a significant emergency. General Manager Spatz added that in the Commission's is also using the Infor system to check account balances.

Commissioner Janc asked about what was covered in the \$2MM favorable variance in water operations on the last page of the Financial Statements. General Manager Spatz stated that account covers water purchases from the City of Chicago. Commission Janc then asked if the water is being purchased at a lower rate than budgeted. General Manager Spatz responded that the amount of water purchased was more than

budgeted. Mr. Lux added that the money coming out of the account also pays for pump station operations and electricity. Commissioner Janc then asked if staff could provide the detailed year-to-date breakout in the packets.

After some discussion on how the Commission administers the budget, the committee members present were in agreement that, based on General Manager Spatz's recommendation, they would like to see the next fiscal year's budget divided into two separate budgets: a capitol budget and an operational budget.

Treasurer's Report – August 2011

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

Committee Chairman Suess asked about how the investment decisions were being made. General Manager Spatz as well as Mr. Lux responded that the vast majority of the investment is in the Illinois Funds. General Manager Spatz added that the Commission's investment policy is rather old and should be updated. He further added that he would like to get a Investment Advisory firm to take on the responsibility of investing for the Commission. He asked for the committee members' input on which firms should be considered and if they would like to see local investments. He offered choices such as Harris Bank, PNC, PFM and Northern Trust Bank.

After some discussion, it was decided amongst the committee members present that they would like staff to review proposals from investment firms. Board Chairman Zay asked if the Commission needs to change the By-Laws or the investment policy now before accepting proposals. General Manager Spatz replied that he would need to look at both to be sure.

Discussion of Financial Administrator recruiting process

General Manager Spatz stated that he would like to start moving forward with hiring a Financial Administrator. He asked the committee members how they would like to go about the process of hiring for this position.

In light of the recent enacted legislation, Committee Chairman Suess asked if this position required county board approval. General Manager Spatz replied that it would since this is an executive position. Board Chairman Zay stated that using a professional recruiting firm in the past did not work well. Committee Chairman Suess stated that the recruitment process for the General Manager position seemed to work well and that 25 or 26 resumes were submitted with one-third being competitive for the position.

Mr. Lux suggested using the Government Finance Association or Illinois Finance Association as good platforms for advertisement of the position which would focus more in government. Board Chairman Zay stated that he would like to see private as well as government applicants for the position. He added that he would like to have someone at the Commission as a full-time employee. He further added that Baker Tilly is doing a good job but the Commission needs someone there all the time.

Commissioner Russo asked if the Commission was looking for a CFO type or a comptroller type for the Financial Administrator position. Treasurer Narducci stated that the Commission will need someone that can adapt to the Commission's needs. He added that there are only a few investments that the Commission does versus a municipality and there is not a large staff to manage budget-wise. He added that maybe a CPA type might fit to suit the Commission's needs.

Commissioner Russo asked General Manager Spatz and Mr. Lux how close they feel they are to having the Incode system set up. General Manager Spatz replied that the Incode system needs to be upgraded and the Infor work order system is going to be upgraded next month but they do not integrate well. Commissioner Russo then asked would staff need Baker Tilly present at the Commission more often to get the Incode system in place. General Manager Spatz replied that a Financial Administrator is needed for paperwork and day-to-day needs that Baker Tilly cannot supply.

Committee Chairman Suess stated that he supports finding someone to fill the Financial Administrator position, but at the same time, he is concerned about the checks and balances on that person. Commissioner Russo stated that since there are only around 35 customers and other items that the Financial Administrator would be fairly easy maybe a comptroller type should be considered for the position. General Manager Spatz stated that collecting payments for customers is not complicated but someone is needed on a daily basis. Commissioner Russo agreed with General Manager Spatz's previous statement.

At this time, Manager of Operations McGhee returned to the meeting.

General Manager Spatz stated that he would also like to have an investment person that was previously discussed at the Commission on a day to day basis as well. Commissioner Russo replied that it may not be possible. Commissioner Russo stated that a CFO or comptroller could handle the investments. Commissioner Janc agreed with Commissioner Russo's previous statement and added that the Commission has seen the result of noncompliance and the Financial Administrator position would need to be responsible to keep the Commission compliant. Commissioner Russo agreed with Commissioner Janc's previous statement.

General Manager McGhee stated that the previous board did not hire Former Financial Administrator Richter; Former General Manager Martin hired him. He stated that Former Treasurer Thorn did not do what was required of him as stated in the Commission's By-Laws. He further added that what the Commission might need is an Assistant Village Manager type that deals with Human Resources items as well as insurance items. He added that Former Financial Administrator Skiba was an anomaly since he handled insurance items, human resource items, and legal items such as bonds and contracts. He also added that the treasurer needs to oversee the person that takes on this position for checks and balances.

Board Chairman Zay stated that in the Commission's By-Laws there is only one small paragraph on the Financial Administration's duties while the General Manager's duties are more extensively detailed.

Treasurer Narducci and all Staff except the General Manager left the meeting at 7:20

P.M., and the Committee discussed Finance Department performance and appropriate staffing levels.

Adjournment

The meeting was adjourned at 7:35 P.M.

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