

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, DECEMBER 16, 2021
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Zay at 6:30 P.M.

Commissioners in attendance: J. Broda, J. Fennell, R. Gans, P. Gustin, J. Healy, D. Novotny, J. Pruyn, K. Rush, D. Russo, F. Saverino, P. Suess, and J. Zay

Commissioners Absent: D. Bouckaert

Also in attendance: C. Johnson, C. Peterson, D. Panaszek, A. Stark, J. Bonnema, D. Cuvalo, M. Weed, J. Schori, J. Rodriguez, P. Luetkehans of Luetkehans, Brady, Garner & Armstrong LLC, and David Kohn, Deputy Commissioner, Regional Partnerships, Department of Water Management with the City of Chicago

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Commissioner Healy moved to approve the Minutes of the November 18, 2021, Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER'S REPORT

Financial Administrator Peterson presented the November 2021 Treasurer's Report consisting of 13 pages with pages 1 and 2 containing a summary of the report.

Financial Administrator Peterson pointed out the \$214.6 million of cash and investments on page 4, which reflected an increase of about 0.9 million from the previous month. Financial Administrator Peterson also pointed out the schedule of investments on pages 5 through 11 totaling \$178.2 million and the market yield on the total portfolio showed 0.95% which had decreased from the prior month. On page 12, the statement of cash flows showed an increase in cash and investments by about \$3.9 million and operating activities increased by approximately 3.4 million. On page 13, the monthly cash/operating report showed that the Commission has met all recommended reserve balances.

Commissioner Russo moved to accept the November 2021 Treasurer's Report. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Finance Committee – Reported by Commissioner Suess

Commissioner Suess reported that the Finance Committee reviewed all financial reports with no action items for Board consideration.

Administration Committee

No Meeting

Engineering & Construction Committee

No Meeting

ACCOUNTS PAYABLE

Commissioner Suess moved to approve the Accounts Payable in the amount of \$8,121,950.82 subject to submission of all contractually required documentation, for invoices that have been received and to approve the Accounts Payable in the amount of \$1,647,925.00 subject to submission of all contractually required documentation, for invoices that have not yet been received but have been estimated. Seconded by Commissioner Healy and unanimously approved by a Roll Call Vote.

Ayes: J. Broda, J. Fennell, R. Gans, P. Gustin, J. Healy, D. Novotny, J. Pruyne, K. Rush, D. Russo, F. Saverino, P. Suess, and J. Zay

Nays: None

Absent: D. Bouckaert

CHAIRMAN'S REPORT

Chairman Zay reported that the absence of both General Manager Spatz and Commissioner Bouckaert was due to possible exposure to Covid-19.

Next, Chairman Zay reported that he would like the Administration Committee to review and discuss the possibility of hiring a public relations firm. In the past, the Commission had a firm that would help promote various accomplishments and felt this would be a good time to revisit the topic. In addition, Chairman Zay asked that the Administration Committee review the Commission's current travel policy, tuition reimbursement policy, and credit card policy noting that with a new General Manager coming on board he would like to make sure everything is up to date.

After Chairman Zay wished everyone a Happy Holiday and New Year, he then changed the order of business at the meeting to hold an Executive Session before Old Business.

EXECUTIVE SESSION

Commissioner Healy moved to go into Executive Session to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2) and to discuss pending, probable, or imminent litigation pursuant to 5 ILCS 120/2(c)(11). Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote:

Ayes: J. Broda, J. Fennell, R. Gans, P. Gustin, J. Healy, D. Novotny, J. Pruyne, K. Rush, D. Russo, F. Saverino, P. Suess, and J. Zay

Nays: None

Absent: D. Bouckaert

The Board went into Executive Session at 6:35 P.M. with all staff members asked to leave the meeting.

Clerk Johnson left the Executive Session meeting at 6:37 P.M.

Commissioner Russo moved to come out of Executive Session at 7:55 P.M. Seconded by Commissioner Broda and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

The Board took a 5 minute recess and resumed the meeting at 8:00 P.M.

OMNIBUS VOTE REQUIRING MAJORITY VOTE

None

OMNIBUS VOTE REQUIRING SUPER-MAJORITY OR SPECIAL MAJORITY VOTE

None

OLD BUSINESS

Romeoville Memorandum of Understanding

Due to the impending retirement of the General Manager, Commissioner Healy moved to direct Chairman Zay and Attorney Luetkehans to directly handle any negotiations related to any outstanding matters with current or potential municipal customers, including the Village of Romeoville's Memorandum of Understanding. Seconded by Commissioner Gustin and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

General Manager Search

Chairman Zay noted that Baker Tilly has been assisting the Commission with the search process and had received selections from 9 out of the 13 board members and asked the remaining 4 members to submit their selections as soon as possible. As soon as selections from all Board members have been received, interviews would then be scheduled for the first or second week of January. Commissioner Sues noted the importance of circulating the survey results with the Board members before moving to the interview phase. Commissioner Rush encouraged members participating in the in-person interview process to plan on participating in the whole interview process in fairness to each candidate.

At the request of General Manager Spatz, Financial Administrator Peterson was asked to read the following prepared update regarding the towns of Yorkville, Montgomery, and Oswego:

After the last Board meeting, Friday- November 19th, Dan DiSanto from Oswego contacted John to let him know that the 3 mayors met, and all had agreed to recommend joining DWC to their Boards.

The mayors were to announce to the public on December 6th that the recommendation to each of their Boards would be the option to join DWC. He asked John if they could make the memo of understanding public to their Boards. John said no, as there were changes based upon discussions at our Board meeting the night before. Dan asked what the changes were, and John let him know that wording regarding a second representative on the board needed to be changed. John needed to delete the population number and the second rep may be a county representative and we would leave it generic just saying a representative and delete municipal. Dan asked if that was all, and John said yes.

John then called Chairman Zay to let him know the conversation with DiSanto and about December 6th. The memo was revised and then reviewed and approved by the Chairman. Dan received the revised memo taking out the population number and the description regarding the possible second representative. That was the only version released to the 3 towns Boards when they were asked to vote.

All 3 Boards unanimously voted yes to joining the Commission this week.

Also, at the request of General Manager Spatz, Financial Administrator Peterson read the following timeline and correspondences for the Village of Romeoville discussion to date.

A couple of things to keep in mind as we go through the timeline, this was not done over many years or months, but was completed in a couple weeks.

Also, during this time frame, besides the normal everyday work that John needed to complete (such as preparing for the November 18th board meeting). We also had a large 72" valve in the middle of the plant break in the closed position and needed to be repaired. An electrical 480 V main breaker mechanically failed and needed to be repaired.

John wants to thank Mike Weed and others for the hard work, off hours work, and weekend work to get these repairs completed. The Commission's water flow was never interrupted.

On Friday, November 12th, at the request of Romeoville and with the help of Dave Kohn from the City of Chicago, John coordinated a video meeting with Romeoville and the City of Chicago. The purpose of the meeting was for Romeoville to hear directly from the city what regional wholesale water rate is projected in the future for the DuPage Water Commission and how that would compare to the water rates Joliet was projecting/providing them. This would help them with their decision/selection of a future water supplier. At Romeoville's request, John was asked to also be part of the video meeting. The City confirmed to Romeoville that the projected water rate for the DWC was slightly lower than Joliet's.

Around Monday, November 15th, in discussion with Romeoville village manager, they said that they had gotten some of the numbers and terms (deal) from Joliet and wanted to know what the DuPage Water Commission would offer. John replied that he is not sure what DWC could offer, but he would send her copies of some other DWC customers agreements (such as Bartlett's) and that all our customers get the same terms. No customer gets better terms. John was not sure if they knew how to proceed, so John let her know that other future customers have worked with the Commission on Memos of Understanding to get a better understanding of concepts that the Commission would possibly consider, but that would require a consensus of our board. Also, this would only be concepts and would and could change at any time until agreements are signed and officially approved by our board. She wanted to get started on an understanding. It was made very clear these are not negotiations and they are just a putting together a list of items that Romeoville would want our board to consider if they were to decide to choose DWC as a water supplier.

Wednesday November 17th John drove to Romeoville City Hall to meet with Dawn Caldwell, their Village Manager and Chris Drey, their Public Works Director. The purpose of the meeting was to get a better understanding of what Romeoville is asking for or considering and what to take back to discuss with our board. Romeoville's lawyer and financial administrator also join the meeting. Some of the items discussed were:

The cost of connecting Romeoville to the DWC system. They presented some of their preliminary engineering estimates. They wanted John to guarantee that the cost would not go over their preliminary estimates. He said there is no way he could give them any guarantees. It would still need to be designed by our engineering firm, routes would need to be determined, easements obtained, bid, constructed, commissioned, etc.

We discussed easements and quick take. This appeared to be one of Romeoville's biggest concerns. They wanted John to guarantee we would be able to get the easements for the job. One of their concerns was getting easements on the proposed route down a ComEd property and through Bolingbrook. John said we could not give a guarantee until the design is complete. That the Commission had already started very preliminary discussions with ComEd and if they wanted, he would ask our chairman to meet with the Mayor of Bolingbrook to discuss. John also showed them 3 other possible routes that they may want to consider.

We talked about legislation and eminent domain and quick take. John said we would work on that with them.

We discussed the buy-in cost and would our commissioners consider an arrangement similar to Bartlett's. We discussed the timing of other communities joining the Commission and the affect that could have on the buy-in cost based upon projected total water sales. John said he would add that to the list to discuss with our commissioners.

We discussed the connection facility cost and would our commissioners consider an arrangement similar to Bartlett's in which the Commission would help by loaning them some of the funding needed. John said he would bring that back to our commissioners to discuss but asked them what amount of funding (loans) they want our commissioners to consider. They said \$45 to \$46 million (the full cost of their projected connection facility cost). John said he would bring that back to our commissioners, but he could almost guarantee that this would be not acceptable. They then lowered it to \$20 million.

We talked about WIFIA borrowing and working together on that.

We talked about what representation they would get on the commission.

We talked about the reliability of the DWC system. John let them know he would send them our recent 2021 Reliability Report that the Commission had just completed.

John also said he would resend the Bartlett agreement and exhibits related to loans so that they could see some of the ways that those terms were laid out.

We concluded with the understanding that we would start an initial draft list of items we discussed in the form of an initial draft memo of understanding for future discussions only.

Financial Administrator Peterson noted a handful of email exchanges to be read as well and asked if she should continue. Several members responded that it was not necessary.

Chairman Zay stated that he felt that a clear direction had been established regarding any future communication on outstanding matters with current or potential municipal customers and that all matters would be directed to him. Once discussions and negotiations begin, Chairman Zay said that he would ask Commissioner Fennell and other members to join him.

NEW BUSINESS

New Employee Hiring

Commissioner Healy moved to direct that any new hires for the Commission would need prior Board approval. Seconded by Commissioner Russo.

After Chairman Zay noted that he would be meeting with staff the following day to find out the status of all pending new hires, the motion was unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Chairman Zay stated that General Manager Spatz had sent him the City of Chicago's Wholesale Water Customer Advisory Council proposal and asked David Kohn, Deputy Commissioner, Regional Partnerships, Department of Water Management with the City of Chicago to expand on the topic. Mr. Kohn explained that the City of Chicago has developed a proposal for an advisory council which would be comprised of representatives of all the City's wholesale customers for purposes of providing an ongoing review of Chicago's water operations as well as offer feedback and guidance on water rates, capital improvement plans, operational concerns for the water system, etc. Mr. Kohn added that the City is in the process of transitioning to a cost-of-service base rate methodology versus the flat rate that has been utilized for many years and that the proposed structure was being shared with the City's largest water partners for review with the intent to share with all its other customers next year.

Chairman Zay questioned the updates/suggestions that Mr. Kohn received from General Manager Spatz and Mr. Kohn explained that the City had shared the draft proposed structure with their largest customers and asked each community to provide feedback which comments had been received by General Manager Spatz and other communities. Mr. Kohn added that the City was trying to refine the draft before sending it out to the rest of its suburban water customers. The advisory council, along with representatives from all the City's customers, would hold its first meeting sometime in mid-2022 and discuss developing formal By-Laws, rules of procedures, etc.

Commissioner Suess expressed his appreciation to Mr. Kohn for attending the past several Board meetings and questioned the City's vision regarding water rates for the Commission versus a resident of the City of Chicago. Mr. Kohn explained that the AWWA rate methodology has been used by major water systems around the country for decades and that Chicago has been charging a flat rate per 1,000 gallons for every customer. With the proposed cost-of-service methodology, the methodology would be based upon only those aspects of the Chicago water system infrastructure utilized in providing water to that customer. The more robust and sophisticated system the more cost savings benefit. Mr. Kohn noted that the other part of the advisory council would be to conduct an annual review of each customer's water rate and adjust accordingly for a more fair and transparent way of rate setting. Discussion ensued regarding communities faced with an aging infrastructure.

After Commissioner Healy confirmed that a complete and open accounting of all rates and services being charged from start to point of delivery would be provided, Mr. Kohn added that the City is committed to embarking on a new era of regional water collaboration and transparency of all cost centers including administrative costs and how the City determines water rates for each community. Every participant of the advisory council would be representing a community that purchases water from the City of Chicago.

After Chairman Zay requested that Mr. Kohn forward, to him, any comments made on behalf of the Commission, he then requested a letter from the City regarding the methodology for regionalization of water rates and whether these rates would be in place by the time the Commission's contract expires in 2024. Once that letter is received, a response would be prepared back to the City with the contract terms including language verifying that the Commission would be able to participate in the regional water rates once they have been established. Chairman Zay expressed the importance of this letter from the City as it would also allow the Commission to inform its customers accordingly.

Being the City's largest customer, Commissioner Suess expressed his concerns with the lack of urgency in establishing these regional rates before the Commission's contract expires and questioned why this could not be done. Mr. Kohn explained that one of the things that the City needs to achieve, during the transition of this cost of service model, was to be able to maintain some degree of revenue stability for its ongoing operation. In fairness among all communities the City serves, the goal is to make the transition as even as possible for all.

Mr. Kohn stated that the City understands the urgency of this implementation and the importance of renewing or extending the water supply contract between the parties and is working to establish a firm cost of service methodology transition date.

With no further discussion, Commissioner Gustin moved to adjourn the meeting at 8:41 P.M. Seconded by Commissioner Broda and unanimously approved by a Voice Vote.

All voted aye. Motion carried.