

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, SEPTEMBER 17, 2015
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 5:48 P.M.

Committee members in attendance: P. Suess, R. Gans, J. Pruyn (arrived at 6:02 P.M.), D. Russo (arrived at 6:00 P.M.), and J. Zay

Committee members absent: none

Non-Committee members in attendance: none

Also in attendance: J. Spatz, C. Peterson, R. Jones from Gorski & Good, LLP, and J. Schroeder and D. Nelson from PFM Asset Management

Minutes

Chairman Zay moved to approve the Minutes of the Regular Committee Meeting of August 20, 2015 of the Finance Committee. Seconded by Commissioner Gans and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Financial Statements – August 2015

Financial Administrator Peterson provided the Committee with a summary of the August Financial Statements. She noted that for the first four months of the fiscal year, revenues exceeded expenses ahead of budgeted seasonal expectations, even as water sales were below budget by nearly 5%. An offset to the water sales being down is that water purchases were approximately 6% below budgeted seasonal expectations.

Sales Tax collections were higher than prior year revenue amounts by approximately 1% in August. Cumulatively Sales Tax collections as of August 31, 2015, were approximately \$210,000 over the prior year.

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 nearly \$30M. Receivables were slightly higher compared to prior year due to higher water sales. Debt has declined by \$20M compared to prior year balances at August 31st.

Treasurer Position

General Manager Spatz noted that he and Financial Administrator Peterson interviewed the candidates and the Board will be discussing it in executive session in the main Board meeting.

Investment Review

Jeff Schroeder from PFM gave the Committee a brief overview of the markets current economic conditions and projected interest rate activity. Mr. Schroeder then reviewed the activity in the Commission's investments including rate of returns, investment types and durations. Further discussions were had regarding commercial paper and money markets trends and current legislation in Springfield allowing government entities to invest in corporate bonds.

Approval of Reconciliations

Commissioner/Treasurer Pruyn stated that he had reviewed and approved the journal entries and bank reconciliations for the months of August 2015.

Treasurer's Report – August 2015

Commissioner/Treasurer Pruyn reviewed the written summary of the August Treasurer's Report. Cash and Investments were \$111.9M. Over the past four months the Commission's cash and investments increased a total of \$12.3 million.

Market yield on the portfolio was at 84 basis points, an increase from the prior month. The portfolio was showing unrealized gains of nearly \$112,268 compared to unrealized gains at the prior year end of approximately \$215,000.

Commissioner/Treasurer Pruyn detailed the \$12.3M increase year-to-date on the Statement of Cash Flows. He stated that all targeted reserve levels were met or exceeded targets. He concluded noting that there was \$8.1 million of debt outstanding at August 31, 2015.

O-6-15 and O-7-15

General Manager Spatz stated that of the five subsequent customers, four of the five are still making monthly payments for missed fixed cost and local facilities charges. He also reviewed with the Committee the differences within the contracts for the four subsequent customers regarding prepayment. Two customers have the ability to make additional principal payments every December. He stated that the proposed ordinances allow the other two customers to have that same option. He reiterated that the Commission has reached out to all four and it appears that one customer may take advantage of the early payment option others may wait until next December or just continue making normal monthly payments as scheduled.

General Manager Spatz noted that the amendment to the contract was prepared by R. Jones of Gorski and Good, LLP, for the Commission. Chairman Suess summarized that all these amendments are doing is allowing all the subsequent customers to have the same prepayment rights. General Manager Spatz then reviewed the amounts each subsequent customer will have paid in interest and principle between the current date and the end of the payments in 2024.

Commissioner Russo asked if the Charter customers could object to the contract amendments. Robin Jones, of Gorski and Good, noted that they would not be able to object as long as this does not result in any more favorable terms for the subsequent customers or not enforce all the terms of the contract.

Further discussion focused on the impact to the Commission regarding the benefits from early receipt of larger cash balances in the near term compared to lower revenue streams over the long term.

Chairman Zay left the meeting at 6:18 P.M. and returned at 6:21 P.M.

Accounts Payable

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

August 11, 2015 to September 8, 2015	\$11,040,569.28
<u>Estimated</u>	<u>\$726,875.00</u>
Total	\$11,767,444.28

Other

Commissioner Russo asked about the debt position of the Commission going forward. Chairman Zay and General Manager Spatz stated that the Commission is reviewing its options regarding the current customer contract and outstanding debt.

Adjournment

Commissioner Gans moved to adjourn the meeting at 6:29 P.M. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.