



# DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642  
(630)834-0100 Fax: (630)834-0120

**NOTICE IS HEREBY GIVEN THAT THE RESCHEDULED NOVEMBER 2010 REGULAR MEETING OF THE DUPAGE WATER COMMISSION WILL BE HELD AT 7:00 P.M. ON THURSDAY, NOVEMBER 11, 2010, AT 600 EAST BUTTERFIELD ROAD, ELMHURST, ILLINOIS 60126. THE AGENDA FOR THE RESCHEDULED NOVEMBER 2010 REGULAR MEETING IS AS FOLLOWS:**

## AGENDA

### DUPAGE WATER COMMISSION

**THURSDAY, NOVEMBER 11, 2010  
7:00 P.M.**

**600 EAST BUTTERFIELD ROAD  
ELMHURST, IL 60126**

- I. Call to Order and Pledge of Allegiance
- II. Roll Call  
(Majority of the Commissioners then in office—minimum 7)
- III. Public Comments (limited to 5 minutes per person)
- IV. Approval of Minutes
  - A. Regular Meeting of October 11, 2010  
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**RECOMMENDED MOTION: To approve the Minutes of the October 11, 2010 Regular Meeting of the DuPage Water Commission (Voice Vote).**

- B. Executive Session of October 11, 2010  
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**RECOMMENDED MOTION: To approve the Executive Session Minutes of the October 11, 2010 Regular Meeting of the DuPage Water Commission (Voice Vote).**

- V. Treasurer's Report – October 2010  
(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**RECOMMENDED MOTION: To accept the October 2010 Treasurer's Report (Voice Vote).**

All visitors must present a valid driver's license or other government-issued photo identification, sign in at the reception area and wear a visitor badge while at the DuPage Pumping Station.

## VI. Committee Reports

## A. Administration Committee

- Meeting Cancelled

## B. Engineering &amp; Construction Committee

- Meeting Cancelled

## C. Finance Committee

- Meeting Cancelled

## VII. Chairman's Report

## VIII. Omnibus Vote Requiring Majority Vote

## A. Resolution No. R-49-10: A Resolution Further Amending the DuPage Water Commission Flexible Benefits Plan

(Concurrence of a Majority of the Appointed Commissioners—7)

## B. Resolution No. R-50-10: A Resolution Further Amending Resolution No. R-7-97 to Designate PNC, NA, the Successor to National City Bank of Michigan/Illinois, as the Authorized Custodian of Commission Investments and Pledged Collateral

(Concurrence of a Majority of the Appointed Commissioners—7)

## C. Resolution No. R-51-10: A Resolution Retaining SPI Energy Group for Electric Market Consulting Services

(Concurrence of a Majority of the Appointed Commissioners—7)

**RECOMMENDED MOTION: To adopt the items listed on the Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures (Roll Call).**

## IX. Omnibus Vote Requiring Super-Majority or Special Majority Vote

## A. Resolution No. R-48-10: A Resolution Awarding Quick Response Electrical Contract QRE-5/10

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

## B. Resolution No. R-52-10: A Resolution Approving and Ratifying Certain Contract PSD-7/08 Change Orders at the November 11, 2010, DuPage Water Commission Meeting

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

**RECOMMENDED MOTION: To adopt the items listed on the Super/Special Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures (Roll Call).**

X. Old Business

A. Recommendations From Ad Hoc Committee

B. Annual Audit Report for the Fiscal Year Ended April 30, 2009.

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**RECOMMENDED MOTION: To accept the draft Audit Report for the Fiscal Year ending April 30, 2009, direct the auditors to print the final report, and direct staff to distribute copies (Voice Vote).**

C. Retain Financial Services Provider

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

**RECOMMENDED MOTION: To retain the services of XXXXX as Financial Services Provider at a cost of \$XXXXX (Roll Call).**

XI. New Business

A. Reduction in Retention—Contract PSD-7/08

(Concurrence of a Majority of the Appointed Commissioners—7)

**RECOMMENDED MOTION: To reduce Contract PSD-7/08 retainage from 10% of the Contract Price to 5% of the Contract Price (Roll Call).**

B. Workers Compensation Insurance Renewal

(TO SUSPEND PURCHASING PROCEDURES: 2/3 Majority of those Commissioners Present, provided there is a quorum—minimum 5)

(TO APPROVE: Concurrence of a Majority of the Appointed Commissioners—7)

**RECOMMENDED MOTION: To suspend the purchasing procedures of the Commission's By-Laws and purchase workers compensation insurance coverage in accordance with the October 15, 2010, Proposal of Insurance by Arthur J. Gallagher Risk Management Services, Inc. for a premium of \$81,586.00 (Roll Call).**

C. Purchase Order No. 12472 in the amount of \$62,635.00 to Packey Webb Ford

(TO SUSPEND PURCHASING PROCEDURES: 2/3 Majority of those Commissioners Present, provided there is a quorum—minimum 5)

(TO APPROVE: Concurrence of a Majority of the Appointed Commissioners—7)

**RECOMMENDED MOTION: To suspend the purchasing procedures of the Commission's By-Laws and approve Purchase Order No. 12472 in the amount of \$62,635.00 to Packey Webb Ford (Roll Call).**

**D. Purchase Order No. 12473 in the amount of \$58,749.00 to Freeway Ford**

(TO SUSPEND PURCHASING PROCEDURES: 2/3 Majority of those Commissioners Present, provided there is a quorum—minimum 5)

(TO APPROVE: Concurrence of a Majority of the Appointed Commissioners—7)

**RECOMMENDED MOTION: To suspend the purchasing procedures of the Commission's By-Laws and approve Purchase Order No. 12473 in the amount of \$58,749.00 to Freeway Ford (Roll Call).**

**XII. Accounts Payable**

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

**RECOMMENDED MOTION: To approve the Accounts Payable in the amount of \$XX, subject to submission of all contractually required documentation, for invoices that have been received (Roll Call).**

**RECOMMENDED MOTION: To approve the Accounts Payable in the amount of \$XX, subject to submission of all contractually required documentation, for invoices that have not yet been received but have been estimated (Roll Call).**

**XIII. Executive Session**

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**RECOMMENDED MOTION: To go into Executive Session to discuss security procedures pursuant to 5 ILCS 120/2(c)(8), to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2), to discuss acquisition of real estate pursuant to 5 ILCS 120/2(c)(5), to discuss pending, probable, or imminent litigation pursuant to 5 ILCS 120/2(c)(11), and/or to discuss minutes of closed meetings pursuant to 5 ILCS 120/2(c)(21) (Roll Call).**

**RECOMMENDED MOTION: To come out of Executive Session (Voice Vote).**

**XIV. General Manager Appointment**

(Affirmative Majority of the Appointed Commissioners, containing the votes of at least 1/3 of the County Appointed Commissioners and 40% of the Municipal Appointed Commissioners—3 County + 3 Muni+1=7)

**XV. Adjournment**

(Concurrence of a Majority of those Commissioners Present, provided there is a quorum—minimum 4)

**MINUTES OF A MEETING OF THE  
DuPAGE WATER COMMISSION  
HELD ON THURSDAY OCTOBER 14, 2010  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Rathje at 7:35 P.M.

Commissioners in attendance: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje

Commissioners Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

Also in attendance: T. McGhee, R. Skiba, M. Crowley, C. Johnson, J. Nesbitt, R. C. Bostick, F. Frelka, J. Schori, and E. Kazmierczak

**PUBLIC COMMENTS**

Debra Fulks, Glen Ellyn, Illinois, and a member of DuPage United, read from a prepared statement expressing concerns with the reappointment of current Board members after their January 1 automatic termination and stressing the importance of hiring a new General Manager by January 2011 as well as implementing the rest of the financial safeguards recommended by Jenner & Block.

**APPROVAL OF MINUTES**

Commissioner Elliott moved to approve the Minutes of the September 9, 2010 Special Meeting of the DuPage Water Commission. Seconded by Commissioner Loper and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Furstenau moved to approve the Executive Session Minutes of the September 9, 2010 Special Meeting of the DuPage Water Commission. Seconded by Commissioner Elliott and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Loper moved to approve the Minutes of the September 9, 2010 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

**TREASURER'S REPORT**

Former Financial Administrator Skiba presented the September 2010 Treasurer's Report, which consisted of three pages designated Reports A, B, and C. With respect to Report A, Former Financial Administrator Skiba highlighted the water sales monthly

## Minutes of the 10/14/10 Meeting

operating cash flow, stating that it was positive, reconciled, and tied-in with Report C on a full cash basis.

Former Financial Administrator Skiba confirmed for Commissioner Furstenau that the funds listed on the three reports were actual amounts that the Commission had on deposit in various accounts.

With regard to Report B, Former Financial Administrator Skiba noted that all required accounts were fully funded with available cash consisting of money in the emergency reserve account, money in the sales tax account, and the remaining loan proceeds, but that \$6.4MM is still needed for construction costs.

Commissioner Furstenau referred to Table 1, Lines A, B, C, D, and E, of Report B and asked where the funds were being invested. Former Financial Administrator Skiba replied that most of the Commission's funds were currently invested in the Illinois Funds Money Market.

With regard to Report C, Former Financial Administrator Skiba noted the \$75.8MM of cash and investments.

Commissioner Furstenau moved to accept the September 2010 Treasurer's Report. Seconded by Commissioner Elliott and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

### **COMMITTEE REPORTS**

#### **Administration Committee**

Meeting Canceled

#### **Engineering & Construction Committee**

Meeting Canceled

#### **Finance Committee**

Meeting Canceled

### **CHAIRMAN'S REPORT**

Chairman Rathje changed the order of business at the meeting to move the Chairman's Report to after the Accounts Payable.

### **MAJORITY OMNIBUS VOTE AGENDA**

Commissioner Mueller moved to adopt the items listed on the Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Murphy and unanimously approved by a Roll Call Vote:

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**Majority Omnibus Vote**

- Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje
- Nays: None
- Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga
- Item 1: Ordinance No. O-12-10: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2010 and Ending April 30, 2011—"Majority Omnibus Vote"
- Item 2: Resolution No. R-41-10: A Resolution Accepting the Proposal of Timothy W. Sharpe for Actuarial Services—"Majority Omnibus Vote"
- Item 3: Resolution No. R-42-10: A Resolution Releasing Certain Executive Session Meeting Minutes at the October 14, 2010, DuPage Water Commission Meeting—"Majority Omnibus Vote"

**SUPER/SPECIAL MAJORITY OMNIBUS VOTE AGENDA**

Commissioner Zay requested that Resolution No. R-43-10 be removed from the Super/Special Majority Omnibus Vote Agenda for separate consideration.

After Acting General Manager McGhee confirmed for Commissioner Furstenau that Resolution No. R-45-10 was a no-cost time extension request related to delays in securing City of Chicago building permits for a separate, but related, contract, Commissioner Murphy moved to adopt the items listed on the revised Super/Special Majority Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Loper and unanimously approved by a Roll Call Vote:

**Super/Special Majority Omnibus Vote**

- Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje
- Nays: None
- Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga
- Item 1: Resolution No. R-44-10: A Resolution Approving and Ratifying Certain Contract MS-17/10 Change Orders at the October 14, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"

## Minutes of the 10/14/10 Meeting

- Item 2: Resolution No. R-45-10: A Resolution Approving and Ratifying Certain Contract PSC-5/08 Change Orders at the October 14, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"
- Item 3: Resolution No. R-46-10: A Resolution Approving and Ratifying Certain Contract PSC-4/08 Change Orders at the October 14, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"
- Item 4: Resolution No. R-47-10: A Resolution Approving and Ratifying Certain Contract PSD-7/08 Change Orders at the October 14, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"

With regard to Resolution No. R-43-10, Commissioner Zay disagreed with having open-ended master contracts, stating that there should be one contract per project with a not-to-exceed cost cap.

Commissioner Suess questioned the process of approving master contracts and task orders. Staff Attorney Crowley explained that all engineering master contracts and task orders needed to be approved in advance by the Board. Staff Attorney Crowley cautioned that Resolution No. R-43-10 would approve not only a master contract with CDM but also Task Order No. 1 to that contract. Staff Attorney Crowley added that Task Order No. 1, if adopted in its current form, would delegate to the General Manager the authority to obtain indeterminate engineering assistance so long as the cost of such indeterminate engineering assistance was budgeted and did not exceed \$20,000 per project and, therefore, further Board approval would not be required for that engineering assistance.

Commissioner Furstenau questioned how often new proposals were solicited for master contracts and Acting General Manager McGhee stated that the Commission selects different engineering firms to submit proposals depending upon their specialties and the type of project for which the Commission needs engineering services.

Commissioner Furstenau moved to adopt Resolution No. R-43-10: A Resolution Approving and Authorizing the Execution of a Master Contract with Camp Dresser & McKee Inc. for Professional Engineering Services. Seconded by Commissioner Mueller.

Commissioner Elliott requested that Commissioner Furstenau amend his motion to change the dollar amount in Task Order No. 1 from the not-to-exceed \$20,000 limit per assignment to a not-to-exceed \$5,000.00 limit per assignment. After Commissioner Furstenau as the maker, and Commissioner Mueller as the second, agreed to amend the motion as requested by Commissioner Elliott, the amended motion to adopt Resolution No. R-43-10: A Resolution Approving and Authorizing the Execution of a Master Contract with Camp Dresser & McKee Inc. for Professional Engineering Services as amended to substitute the dollar amount \$5,000.00 for the dollar amount \$20,000.00 wherever such dollar amount appears in said Resolution No. R-43-10, including its exhibits, was approved by a Roll Call Vote:



Minutes of the 10/14/10 Meeting

Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, and L. Rathje

Nays: J. Zay

Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

**OLD BUSINESS**

**Recommendations From Ad Hoc Committee**

None

**NEW BUSINESS**

Commissioner Elliott moved to approve Purchase Order No. 12419 in the amount of \$44,290.00 to Acres Group. Seconded by Commissioner Furstenau and unanimously approved by a Roll Call Vote:

Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje

Nays: None

Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

Commissioner Murphy moved to purchase property and liability insurance coverage, for a total premium of \$453,942.00, as proposed by Arthur J. Gallagher & Co. and outlined by Nugent Consulting Group. Seconded by Commissioner Loper and unanimously approved by a Roll Call Vote:

Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje

Nays: None

Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

**ACCOUNTS PAYABLE**

Commissioner Elliott moved to approve both Accounts Payable in the combined amount of \$7,692,550.39, subject to submission of all contractually required documentation, for invoices that have been received and for invoices that have not yet been received but have been estimated. Seconded by Commissioner Murphy.

With regard to purchasing maintenance supplies, Commissioner Zay questioned what authority level approves the purchase. Acting General Manager McGhee stated that

## Minutes of the 10/14/10 Meeting

each supervisor is responsible for approving the items for their department for a total maximum purchasing cap of \$1,000/per month for all departments combined.

Commissioner Loper questioned why the Commission is paying so many late fees and Acting General Manager McGhee replied that some of the bills the Board approves were estimated, resulting in delayed payment if the approved amount was underestimated.

After Former Financial Administrator Skiba confirmed for Commissioner Zay that the charge for Bank of New York Mellon was for the revenue bond trustee yearly administrative fees, the motion was unanimously approved by a Roll Call Vote:

Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje

Nays: None

Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

### **CHAIRMAN'S REPORT**

Chairman Rathje reminded the Board that effective January 1, 2011, all terms of the Commission Board will automatically terminate and, as such, the Board needed to plan for the transition. At the request of Chairman Rathje, Acting General Manager McGhee distributed a list of actions that needed to be accomplished in the near future including the following:

- \$30MM Certificate of Debt extension/refinance (12/21/10)
- Appointment of new Board before January 1
- Changing check signing/disbursement authority in the event a new Board is not in place before January 1
- Hire Key Personnel (General Manager/Financial Administrator/Treasurer)
- Appoint New Committees and Chairs
- Health Insurance Renewal (January 1)
- 2011/2012 Budget Direction
- New Electrical Service Contract (March at the latest)
- Consideration of potential new emergency service only customers (Hillside/Berkley and Riverside/Brookfield)

Because there was nothing to prevent the new Board appointments from being made before January 1, Acting General Manager McGhee asked for direction to begin the process. Commissioner Murphy directed staff to prepare letters for the Chairman's signature requesting that DuPage County and the appropriate mayors make their respective appointments by December 15<sup>th</sup>.

Minutes of the 10/14/10 Meeting

**EXECUTIVE SESSION**

Commissioner Furstenau moved to go into Executive Session to discuss security procedures pursuant to 5 ILCS 120/2(c)(8), to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2), to discuss acquisition of real estate pursuant to 5 ILCS 120/2(c)(5), to discuss pending, probable, or imminent litigation pursuant to 5 ILCS 120/2(c)(11), and/or to discuss minutes of closed meetings pursuant to 5 ILCS 120/2(c)(21). Seconded by Commissioner Elliott and unanimously approved by a Roll Call Vote:

Ayes: T. Elliott, R. Furstenau, J. Loper, W. Mueller, W. Murphy, P. Suess, J. Zay, and L. Rathje

Nays: None

Absent: T. Bennington, L. Hartwig, W. Maio, F. Saverino, and D. Zeilenga

Before the Board went into Executive Session, Staff Attorney Crowley confirmed for Commissioner Elliott that, in the future, it would more appropriate if the motion to go into Executive Session were limited to the specific category or categories of Executive Session topics that were actually intended to be discussed.

The Board went into Executive Session at 8:30 P.M.

Commissioner Elliott moved to come out of Executive Session at 9:25 P.M. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

**GENERAL MANAGER APPOINTMENT**

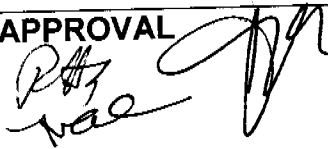
None

Commissioner Elliott moved to adjourn the meeting at 9:26 P.M. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

DATE: November 4, 2010

## REQUEST FOR BOARD ACTION

|   |   |
|---|---|
| <b>AGENDA SECTION</b> Omnibus Vote Requiring Majority Vote  | <b>ORIGINATING DEPARTMENT</b> Finance   |
| <b>ITEM</b> A Resolution Further Amending the DuPage Water Commission Flexible Benefits Plan<br><br>Resolution No. R-49-10  | <b>APPROVAL</b><br> |
| <p>Account Number: 01-60-6122</p> <p>Pursuant to Resolution No. R-2-05, as amended by Resolution No. R-8-06, the Commission adopted a Flexible Benefits Plan to, among other things, lower tax costs for both the Commission and its employees by allowing for pre-tax deductions. Under the Flexible Benefits Plan, participants use a salary conversion arrangement through which they use pre-tax dollars to pay for (1) their share of the costs of health insurance premiums (Pre-tax Insurance Premium Benefit), (2) medical costs not covered by the Commission's health care plan (Health FSA Benefit), and (3) dependent care coverage (Dependent Care FSA Benefit).</p> <p>Pursuant to the recently enacted federal health care reform legislation, effective for taxable years beginning after December 31, 2010, the Health FSA Benefit can no longer include over the counter drugs or medicines except insulin. Resolution No. R-49-10 would amend the Commission's Flexible Benefits Plan accordingly.</p> |   |
| <b>MOTION:</b> To adopt Resolution No. R-49-10.   |   |

## DUPAGE WATER COMMISSION

## RESOLUTION NO. R-49-10

A RESOLUTION FURTHER AMENDING THE  
DUPAGE WATER COMMISSION FLEXIBLE BENEFITS PLAN

WHEREAS, pursuant to Resolution No. R-2-05, as amended by Resolution No. R-8-06, the Commission adopted a Flexible Benefits Plan to, among other things, lower tax costs for both the Commission and its employees by allowing for pre-tax deductions; and

WHEREAS, under the Commission's Flexible Benefits Plan, participants use a salary conversion arrangement through which they use pre-tax dollars to pay for (1) their share of the costs of health insurance premiums (Pre-tax Insurance Premium Benefit), (2) medical expenses not covered by the Commission's health care plan (Health FSA Benefit), and (3) dependent care coverage (Dependent Care FSA Benefit); and

WHEREAS, pursuant to Section 9003 of the Patient Protection and Affordable Care Act (Public Law 111-148, March 23, 2010, 124 Stat. 854), reimbursement for expenses incurred for a medicine or a drug with respect to taxable years beginning after December 31, 2010, will be treated as a reimbursement for medical expenses only if such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: Recitals. The foregoing recitals are hereby incorporated herein and made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: Amendment to Section 10.04. Section 10.04, entitled "Reimbursement," of Article X, entitled "Health Flexible Spending Account Program," of the Flexible Benefits Plan shall be and it hereby is amended in its entirety so that Section 10.04 shall hereafter be and read as follows:

**"10.04 Reimbursement.** The Employer will reimburse the Participant in the Plan Year or the Grace Period for Qualified Health Care Expenses incurred by the Participant during the Plan Year or the Grace Period, subject to the other limitations of the Health FSA Program. The term "Qualified Health Care Expense" means any expense for medical care within the meaning of the term "medical care" as defined in Code section 213(d) and as allowed under Code section 105 and the rulings and Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining the Participant's tax liability under the Code. However, a Participant may not be reimbursed for the cost of other health coverage for other plans maintained by the Employer or any other employer. *In addition, a Participant may not be reimbursed for expenses incurred for a medicine or a drug with respect to Plan Years beginning after December 31, 2010, unless such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin.* Furthermore, a Participant may not be reimbursed for "qualified long term care services" as defined in Code section 7702B(c). The Employer will not make any reimbursement to a Participant if the Participant receives reimbursement for the expense through insurance or under any other means. The Employer only will reimburse for Qualified Health Care Expenses incurred while the Employee is a Participant in the Health FSA Program."

SECTION THREE: Amendment to Plan Summary. The answer to Question 9 under Part 4, entitled "Health FSA Benefits," of the Flexible Benefits Plan Summary Plan Description shall be and it hereby is amended in its entirety so that the answer to said Question 9 shall hereafter be and read as follows:

**"Q-9. What is an "Eligible Expense?"**

An "eligible expense" means any item which you could have claimed as a medical expense deduction on an itemized federal income tax return, and which was not paid or payable by another source. It also includes certain over the counter medications as permitted under Code section 105 and the regulations and rulings thereunder **except for Plan Years beginning after December 31, 2010, over the counter medications are not eligible unless such medication is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is insulin.** The Plan Administrator will provide you with a list of eligible expenses. The only **other** exceptions are: (1) expenses for qualified long-term care services, (2) expenses incurred for cosmetic surgery unless necessary to alleviate or prevent a physical or mental condition, and (3) a Participant's insurance premium payments for health coverages, including premiums paid for health coverage under a plan maintained by the employer or the employee's spouse or dependent.

A partial list of eligible expenses included with the Claims Filing Instructions will help you determine if an expense is an "eligible expense." If you have any doubts, you can also consult IRS Publication 17, "Your Federal Income Tax," or your personal tax advisor."

SECTION FOUR: Effective Date. This Resolution shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2010.

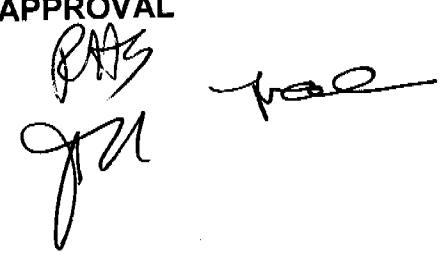
\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Clerk

DATE: November 4, 2010

# REQUEST FOR BOARD ACTION

|   |   |
|---|---|
| <b>AGENDA SECTION</b> Omnibus Vote Requiring Majority Vote  | <b>ORIGINATING DEPARTMENT</b> Finance   |
| <b>ITEM</b> A Resolution Further Amending Resolution No. R-7-97 to Designate PNC, NA, the Successor to National City Bank of Michigan/Illinois, as the Authorized Custodian of Commission Investments and Pledged Collateral<br><br>Resolution No. R-50-10  | <b>APPROVAL</b><br> |
| <p>Account Number: NA</p> <p>Pursuant to Resolution No. R-7-97, as amended by Resolution Nos. R-1-99 and R-42-00, the Commission designated National City Bank of Michigan/Illinois ("NCB") as the authorized custodian of Commission investments and collateral pledged to the Commission. NCB was acquired by PNC, NA ("PNC") on December 31, 2008, and, Resolution No. R-50-10 would, therefore, formally acknowledge and document the succession and designation of PNC as the authorized custodian of Commission investments and collateral pledged to the Commission.</p> |   |
| <b>MOTION:</b> To adopt Resolution No. R-50-10.   |   |



## DUPAGE WATER COMMISSION

## RESOLUTION NO. R-50-10

A RESOLUTION FURTHER AMENDING RESOLUTION NO. R-7-97  
TO DESIGNATE PNC, NA, THE SUCCESSOR TO NATIONAL CITY BANK OF  
MICHIGAN/ILLINOIS, AS THE AUTHORIZED CUSTODIAN OF COMMISSION  
INVESTMENTS AND PLEDGED COLLATERAL

WHEREAS, pursuant to Resolution No. R-7-97, being "A Resolution Designating the First of America Trust Company as the Authorized Custodian of Commission Investments and Pledged Collateral and Approving a Standard Form of Custody Agreement with Respect Thereto" ("Resolution No. R-7-97"), the DuPage Water Commission designated the First of America Trust Company ("FOA") as the authorized custodian of Commission investments and collateral pledged to the Commission and established a standard form of custody agreement to be used for all custody accounts with FOA, specifying, inter alia, the duties and liabilities of each party with respect to the safekeeping of Commission investments and collateral pledged to the Commission and other custodial services; and

WHEREAS, the Commission had been advised that FOA merged with NC Illinois Trust Company, a National City Company ("NC Illinois"), and, therefore, pursuant to Resolution No. R-1-99, the Commission designated NC Illinois as the successor to the custodial responsibilities of FOA under Resolution No. R-7-97 and all Custody Agreements entered into pursuant thereto; and

WHEREAS, instead of merging with NC Illinois, FOA merged with a different National City Company, National City Bank of Michigan/Illinois ("NCB"), and, therefore, pursuant to Resolution No. R-42-00, the Commission designated NCB as the successor to the custodial responsibilities of FOA under Resolution No. R-7-97 and all Custody Agreements entered into pursuant thereto; and

Resolution No. R-50-10

WHEREAS, NCB was acquired by PNC, NA ("PNC") on December 31, 2008; and  
WHEREAS, the Board of Commissioners of the DuPage Water Commission has found and determined that it is in the best interests of the Commission to formally acknowledge and document the succession and designation of PNC as the authorized custodian of Commission investments and collateral pledged to the Commission until such time as Resolution No. R-7-97 shall have been repealed and a successor to the custodial responsibilities of PNC shall have been appointed, by subsequent resolution duly adopted by the Board of Commissioners of the DuPage Water Commission;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are hereby incorporated herein as if fully set forth.

SECTION TWO: Effective as of December 31, 2008, the effective date of the acquisition by PNC, Resolution No. R-7-97 shall be, and it hereby is, further amended by deleting the terms "National City Bank of Michigan/Illinois" and "NCB" wherever such terms appear in Resolution No. R-7-97, as amended by Resolution Nos. R-1-99 and R-42-00, and substituting in their place the terms "PNC, NA" and "PNC," respectively.

Resolution No. R-50-10

SECTION THREE: This Resolution shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Chairman


ATTEST:

\_\_\_\_\_  
Clerk

Board\Resolutions\R-50-10.docx

DATE: November 4, 2010

## REQUEST FOR BOARD ACTION

|  |   |                               |  |
|--|---|-------------------------------|--|
| <b>AGENDA SECTION</b>  | Omnibus Vote Requiring Majority Vote  | <b>ORIGINATING DEPARTMENT</b> | General Manager  |
| <b>ITEM</b>  | A Resolution Retaining SPI Energy Group for Electric Market Consulting Services<br><br>Resolution No. R-51-10 | <b>APPROVAL</b>               |  |
| Account Number: 01-60-6290   |   |                               |  |
| <p>SPI Energy Group is an energy market consultant that previously provided consulting services to the Commission in connection with the selection of an alternative electrical supplier and the negotiation of the existing electrical supply agreement. Staff desires to continue to retain the services of SPI Energy Group on an as needed basis in connection with the Commission's electrical supply needs.</p> <p>The approved Management Budget for Fiscal Year 2010-2011 included \$5,000 in account number 01-60-6290 for Electrical Consulting Services. Because the cost of these services in Fiscal Year 2010-2011 is expected to exceed the amount budgeted, Board approval is required. On the other hand, no special purchasing procedures were required to be followed in procuring the services because the cost of these services in Fiscal Year 2010-2011 is expected to be less than \$20,000.</p> <p>Resolution No. R-51-10 would authorize staff to request such services from time to time, subject to a maximum total expenditure of \$18,000 in Fiscal Year 2010-2011.</p> |   |                               |  |
| <b>MOTION:</b> To adopt Resolution No. R-51-10.  |   |                               |  |

## DUPAGE WATER COMMISSION

## RESOLUTION NO. R-51-10

A RESOLUTION RETAINING SPI ENERGY GROUP  
FOR ILLINOIS ELECTRIC MARKET CONSULTING SERVICES

WHEREAS, the Illinois Electric Service Customer Choice and Rate Relief Law (the "Law") was enacted in December 1997 and deregulated the electrical industry; and

WHEREAS, as allowed by the Law, the Commission entered into an electrical supply agreement with a retail electric supplier, which electrical supply agreement will expire on or about March 24, 2011; and

WHEREAS, before extending the existing electrical energy supply agreement, the Commission would like to ensure that it will receive power and possibly other services at current or better market rates, terms and conditions; and

WHEREAS, the Commission would also like to obtain electric market consulting services as needed in the future due to developments in the Illinois electric supply market; and

WHEREAS, SPI Energy Group is a consulting firm consisting of experienced electrical professionals with utility experience; and

WHEREAS, SPI Energy Group previously provided Illinois electric market consulting services to the Commission, including consulting services in connection with the Commission's selection of the alternative electrical supplier and the negotiation of the existing electrical supply agreement; and

WHEREAS, the Commission desires to obtain, and SPI Energy Group, desires to provide, Illinois electric market consulting services in connection with the extension of the existing electrical supply agreement and as needed in the future due to developments in the Illinois electric supply market;

Resolution R-51-10

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are hereby incorporated herein and made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission.

SECTION TWO: The DuPage Water Commission hereby retains SPI Energy Group to provide Illinois electric market consulting services in connection with the extension of the Commission's existing electrical supply agreement and as needed in the future due to developments in the Illinois electric supply market, subject to a maximum total expenditure of \$18,000.00 in Fiscal Year 2010-2011.

SECTION THREE: This Resolution shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Clerk



# DuPage Water Commission

## MEMORANDUM

TO: Terry McGhee  
Acting General Manager

FROM: John Schori *JS*  
I/RF Supervisor

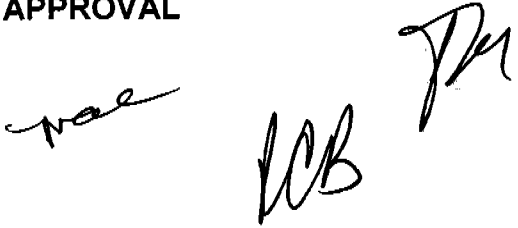
DATE: November 4, 2010

SUBJECT: Evaluating QRE-5/10 Bid documents

Bid opening for this contract was October 25, 2010. I am still in the process of evaluating the bid documents to determine the recommendation for the board at the November 11, 2010 meeting. There are a few clarifications of items in the documents that I am awaiting answers on from the bidders. I will have it complete and ready to go out in the Tuesday supplemental board package.

DATE: November 4, 2010

## REQUEST FOR BOARD ACTION

|  |  |   |  |
|--|--|---|--|
| <b>AGENDA SECTION</b>  | Omnibus Vote Requiring Super-Majority or Special Majority Vote   | <b>ORIGINATING DEPARTMENT</b>   | Facilities<br>Construction/Safety<br>Coordinator |
| <b>ITEM</b>  | A Resolution Approving and Ratifying Certain Contract PSD-7/08 Change Orders at the November 11, 2010, DuPage Water Commission Meeting<br><br>Resolution No. R-52-10 | <b>APPROVAL</b><br><br> |  |
| Account Numbers: 01-60-7213.01   |  |   |  |
| Resolution No. R-52-10 would approve the following Contract PSD-7/08 Change Orders:  |  |   |  |
| <b>Change Order No. 12 to Contract PSD-7/08 (Electric Generation Facility and Office/Garage Expansion for the DuPage Pumping Station).</b> Change Order No. 12 would authorize, at a net increase in the Contract Price of \$1,185.00, the following changes to the Contract: 1) Addition of electric conduit and circuitry to place driveway and parking lot lights into the new lighting control system (\$1,185.00); and 2) Addition of cord plugs and receptacles for the portable generator control and low voltage wiring systems (\$0.00). Change Order No. 12 would also extend the Contract Time by 37 calendar days, changing the Contract Completion Date from November 24, 2010, to December 31, 2010. |  |   |  |
| With regard to item 1, these lights are currently controlled only by switching the circuit breaker on or off. Staff and the Engineer determined that placing the lighting circuits into the control circuitry of the lighting control system would be the most economical and efficient way of operating the light fixtures. This work has not been performed.   |  |   |  |
| With regard to item 2, the Contractor was requested by Staff and Engineer to provide cord plugs and receptacles to facilitate ease of connection of the portable generator and the Contractor has agreed to perform the work at no cost. This work has not been performed.   |  |   |  |
| The time extension request is based upon the necessary coordination between the Contractor and DWC Staff in regards to the SCADA (Supervisory Control And Data Acquisition) system. It is the responsibility of DWC Instrumentation Department Staff to coordinate the interfacing of Contract PSD-7 provided equipment with the Commission's existing SCADA. This coordination has taken longer than anticipated by DWC Instrumentation Staff and is delaying the final systems acceptance testing.   |  |   |  |
| Approval of this Change Order would increase the Contract Price in the net amount of \$1,185.00, which is within the cost range estimated by the Engineer, but does not authorize or necessitate an increase in the Contract Price that is 50% or more of the original Contract Price nor, based upon the Contractor's sworn certification, authorize or necessitate an increase in the price of any subcontract under the Contract that is 50% or more of the original subcontract price.   |  |   |  |
| <b>MOTION:</b> To adopt Resolution No. R-52-10.  |  |   |  |



DUPAGE WATER COMMISSION

RESOLUTION NO. R-52-10

A RESOLUTION APPROVING AND RATIFYING  
CERTAIN CONTRACT PSD-7/08 CHANGE ORDERS AT THE  
NOVEMBER 11, 2010, DUPAGE WATER COMMISSION MEETING

BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The Contract PSD-7/08 Change Orders set forth on Exhibit 1, attached hereto and by this reference incorporated herein and made a part hereof, shall be and hereby are approved and, if already issued, ratified because the Board of Commissioners of the DuPage Water Commission has determined, based upon the representations of staff and the Contractor, that the circumstances said to necessitate the changes were not reasonably foreseeable at the time Contract PSD-7/08 was signed, the Contract PSD-7/08 Change Orders are germane to Contract PSD-7/08 as signed and/or the Contract PSD-7/08 Change Orders are in the best interest of the DuPage Water Commission and authorized by law.

SECTION TWO: This Resolution shall constitute the written determination required by Section 33E-9 of Article 33E of the Criminal Code of 1961 and shall be in full force and effect from and after its adoption.

AYES:

NAYS:

ABSENT:

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

ATTEST:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Clerk

Exhibit 1

Resolution No. R-52-10

1. Change Order No. 12 to Contract PSD-7/08 (Electric Generation Facility and Office/Garage Expansion for the DuPage Pumping Station) in the net amount of \$1,185.00.

DUPAGE WATER COMMISSION  
CHANGE ORDER

SHEET 1 OF 3

PROJECT NAME: Electric Generation Facility and  
Office/Garage Expansion for the  
DuPage Pumping Station

CHANGE ORDER NO. 12

LOCATION: Elmhurst, Illinois

CONTRACT NO. PSD-7/08

CONTRACTOR: Williams Brothers Construction, Inc.

DATE: November 12, 2010

I. A. DESCRIPTION OF CHANGES INVOLVED:

1. Furnish and install conduit and wiring to connect driveway and parking lot lights to the lighting control cabinet in accordance with the Engineer's Proposed Change Order Memorandum No. 058.
2. Furnish and install cord plug and receptacles for the portable generator unit in accordance with the Engineer's Proposed Change Order Memorandum No. 060.
3. An Contract Time extension of 37 calendar days.

B. REASON FOR CHANGE:

1. Currently, these lights are controlled only by switching the circuit breaker on or off. Owner determined that placing the lighting circuits into the control circuitry of the lighting control system would be the most economical and efficient way of operating the light fixtures.
2. Contractor was requested by Owner to provide cord plugs and receptacles to facilitate ease of connection and Contractor has agreed to perform the additional Work at no cost.
3. The time extension request is based upon the necessary coordination between the Contractor and Owner in regards to the SCADA (Supervisory Control And Data Acquisition) system. It is the responsibility of DWC Instrumentation Department Staff to coordinate the interfacing of Contract PSD-7 provided equipment with the Commission's existing SCADA. This coordination has taken longer than anticipated by DWC Instrumentation Staff and is delaying the final systems acceptance testing.

C. REVISION IN CONTRACT PRICE:

1. Negotiated net increase of \$1,185.00
2. No Cost
3. N/A


II. CHANGE ORDER CONDITIONS:

1. The Completion Date established in the Contract, as signed or as modified by previous Change Orders, is hereby extended by 37 Days, making the final Completion Date December 31, 2010.
2. Any Increased Work to be performed under this Change Order shall be provided, performed, and completed in full compliance with, and as required by or pursuant to, the Contract, including any Specifications and Contract Drawings for the Increased Work and for Work of the same type as the Increased Work, and as specified in the preceding "Description of Changes Involved."
3. Unless otherwise provided herein, all Work included in this Change Order shall be guaranteed and warranted as set forth in, and Contractor shall not be relieved from strict compliance with, the guaranty and warranty provisions of the Contract.
4. All Work included in this Change Order shall be covered under the Bonds and the Required Coverages specified in the Contract. If the Contract Price, including this Change Order, exceeds the Contract Price set forth in the Contract, as signed, by twenty percent (20%), Contractor shall submit to Owner satisfactory evidence of such increased coverage under the Bonds if requested by Owner.



DATE: November 4, 2010

## REQUEST FOR BOARD ACTION

|   |   |
|---|---|
| <b>AGENDA SECTION</b> Old Business  | <b>ORIGINATING DEPARTMENT</b> General Manager's Office  |
| <b>ITEM</b> Annual Audit Report for the Fiscal Year Ended April 30, 2009  | <b>APPROVAL</b><br> |
| <p>Attached is a draft of the Annual Audit Report for the Fiscal Year Ended April 30, 2009. The auditors and Commission staff are in agreement that the report is ready to be issued and recommend the report be accepted.</p> <p>Upon acceptance, the auditors will be directed to prepare final copies for distribution by staff.</p> |   |
| <b>MOTION:</b> To accept the draft Audit Report for the Fiscal Year ending April 30, 2009, direct the auditors to print the final report and direct staff to distribute copies.   |   |

Preliminary and Tentative  
For Discussion Purposes Only

DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2009



Certified Public Accountants & Advisors

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INTRODUCTORY SECTION

DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS

Preliminary and Tentative  
For Discussion Purposes Only

PRINCIPAL OFFICIALS

April 30, 2009

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General Manager

Mr. Robert L. Martin

Financial Administrator

Mr. R. Max Richter

Staff Attorney

Ms. Maureen Crowley

Manager of Water Operations

Mr. Terrance McGhee

Commission administrative offices are located at:

600 East Butterfield Road  
Elmhurst, IL 60126

Preliminary and Tentative  
For Discussion Purposes Only

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
DuPage Water Commission  
Elmhurst, Illinois

We have audited the basic financial statements of the DuPage Water Commission, as of and for the year ended April 30, 2009, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the DuPage Water Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the DuPage Water Commission, as of April 30, 2009, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information listed as supplemental data in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the DuPage Water Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Aurora, Illinois  
September 30, 2010

Preliminary and Tentative  
For Discussion Purposes Only

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

**DuPage Water Commission  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This section of the DuPage Water Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ending April 30, 2009.

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's basic financial statements are comprised of the following components: Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows and Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Net Assets presents information on all the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets present information showing how the Commission's net assets changed during the most recent fiscal year. Both the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets include all the assets and liabilities of the Commission. The statements are presented using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies.

The Statement of Cash Flows provides information on the Commission's gross sources and uses of cash during the fiscal year.

The Notes to the Financial Statements generally provide more detailed information about the Commission's assets, liabilities, net assets and operations, as well as summarize the Commission's significant accounting policies.

**FINANCIAL OPERATIONS SUMMARY**

With revenues of \$74.0 million and expenses totaling \$75.2 million, the Commission's net assets decreased by \$1.2 million in fiscal year 2009 to \$329.3 million. Restricted net assets and net assets invested in property, plant and equipment were \$44.4 million and \$256.5 million, respectively.

**FINANCIAL ANALYSIS**

**Changes in Net Assets.** The table on page 2 presents information on the Commission's assets and liabilities, with the difference between the two reported as net assets. All significant dollar changes have been explained. Net capital assets represent the total of assets capitalized less accumulated depreciation. The decrease in capital assets of \$2.4 million is due to depreciation expense of \$6.8 million, offset by investment in new construction of \$4.4 million.

The Commission is constructing emergency generation at the Lexington Pump Station. The City of Chicago has agreed to pay a portion back to the Commission through a 10 percent credit in water costs paid by the Commission. Net assets invested in capital assets, net of related debt increased \$17.3 million from the prior year due primarily to a decrease in bonds payable of \$19.7 million used to finance capital assets.

Restricted net assets increased by \$0.3 million over the prior year. For more information see Note 7 (c) and Note 8, in the notes to the financial statements.

(See independent auditor's report.)  
MD&A 1

COMPARATIVE SUMMARY OF CHANGES IN NET ASSETS  
For Fiscal Years Ending April 30

|                                     | 2009                  | 2008<br>RESTATED      | INCREASE<br>(DECREASE) | % CHANGE      |
|-------------------------------------|-----------------------|-----------------------|------------------------|---------------|
| <b>Assets</b>                       |                       |                       |                        |               |
| <b>Current:</b>                     |                       |                       |                        |               |
| Unrestricted cash and investments   | \$ 2,187,306          | \$ 19,004,762         | \$ (16,817,456)        | -88.5%        |
| Restricted cash and investments     | 66,455,606            | 62,086,170            | 4,369,436              | 7.0%          |
| Receivables                         | 11,730,634            | 13,380,889            | (1,650,255)            | -12.3%        |
| Other Assets                        | 928,348               | 627,284               | 301,064                | 48.0%         |
| <b>Non-current:</b>                 |                       |                       |                        |               |
| Other Assets                        | 330,038               | -                     | 330,038                | N/A           |
| Long term loan receivable           | 5,637,192             | 5,637,191             | 1                      | 0.0%          |
| Land and construction in progress   | 19,338,232            | 14,966,815            | 4,371,417              | 29.2%         |
| Capital assets, net of depreciation | 350,095,316           | 356,918,849           | (6,823,533)            | -1.9%         |
| <b>Total assets</b>                 | <b>456,702,672</b>    | <b>472,621,960</b>    | <b>(15,919,288)</b>    | <b>-3.4%</b>  |
| <b>Liabilities</b>                  |                       |                       |                        |               |
| <b>Current:</b>                     |                       |                       |                        |               |
| Payables and accrued liabilities    | 8,318,519             | 4,317,116             | 4,001,403              | 92.7%         |
| Customer deposits                   | 1,457,785             | -                     | 1,457,785              | N/A           |
| Bonds payable                       | 21,425,000            | 20,090,393            | 1,334,607              | 6.6%          |
| Accrued interest                    | 2,567,431             | 2,893,994             | (326,563)              | -11.3%        |
| Deferred revenue                    | 140,607               | 140,992               | (385)                  | -0.3%         |
| <b>Non-current:</b>                 |                       |                       |                        |               |
| Deferred revenue                    | 1,943,383             | 2,083,606             | (140,223)              | -6.7%         |
| Other liabilities                   | 47,747                | 38,438                | 9,309                  | 24.2%         |
| Bonds payable                       | 91,459,790            | 112,555,514           | (21,095,724)           | -18.7%        |
| <b>Total liabilities</b>            | <b>127,360,262</b>    | <b>142,120,053</b>    | <b>(14,759,791)</b>    | <b>-10.4%</b> |
| <b>Net assets</b>                   |                       |                       |                        |               |
| Invested in capital assets, net     | 256,548,758           | 239,239,756           | 17,309,002             | 7.2%          |
| Restricted                          | 44,433,387            | 41,668,865            | 2,764,522              | 6.6%          |
| Unrestricted                        | 28,360,265            | 49,593,286            | (21,233,021)           | -42.8%        |
| <b>NET ASSETS</b>                   | <b>\$ 329,342,410</b> | <b>\$ 330,501,907</b> | <b>\$ (1,159,497)</b>  | <b>-0.4%</b>  |

(See independent auditor's report.)  
MD&A 2



Unrestricted reserves were reduced by \$51.2 million in the fiscal year ended April 30, 2008. Fiscal year ended April 30, 2009 saw a reduction of \$21.2 million. With three years of double digit percentage increases to the rates it is charged for water purchased from the City of Chicago, the Commission is reviewing its rate structure to ensure an adequate level of reserves.

A comparative summary of the changes in net assets is presented below.

**Revenues and Expenses.** The table which follows presents a comparative summary of revenues and expenses. The most significant source of revenues for the Commission continues to be from water sales. Water sales for fiscal year 2009 were 29.4 billion gallons versus 31 billion gallons last fiscal year. There were no major new customers and the average charter customer water rate increased from \$1.25 per thousand gallons to \$1.37 per thousand gallons for fiscal year 2009. Due to the rate increase, water revenue increased by \$1.1 million or 2.8%.

The Commission's sales tax revenues decreased by \$3.2 million or 9.3% due to national economic slowdown in fiscal year 2009. Sales taxes were used to make all general obligation bond payments in fiscal year 2009. In addition, \$7.1 million of sales tax funds were used to reduce the customers' fixed cost payments for fiscal year 2009 by 50%. This practice started in fiscal year 1998 and has continued through fiscal year 2009.

Statement 31 of the Governmental Accounting Standards Board requires investments be reported at fair market value. Investment income decreased \$2.5 million from the prior year due to a decrease in investment yield rates.

Water distribution costs remain the highest expense in the Commission's operations. Water distribution costs increased \$3.6 million mainly due to the City of Chicago increasing their water rate charged to their customers.

COMPARATIVE SUMMARY OF REVENUES AND EXPENSES  
For Fiscal Years Ending April 30

|   | 2009                  | 2008<br>RESTATED       | INCREASE<br>(DECREASE) | % CHANGE      |
|---|-----------------------|------------------------|------------------------|---------------|
| <b>REVENUES</b>                               |                       |                        |                        |               |
| Operating:                                    |                       |                        |                        |               |
| Water sales - all categories                  | \$ 41,480,689         | \$ 40,367,479          | \$ 1,113,210           | 2.8%          |
| Other   | 2,473                 | 72,697                 | (70,224)               | -96.6%        |
| Non-operating:                                |                       |                        |                        | N/A           |
| Sales tax                                     | 31,118,492            | 34,308,874             | (3,190,382)            | -9.3%         |
| Investment income                             | 1,424,148             | 3,958,431              | (2,534,283)            | -64.0%        |
| Gain on the sale of capital assets            | -                     | 46,624                 | (46,624)               | -100.0%       |
| <b>Total Revenue</b>                          | <b>74,025,802</b>     | <b>78,754,105</b>      | <b>(4,728,303)</b>     | <b>-6.0%</b>  |
| <b>EXPENSES</b>                               |                       |                        |                        |               |
| Operating:                                    |                       |                        |                        |               |
| Water supply costs                            | 53,813,786            | 50,234,652             | 3,579,134              | 7.1%          |
| Depreciation                                  | 6,871,760             | 7,786,017              | (914,257)              | -11.7%        |
| Personnel services                            | 3,792,037             | 3,803,665              | (11,628)               | -0.3%         |
| All other expenses                            | 2,210,235             | 1,886,996              | 323,239                | 17.1%         |
| Non-operating:                                |                       |                        |                        |               |
| Bond interest                                 | 6,761,745             | 7,514,478              | (752,733)              | -10.0%        |
| Intergovernmental Expense - City of Chicago   | 1,735,736             | -                      | 1,735,736              | N/A           |
| <b>Total Expense</b>                          | <b>75,185,299</b>     | <b>71,225,808</b>      | <b>3,959,491</b>       | <b>5.6%</b>   |
| Income before special and non-operating items | (1,159,497)           | 7,528,297              | (8,687,794)            | -115.4%       |
| Special item - customer rebate                | -                     | (40,000,000)           | 40,000,000             | -100.0%       |
| <b>Changes in net assets</b>                  | <b>\$ (1,159,497)</b> | <b>\$ (32,471,703)</b> | <b>\$ 31,312,206</b>   | <b>-96.4%</b> |
| <b>Net assets, May 1</b>                      | <b>330,501,907</b>    | <b>362,973,610</b>     |                        |               |
| <b>Net assets, April 30</b>                   | <b>\$ 329,342,410</b> | <b>\$ 330,501,907</b>  |                        |               |

(See independent auditor's report.)  
MD&A 4

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets. The Commission's capital assets before depreciation totaled \$477.3 million in fiscal year 2009.

**COMPARATIVE SUMMARY OF CHANGES IN CAPITAL ASSETS**  
For Fiscal Years Ending April 30

|                                  | 2009                  | 2008                  | INCREASE<br>(DECREASE) | % CHANGE     |
|----------------------------------|-----------------------|-----------------------|------------------------|--------------|
| Land and permanent easements     | \$ 11,792,301         | \$ 11,792,301         | \$ -                   | 0.0%         |
| Construction in progress         | \$ 7,545,931          | \$ 3,174,514          | \$ 4,371,417           | 137.7%       |
| Water mains                      | 299,530,885           | 304,078,857           | (4,547,972)            | -1.5%        |
| Buildings and other structures   | 48,059,961            | 50,101,388            | (2,041,427)            | -4.1%        |
| Pumping equipment                | 2,271,289             | 2,435,894             | (164,605)              | -6.8%        |
| Office furniture and equipment   | 86,353                | 141,375               | (55,022)               | -38.9%       |
| Vehicles and other equipment     | 146,828               | 161,335               | (14,507)               | -9.0%        |
| <b>Total capital assets, net</b> | <b>\$ 369,433,548</b> | <b>\$ 371,885,664</b> | <b>\$ (2,452,116)</b>  | <b>-0.7%</b> |

Detailed information about the Commission's capital assets is presented in the Notes to the Financial Statements.

**Debt Administration.** All scheduled bond payments through April 30, 2009 were made on time. Requirements of the revenue bond ordinance have also been met as of fiscal year-end except for the Operations and Maintenance Reserve account which was \$1.4 million below full requirement. Principal reductions of \$11.3 million in general obligation debt and \$9.1 million in revenue bond debt were achieved through annual payments. On April 30, 2009, remaining general obligation bond and revenue bond principal outstanding was \$24.3 million and \$91.6 million, respectively. General obligation bond principal and interest payments continue to be 100% funded through the Commission's sales tax proceeds. Property taxes for the bond payments have been abated annually since 1986.

**COMPARATIVE SUMMARY OF CHANGES IN OUTSTANDING BONDED DEBT**  
For Fiscal Years Ending April 30

|                                      | 2009                  | 2008                  | INCREASE<br>(DECREASE) | % CHANGE      |
|--------------------------------------|-----------------------|-----------------------|------------------------|---------------|
| General obligation bonds             | \$ 24,310,000         | \$ 35,560,000         | \$ (11,250,000)        | -31.6%        |
| Water revenue bonds                  | 91,670,000            | 100,795,000           | (9,125,000)            | -9.1%         |
| <b>Total outstanding bonded debt</b> | <b>\$ 115,980,000</b> | <b>\$ 136,355,000</b> | <b>\$ (20,375,000)</b> | <b>-14.9%</b> |

Detailed information about the Commission's debt is presented in the Notes to the Financial Statements.

**INVESTMENT PORTFOLIO**

The Commission's investment portfolio totaled \$68.4 million. At the end of the fiscal year, the portfolio was earning .633% based on market yield and .682% based on original purchase price. The benchmark yield adopted by the Commission was .162%.

Commission funds were invested as follows at April 30, 2009: United States treasury obligations (18%), the Illinois Funds investment pool (49%), money market funds (21%) and certificates of deposit (12%).

**OTHER FINANCIAL INFORMATION**

The Commission joined with the County of DuPage and the municipalities within the county to solve a water quality issue involving unincorporated areas not presently receiving a Lake Michigan water supply. As a wholesale distributor of Lake Michigan water, the Commission is not able to directly address this issue. However, the Commission agreed to make long-term, low-interest loans available to customer municipalities, retailers of Lake Michigan water, to extend their systems to serve county areas having water quality issues. The full extent of this contamination is unknown at this time. However, the Commission has committed to provide loans totaling not more than \$10 million toward mitigating the problem.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the DuPage Water Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Terry McGhee, Acting General Manager, DuPage Water Commission, 600 E. Butterfield Road, Elmhurst, IL 60126-4642, (630) 834-0100. E-mail requests should be sent to [mcghee@dpwc.org](mailto:mcghee@dpwc.org).

DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF NET ASSETS

April 30, 2009

|                                      |                      |
|--------------------------------------|----------------------|
| <b>CURRENT ASSETS</b>                |                      |
| Cash and cash equivalents            | \$ 2,187,306         |
| Restricted cash and cash equivalents | 54,191,207           |
| Restricted investments               | 12,264,399           |
| Receivables                          |                      |
| Water sales                          | 4,856,468            |
| Accrued interest                     | 232,528              |
| Sales tax                            | 6,641,638            |
| Due from other governments           | 340,029              |
| Inventory                            | 167,080              |
| Prepaid expenses and deposits        | <u>421,240</u>       |
| Total current assets                 | <u>81,301,895</u>    |
| <b>NONCURRENT ASSETS</b>             |                      |
| Unamortized bond issuance costs      | <u>330,038</u>       |
| Long-term loans receivable           | <u>5,637,192</u>     |
| Capital assets                       |                      |
| Not being depreciated                | 19,338,232           |
| Being depreciated                    | 456,340,188          |
| Less accumulated depreciation        | <u>(106,244,873)</u> |
| Net capital assets                   | <u>369,433,547</u>   |
| Total noncurrent assets              | <u>375,400,777</u>   |
| Total assets                         | <u>456,702,672</u>   |

(This statement is continued on the following page.)

DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF NET ASSETS (Continued)

April 30, 2009

|   |                           |
|---|---------------------------|
| <b>CURRENT LIABILITIES</b>                      |                           |
| Unearned revenue                                | \$ 140,607                |
| Contract retentions                             | 342,472                   |
| Customer deposits                               | 1,457,785                 |
| Accounts payable                                | 3,873,546                 |
| Accrued liabilities                             | 3,864,015                 |
| Compensated absences                            | 238,486                   |
| General obligation refunding bonds payable      | 11,845,000                |
| Revenue refunding bonds payable                 | 9,580,000                 |
| Accrued interest payable                        | <u>2,567,431</u>          |
| <br>Total current liabilities                   | <br><u>33,909,342</u>     |
| <br><b>LONG-TERM LIABILITIES</b>                |                           |
| Other postemployment benefits obligation        | 47,747                    |
| Unearned revenue                                | 1,943,383                 |
| General obligation refunding bonds payable, net | 12,410,949                |
| Revenue refunding bonds payable, net            | <u>79,048,841</u>         |
| <br>Total long-term liabilities                 | <br><u>93,450,920</u>     |
| <br>Total liabilities                           | <br><u>127,360,262</u>    |
| <br><b>NET ASSETS</b>                           |                           |
| Invested in capital assets, net of related debt | 256,548,757               |
| Restricted by bond ordinances                   | 44,433,387                |
| Unrestricted                                    | <u>28,360,266</u>         |
| <br>TOTAL NET ASSETS                            | <br><u>\$ 329,342,410</u> |

See accompanying notes to financial statement.

DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS

For the Year Ended April 30, 2009

|   |                       |
|---|-----------------------|
| <b>OPERATING REVENUES</b>                   |                       |
| Water sales                                 |                       |
| Operations and maintenance costs            | \$ 33,408,518         |
| Fixed costs                                 | 7,144,719             |
| Customer differential                       | 927,452               |
| Other income                                | <u>2,473</u>          |
| Total operating revenues                    | <u>41,483,162</u>     |
| <b>OPERATING EXPENSES</b>                   |                       |
| Water supply costs                          | 53,813,786            |
| Personal services                           | 3,792,037             |
| Insurance                                   | 729,203               |
| Professional and contractual services       | 655,937               |
| Administrative costs                        | <u>825,095</u>        |
| Total operating expenses                    | <u>59,816,058</u>     |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (18,332,896)          |
| DEPRECIATION                                | <u>6,871,758</u>      |
| OPERATING INCOME (LOSS)                     | <u>(25,204,654)</u>   |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                       |
| Sales tax                                   | 31,118,492            |
| Investment income                           | 1,424,146             |
| Intergovernmental expense                   | (1,735,736)           |
| Interest and other charges                  | <u>(6,761,745)</u>    |
| Total nonoperating revenues (expenses)      | <u>24,045,157</u>     |
| CHANGE IN NET ASSETS                        | <u>(1,159,497)</u>    |
| NET ASSETS, MAY 1                           | 331,569,715           |
| Prior period adjustment                     | <u>(1,067,808)</u>    |
| NET ASSETS, MAY 1, RESTATED                 | <u>330,501,907</u>    |
| NET ASSETS, APRIL 30                        | <u>\$ 329,342,410</u> |

See accompanying notes to financial statements.

DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2009

|   |                             |
|---|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                             |
| Cash received from customers                                    | \$ 41,610,951               |
| Cash payments to suppliers                                      | (52,301,604)                |
| Cash payments to employees                                      | (3,720,588)                 |
| Other cash receipts   | <u>30,046</u>               |
| Net cash from operating activities                              | <u>(14,381,195)</u>         |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                             |
| Cash received from sales taxes                                  | 32,792,114                  |
| Cash payments for intergovernmental expenses                    | <u>(1,735,736)</u>          |
| Net cash from noncapital financing activities                   | <u>31,056,378</u>           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                             |
| Interest paid on revenue bonds                                  | (4,937,562)                 |
| Interest paid on general obligation bonds                       | (1,866,900)                 |
| Principal paid on revenue bonds                                 | (9,125,000)                 |
| Principal paid on general obligation bonds                      | (11,250,000)                |
| Construction and purchases of capital assets                    | <u>(4,098,838)</u>          |
| Net cash from capital and related financing activities          | <u>(31,278,300)</u>         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                             |
| Interest on investments   | 2,155,097                   |
| Proceeds from investments maturing                              | 14,270,429                  |
| Payments for investments purchased                              | <u>(12,106,000)</u>         |
| Net cash from investing activities                              | <u>4,319,526</u>            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | <b>(10,283,591)</b>         |
| <b>CASH AND CASH EQUIVALENTS, MAY 1</b>                         | <b><u>66,662,104</u></b>    |
| <b>CASH AND CASH EQUIVALENTS, APRIL 30</b>                      | <b><u>\$ 56,378,513</u></b> |

(This statement is continued on the following page.)



DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended April 30, 2009

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|  |                        |
|--|------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS)                |                        |
| TO NET CASH FLOWS FROM OPERATING ACTIVITIES              |                        |
| Operating income (loss)                                  | \$ (25,204,654)        |
| Adjustments to reconcile operating income (loss) to      |                        |
| net cash from operating activities                       |                        |
| Depreciation   | 6,871,758              |
| Changes in assets and liabilities                        |                        |
| Increase in water sales receivable                       | (781,888)              |
| Decrease in other receivables                            | 27,573                 |
| Decrease in prepaid expenses and deposits                | 38,964                 |
| Increase in due from other governments                   | (340,029)              |
| Decrease in deferred revenue                             | (140,608)              |
| Increase in accounts payable                             | 534,603                |
| Increase in accrued liabilities and compensated absences | 3,210,990              |
| Increase in other postemployment benefits obligation     | 9,309                  |
| Increase in customer deposits                            | <u>1,392,787</u>       |
| NET CASH FROM OPERATING ACTIVITIES                       | <u>\$ (14,381,195)</u> |

See accompanying notes to financial statements.

DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The DuPage Water Commission (the Commission) is a county water commission, body politic and corporate, political subdivision and unit of local government, in DuPage County, Illinois, existing and operating under the Water Commission Act of 1985 (70 ILCS 3720), effective July 30, 1985, as amended (the 1985 Commission Act). The Commission declared the official start of operations on May 1, 1992.

The Board of Commissioners consists of 13 members. Seven of the Board members are appointed by the DuPage County Board Chairman with the advice and consent of the County Board. One of these appointees is designated as Chairman of the Commission and must be approved by the Board of Commissioners. The other six Board members are appointed by vote of the mayors of municipalities within the DuPage County districts.

The purpose and objectives of the Commission are:

- a. To provide water to municipalities and other customers within DuPage County.
- b. To plan, construct, acquire, develop, operate, maintain, and/or contract for facilities for receiving, storing, and transmitting water from Lake Michigan for the principal use and mutual benefit of the municipalities and other customers.
- c. To provide adequate supplies of such water on an economical and efficient basis for the municipalities and other customers.
- d. To provide a forum for discussion, study development, and implementation of recommendations of mutual interest regarding water distribution and supply facilities within DuPage County.

The primary authority to designate management, influence operations, formulate budgets, and set water rates rests with the Board of Commissioners. Significant matters that require Board action include setting water rates, borrowing funds, amending the Chicago Water Supply Contract or Commission by-laws, and employing the general manager and professional contractors. These significant matters must carry a majority vote of all commissioners, which majority must contain at least one-third of the DuPage County appointed Board members and 40% of the municipality appointed Board members.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

a. Reporting Entity

The Commission is considered to be a primary government pursuant to GASB Statement No. 14 since it is legally separate and fiscally independent. These financial statements include all functions, programs, and activities under the control of the Board of Commissioners.

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Nonoperating revenues/expenses are incidental to the operation of the fund.

c. Fund Accounting

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the Commission is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the Commission has decided that periodic determination of revenues earned, expenses incurred, and net income or loss is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Commission's proprietary funds consider all certificates of deposits with a maturity of one year or less and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

e. Investments

Investments and nonnegotiable certificates of deposits with a maturity date greater than one year from the date of purchase are recorded at fair value.

f. Accounts Receivable

Customer charges are recorded as receivables and revenues at their original invoice amount. Management has determined that no allowance for uncollectible accounts is necessary as of April 30, 2009. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 40 days.

g. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid expenses.

h. Inventory

Inventories of repair pipe are accounted for at cost, using the first-in/first-out (FIFO) method.

i. Restricted Cash and Investments

Restricted cash and investments represent those assets which are required to be held separately from other Commission cash and investments as mandated by the revenue bond indentures and as self-imposed by ordinance or resolution by the Board of Commissioners, and as determined by management in overfunding the Depreciation Account by \$924,989.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets - Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost. If actual cost cannot be determined, estimated historical cost is used; donated capital assets are valued at their estimated fair market value on the date donated. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation of property, plant, and equipment has been provided for over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

|                                |              |
|--------------------------------|--------------|
| Water mains                    | 80 years     |
| Buildings and other structures | 40 years     |
| Pumping equipment              | 30 years     |
| Office furniture and equipment | 3 - 10 years |
| Vehicles and other equipment   | 5 - 25 years |

Maintenance and repairs are charged to expense in the year incurred. Expenses that extend the useful life or increase productivity of property, plant, and equipment are capitalized.

k. Bond Issuance Costs, Bond Discounts, Bond Premiums, and Losses on Refundings

Bond issuance costs, bond discounts, bond premiums, and losses on refundings are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts and losses on refundings are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges; bond premiums are presented as an addition to the face amount of bonds payable.

l. Unamortized Losses on Refundings

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the Commission amortizes losses on the bond refundings over the shorter of the term of the refunding bonds or the term of the refunded bonds.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Compensated Absences

Employees earn vacation based on their anniversary date with the Commission. Earned vacation may be accumulated and is payable to the employee upon termination of employment and, therefore, is accrued through April 30. Accumulated sick leave is not reimbursable upon termination of employment and, therefore, is not accrued.

n. Unearned Revenue

Payments from member communities due in subsequent years and received in the current year are reported as unearned revenue.

o. Net Assets

Restricted net assets represent amounts required to be segregated by bond ordinance provisions. None of the net assets are restricted as a result of enabling legislation adopted by the Commission. Invested in capital assets, net of related debt represents the book value of capital assets less long-term debt principal outstanding issued to construct or acquire capital assets.

p. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

q. GASB Pronouncement

The Commission has elected, under the provisions of GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. DEPOSITS AND INVESTMENTS

The Commission's investment policy limits investments of the Commission's funds to the following: (a) direct or fully guaranteed obligations of the U.S. Government; (b) fully guaranteed obligations of certain U.S. federally chartered agencies; (c) interest-bearing demand or time deposits in banks and savings and loan associations; (d) short-term obligations of U.S. corporations with assets exceeding \$500,000,000 and with a rating of AAA1, 2, or 3; (e) money market mutual funds whose portfolio consists solely of U.S. Government obligations; (f) the Illinois Funds Investment Pool of the State of Illinois; and (g) repurchase agreements. The Revenue Bond Ordinance restricts funds held in the Interest and Principal accounts of the Water Fund to only investments in (a) as described above. The Revenue Bond Ordinance also restricts funds held in the Debt Service Reserve Account in the Water Fund to only investments in (a) and (b), as described above.

It is the policy of the Commission to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Commission and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety, liquidity, and rate of return.

a. Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Commission's deposits may not be returned to it. The Commission's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance.

b. Investments

The following table presents the investments and maturities of the Commission's debt securities as of April 30, 2009:

| Investment Type     | Investment Maturities in Years |                      |             |             |                 |
|---------------------|--------------------------------|----------------------|-------------|-------------|-----------------|
|                     | Fair Value                     | Less than 1          | 1-5         | 6-10        | Greater than 10 |
| U.S. Treasury notes | \$ 12,264,399                  | \$ 12,264,399        | \$ -        | \$ -        | \$ -            |
| Illinois Funds      | 33,471,425                     | 33,471,425           | -           | -           | -               |
| Money market funds  | 14,203,059                     | 14,203,059           | -           | -           | -               |
| <b>TOTAL</b>        | <b>\$ 59,938,883</b>           | <b>\$ 59,938,883</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>     |

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Commission limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. Commercial paper, if any, is limited to 90 days.

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Commission limits its exposure to credit risk by primarily investing in U.S. Government obligations and external investment pools. The Illinois Funds are rated AAA. The money market fund is not rated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Commission will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Commission's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third-party custodian and evidenced by safekeeping receipts. Illinois Funds and money market funds are not subject to custodial credit risk.

Concentration of credit risk is the risk of loss due to a high percentage of the Commission's investments being invested in one type of investment. The Commission's investment policy places no limit on the amount the Commission may invest in any one issuer, except for certificates of deposit. More than 5% of the Commission's investments are in Illinois Funds Investment Pool and money market funds.

3. LOANS RECEIVABLE

On April 25, 2002, the Commission approved a motion for a proposed agreement to make long-term, low-interest loans available to Charter Customer municipalities for the purpose of providing financing under certain circumstances to future customers who presently live in areas of DuPage County not presently served by the Commission. Three intergovernmental agreements with Charter Customers were made during fiscal years 2003-2007. Two of the loans are to be repaid in 13 installments, commencing in 2011 and continuing through 2023. The third loan is to be repaid in 13 installments, commencing in 2014 and continuing through 2026. Interest at a rate of 2% per annum shall be paid annually until the principal balance of the loan has been paid in full. As of April 30, 2009, loans totaling \$5,637,192 are due from the customers.



DUPAGE WATER COMMISSION  
 ELMHURST, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

Preliminary and Tentative  
 For Discussion Purposes Only

3. LOANS RECEIVABLE (Continued)

Payments due from Charter Customers are as follows:

| Fiscal Year<br>Ending April 30 | Principal           | Interest          | Total               |
|--------------------------------|---------------------|-------------------|---------------------|
| 2010                           | \$ -                | \$ 112,744        | \$ 112,744          |
| 2011                           | 384,586             | 112,744           | 497,330             |
| 2012                           | 384,586             | 105,052           | 489,638             |
| 2013                           | 384,586             | 97,360            | 481,946             |
| 2014                           | 433,630             | 89,669            | 523,299             |
| 2015                           | 433,630             | 80,996            | 514,626             |
| 2016                           | 433,630             | 72,323            | 505,953             |
| 2017                           | 433,630             | 63,651            | 497,281             |
| 2018                           | 433,630             | 54,978            | 488,608             |
| 2019                           | 433,630             | 46,306            | 479,936             |
| 2020                           | 433,630             | 37,633            | 471,263             |
| 2021                           | 433,630             | 28,960            | 462,590             |
| 2022                           | 433,630             | 20,288            | 453,918             |
| 2023                           | 433,632             | 11,615            | 445,245             |
| 2024                           | 49,044              | 2,943             | 51,987              |
| 2025                           | 49,044              | 1,962             | 51,006              |
| 2026                           | 49,046              | 981               | 50,027              |
| <b>TOTAL</b>                   | <b>\$ 5,637,192</b> | <b>\$ 940,205</b> | <b>\$ 6,577,397</b> |

4. CAPITAL ASSETS

|  | Balances<br>May 1,<br>Restated | Additions | Retirements | Balances<br>April 30 |
|--|--------------------------------|-----------|-------------|----------------------|
| Capital assets not being depreciated       |                                |           |             |                      |
| Land and permanent easements               | \$ 11,792,300                  | \$ -      | \$ -        | \$ 11,792,300        |
| Construction in progress                   | 3,174,514                      | 4,371,418 | -           | 7,545,932            |
| Total capital assets not being depreciated | 14,966,814                     | 4,371,418 | -           | 19,338,232           |
| Capital assets being depreciated           |                                |           |             |                      |
| Water mains                                | 363,967,660                    | -         | -           | 363,967,660          |
| Buildings and other structures             | 81,317,783                     | -         | -           | 81,317,783           |
| Pumping equipment                          | 5,583,705                      | 11,300    | 14,442      | 5,580,563            |
| Office furniture and equipment             | 4,986,322                      | -         | 55,000      | 4,931,322            |
| Vehicles and other equipment               | 551,047                        | 36,927    | 45,114      | 542,860              |
| Total capital assets being depreciated     | 456,406,517                    | 48,227    | 114,556     | 456,340,188          |

DUPAGE WATER COMMISSION  
 ELMHURST, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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 For Discussion Purposes Only

4. CAPITAL ASSETS

|  | Balances<br>May 1,<br>Restated | Additions          | Retirements | Balances<br>April 30 |
|--|--------------------------------|--------------------|-------------|----------------------|
| Less accumulated depreciation                      |                                |                    |             |                      |
| Water mains  | \$ 59,888,806                  | \$ 4,547,971       | \$ -        | \$ 64,436,777        |
| Buildings and other structures                     | 31,216,395                     | 2,041,426          | -           | 33,257,821           |
| Pumping equipment                                  | 3,147,811                      | 175,905            | 14,442      | 3,309,274            |
| Office furniture and equipment                     | 4,844,947                      | 55,022             | 55,000      | 4,844,969            |
| Vehicles and other equipment                       | 389,712                        | 51,434             | 45,114      | 396,032              |
| Total accumulated depreciation                     | 99,487,671                     | 6,871,758          | 114,556     | 106,244,873          |
| <br>Total capital assets being<br>depreciated, net | <br>356,918,846                | <br>(6,823,531)    | <br>-       | <br>350,095,315      |
| <br>CAPITAL ASSETS, NET                            | <br>\$ 371,885,660             | <br>\$ (2,452,113) | <br>\$ -    | <br>\$ 369,433,547   |

5. WATER CONTRACT WITH THE CITY OF CHICAGO

The Commission has entered into a 40-year contract (from March 19, 1984) with the City of Chicago, Illinois (the Chicago Contract), under which the City of Chicago has agreed to supply all of the Commission's water requirements, up to 1.7 times the year's annual average day amount (which is a quantity adequate to meet the customers' projected needs), with water of such quality as will meet or exceed applicable standards of the state and federal governments. The Chicago Contract provides that the cost of water to the Commission is furnished by the City of Chicago through meters.

The Commission is obligated to purchase a minimum amount of water; such minimum is 50% of the aggregate Illinois Department of Natural Resources allocations. In fiscal 2009, the Commission purchased 30 billion gallons of water from the City of Chicago; such purchases equaling 85.1% of the aggregate Illinois Department of Natural Resources allocations.

The Commission is constructing improvements regarding electrical generation facilities and a solar photovoltaic system at the Lexington pumping station. The City of Chicago will reimburse the Commission a maximum of (a) 50% of the cost of designing and constructing the two replacement variable frequency drives, (b) \$4,000,000 plus 100% of the cost of designing and constructing the solar photovoltaic system over and above the sum of \$8,000,000, and (c) \$8,500,000 which amount represents the average generation cost per average daily pumping capacity at the pumping stations where the City has already constructed backup generation. The City will reimburse the Commission monthly for such costs through a 10% credit against Commission water purchases from the City. Upon completion, the facilities will be conveyed to the City.

DUPAGE WATER COMMISSION  
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NOTES TO FINANCIAL STATEMENTS (Continued)

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6. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to and illnesses of the Commission's employees. These risks, along with medical claims for employees and retirees, are provided for through insurance purchased from private insurance companies.

There have been no reductions in the Commission's insurance coverage for any of its programs since the prior fiscal year. Settlements have not exceeded insurance coverage during the current year or prior three fiscal years.

7. LONG-TERM DEBT

a. A schedule of changes in long-term obligations payable is as follows:

|  | Balances<br>May 1 | Issuances | Retirements   | Balances<br>April 30 | Due<br>Within<br>One Year |
|--|-------------------|-----------|---------------|----------------------|---------------------------|
| Other postemployment benefits obligation | \$ 38,438         | \$ 9,309  | \$ -          | \$ 47,747            | \$ -                      |
| General obligation refunding bonds       | 35,560,000        | -         | 11,250,000    | 24,310,000           | 11,845,000                |
| Unamortized premium                      | 551,551           | -         | 290,250       | 261,301              | -                         |
| Unamortized loss on refunding            | (487,404)         | -         | (172,052)     | (315,352)            | -                         |
| Total general obligation bonds           | 35,624,147        | -         | 11,368,198    | 24,255,949           | 11,845,000                |
| Revenue refunding bonds                  | 100,795,000       | -         | 9,125,000     | 91,670,000           | 9,580,000                 |
| Unamortized premium                      | 3,287,028         | -         | 831,649       | 2,455,379            | -                         |
| Unamortized loss on refunding            | (6,595,244)       | -         | (1,098,706)   | (5,496,538)          | -                         |
| Total revenue bonds                      | 97,486,784        | -         | 8,857,943     | 88,628,841           | 9,580,000                 |
| TOTAL                                    | \$ 133,149,369    | \$ 9,309  | \$ 20,226,141 | \$ 112,932,537       | \$ 21,425,000             |

b. General Obligation Bonds

The Commission issues bonds to purchase and construct capital assets. The Commission has issued \$93,970,000 general obligation refunding bonds, Series 2001. Principal is due in annual installments of \$1,295,000 to \$12,465,000; interest at 5.0% to 5.25% through maturity on March 1, 2011. As of April 30, 2009, \$24,310,000 principal was outstanding on these bonds. The Commission intends to retire these bonds with annual sales tax proceeds. The Series 2001 bonds are general obligations of the Commission secured by the full faith and credit of the Commission and payable, as to both principal and interest, from ad valorem taxes levied against all taxable property within the territory of the Commission. The Commission issued Ordinance No. O-1-09, abating the ad valorem taxes on this debt and has set aside \$7,145,219 of sales tax proceeds to be used to service the debt as it becomes due during fiscal year 2010. The \$7,145,219 is reported as restricted cash and cash equivalents on the statement of net assets.

DUPAGE WATER COMMISSION  
 ELMHURST, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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7. LONG-TERM DEBT (Continued)

b. General Obligation Bonds (Continued)

Payments due on the general obligation bonds through maturity are as follows:

| Fiscal Year<br>Ending April 30 | Principal            | Interest            | Total                |
|--------------------------------|----------------------|---------------------|----------------------|
| 2010                           | \$ 11,845,000        | \$ 1,276,275        | \$ 13,121,275        |
| 2011                           | 12,465,000           | 654,413             | 13,119,413           |
| <b>TOTAL</b>                   | <b>\$ 24,310,000</b> | <b>\$ 1,930,688</b> | <b>\$ 26,240,688</b> |

c. Revenue Bonds

In August 2003, the Commission issued \$135,995,000 Revenue Refunding Bonds, Series 2003. Principal is due in annual installments of \$7,880,000 to \$13,575,000, interest at 3.00% to 5.25% through maturity on May 1, 2016. The Series 2003 revenue bonds have an average interest rate of 3.98% and were issued to refund \$145,655,000 of outstanding Revenue Bond, Series 1993 with an average interest rate of 5.3%. As a result, the Series 1993 bonds were retired and the liability for the debt has been removed from the Commission's financial statements.

As of April 30, 2009, \$91,670,000 principal remained outstanding on the Series 2003 bonds. In addition, the bonds are subject to certain terms and conditions contained in the Master Revenue Bond Ordinance (the Ordinance), which was created when the Commission initially issued Revenue Bonds, Series 1987. Substantially all revenue generated from the Commission's operations are pledged to retire these bonds.

Payments due on the revenue bonds through maturity are as follows:

| Fiscal Year<br>Ending April 30 | Principal            | Interest             | Total                 |
|--------------------------------|----------------------|----------------------|-----------------------|
| 2010                           | \$ 9,580,000         | \$ 4,469,938         | \$ 14,049,938         |
| 2011                           | 10,060,000           | 3,978,937            | 14,038,937            |
| 2012                           | 10,565,000           | 3,463,313            | 14,028,313            |
| 2013                           | 11,090,000           | 2,921,937            | 14,011,937            |
| 2014                           | 11,645,000           | 2,339,006            | 13,984,006            |
| 2015                           | 12,255,000           | 1,711,631            | 13,966,631            |
| 2016                           | 12,900,000           | 1,051,312            | 13,951,312            |
| 2017                           | 13,575,000           | 356,344              | 13,931,344            |
| <b>TOTAL</b>                   | <b>\$ 91,670,000</b> | <b>\$ 20,292,418</b> | <b>\$ 111,962,418</b> |

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7. LONG-TERM DEBT (Continued)

d. Revenue Bond Ordinance

On January 15, 1987, the Commission adopted the Ordinance authorizing the issuance of Water Revenue Bonds, Series 1987, for the purpose of financing a portion of the construction of the water supply system.

The Ordinance required the establishment of funds designated as Water Fund Revenue Bond Construction Fund, Special Redemption Fund, and Rebate Fund (the Arbitrate Rebate Fund) and various accounts within the Water Enterprise Fund designated as Operation and Maintenance Account, Interest Account, Principal Account, Debt Service Reserve Account, Operation and Maintenance Reserve Account, Depreciation Account, and General Account.

Revenues held or collected from owners and operation of the system are deposited in the Water Fund. Monies deposited in the Water Fund are required to be transferred to the extent available within the following accounts of the Water Fund in the indicated order:

Operation and Maintenance Account - an amount sufficient to pay operation and maintenance costs for the current month and up to and including the next monthly accounting.

Interest Account - monthly one-twelfth of the then current interest requirement until there has been accumulated the then current interest requirement less interest due and paid at stated maturity during the fiscal year.

Principal Account - monthly one-twelfth of the then current principal requirement until there has been accumulated on or before the next stated maturity or mandatory redemption date an amount sufficient to pay the principal due.

Debt Service Reserve Account - an amount equal to the maximum annual debt service requirement less the amount of any applicable surety bond coverage.

Operation and Maintenance Reserve Account - an amount equal to one-sixth of an amount equal to two months of the budgeted annual operation and maintenance costs until such reserve equals two months of the annual operation and maintenance costs.

DUPAGE WATER COMMISSION  
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 NOTES TO FINANCIAL STATEMENTS (Continued)

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7. LONG-TERM DEBT (Continued)

d. Revenue Bond Ordinance (Continued)

Depreciation Account - monthly amounts of at least \$175,000. Any amounts in excess of the required minimum balance of \$5,000,000 may be transferred to the General Account of the Water Fund by resolution of the Board of Commissioners.

General Account - all revenues remaining in the Water Fund after all required transfers are made to the respective accounts will be transferred to this account.

The Ordinance requires that the Interest Account, the Principal Account, and the Debt Service Reserve Account be held by the Trustee. All other accounts are held by the Commission.

The Ordinance provides for the creation of the Special Redemption Fund to be held by the Trustee to account for issuance proceeds and condemnation awards to the extent not used to repair or replace the system and any other Commission-designated transfer. These monies may be used for debt service purposes. This fund was not active in fiscal 2009.

The Ordinance created the Arbitrage Rebate Fund to be held by the Trustee to maintain the tax-exempt status of the interest paid on the bonds. Beginning in fiscal 1988, an account was established and funds were transferred to segregate funds deemed necessary to maintain the tax-exempt status of the revenue bonds. Investment earnings of the Interest Account, Principal Account, and Debt Service Reserve Account is used for the purpose of funding amounts set aside in the Arbitrage Rebate Fund. This fund was not active in fiscal 2009.

During fiscal 2009, all required transfers were not made; account balances were sufficient to meet the Ordinance's requirements, except for the Operations and Maintenance Reserve requirement (underfunded by \$1,387,002). In accordance with the Commission's revenue bond ordinance, the Commission maintains accounts for the Revenue Bond Construction Fund, the Special Redemption Fund, and the Arbitrage Rebate Fund, but these funds are presently inactive.

Restricted assets related to the bond ordinances at April 30, 2009 are as follows:

|  |                             |
|--|-----------------------------|
| Sales tax internally restricted for fixed cost payments          | \$ 7,145,219                |
| Amount held for payment of general obligation bonds and interest | 13,629,351                  |
| Operation and maintenance account                                | 15,374,682                  |
| Interest account   | 2,567,744                   |
| Principal account  | 10,270,364                  |
| Operation and maintenance reserve account                        | 11,543,257                  |
| Depreciation account   | <u>5,424,989</u>            |
| <b>TOTAL RESTRICTED ASSETS</b>                                   | <b><u>\$ 66,455,606</u></b> |

DUPAGE WATER COMMISSION  
 ELMHURST, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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8. RESTRICTED NET ASSETS

The Commission has the following restricted net assets:

|  |                             |
|--|-----------------------------|
| Restricted net assets:                                       |                             |
| Restricted assets (Note 7)                                   | <u>\$ 66,455,606</u>        |
| Less current liabilities payable from restricted assets      |                             |
| Revenue refunding bonds                                      |                             |
| Operations and maintenance account                           |                             |
| Accounts payable   | 3,873,546                   |
| Accrued liabilities  | 3,864,015                   |
| Compensated absences   | 238,486                     |
| Interest account   |                             |
| Accrued interest payable                                     | 2,354,719                   |
| General obligation refunding bonds                           |                             |
| Accrued interest payable                                     | <u>212,712</u>              |
| Total current liabilities payable from restricted assets     | 10,543,478                  |
| Less sales tax internally restricted for fixed cost payments | 7,145,219                   |
| Less excess in operations and maintenance account            | 933,506                     |
| Less excess in interest account                              | 213,025                     |
| Less excess in principal account                             | 690,364                     |
| Less excess in depreciation account                          | 924,989                     |
| Less excess in general obligation bond account               | <u>1,571,638</u>            |
| <b>TOTAL RESTRICTED NET ASSETS</b>                           | <u><b>\$ 44,433,387</b></u> |

9. COMMITMENTS AND CONTINGENCIES

Commitments

As of April 30, 2009, the Commission's remaining commitment on contracts for future construction total approximately \$39.8 million.

Contingent Liabilities

The Commission has certain other contingent liabilities resulting from litigation, claims, and commitments incident to the ordinary course of business. It is expected that final resolution of such contingencies will not materially affect the financial position or changes in financial position of the Commission.

10. MAJOR CUSTOMER

During fiscal year 2009, approximately 5.8 billion gallons, or 20.02% of water sales revenue in the Water Fund was realized from the City of Naperville, the Commission's largest customer.

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11. DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund

The Commission's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2.00% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Commission is required to contribute at an actuarially determined rate. The employer rate for fiscal year 2009 was 9.06% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on an open basis). The amortization period at December 31, 2008 was 26 years.

For April 30, 2009, the Commission's annual pension cost of \$240,646 was equal to the Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 11.60% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3.00% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor. The assumptions used for the 2008 actuarial valuation were based on the 2005-2007 experience study.



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11. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Employer annual pension costs (APC), actual contributions, and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

|                               | Fiscal<br>Year | Illinois<br>Municipal<br>Retirement |
|-------------------------------|----------------|-------------------------------------|
| Annual pension cost (APC)     | 2007           | \$ 275,607                          |
|                               | 2008           | 295,199                             |
|                               | 2009           | 240,646                             |
| Actual contributions          | 2007           | \$ 275,607                          |
|                               | 2008           | 295,199                             |
|                               | 2009           | 240,646                             |
| Percentage of APC contributed | 2007           | 100.00%                             |
|                               | 2008           | 100.00%                             |
|                               | 2009           | 100.00%                             |
| NPO                           | 2007           | \$ -                                |
|                               | 2008           | -                                   |
|                               | 2009           | -                                   |

Funded Status and Funding Progress

The funded status and funding progress of the plan as of December 31, 2008 was as follows:

|   |              |
|---|--------------|
| Actuarial accrued liability (AAL)                 | \$ 5,774,686 |
| Actuarial value of plan assets                    | 4,653,290    |
| Unfunded actuarial accrued liability (UAAL)       | 1,121,396    |
| Funded ratio (actuarial value of plan assets/AAL) | 80.58%       |
| Covered payroll (active plan members)             | \$ 2,602,576 |
| UAAL as a percentage of covered payroll           | 43.09%       |

The schedule of funding progress, presented in the required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

12. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Commission provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Commission and can be amended by the Commission. Certain benefits are controlled by state laws and can only be changed by the Illinois Legislature. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

b. Benefits Provided

The Commission provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Commission's retirement plan. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Commission's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At April 30, 2008, membership consisted of:

|  |       |
|--|-------|
| Retirees and beneficiaries currently receiving benefits              | -     |
| Terminated employees entitled to benefits but not yet receiving them | -     |
| Active vested plan members   | 18    |
| Active nonvested plan members  | 19    |
|  | <hr/> |
| TOTAL  | 37    |
|  | <hr/> |
| Participating employers  | 1     |
|  | <hr/> |

d. Funding Policy

The Commission is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement.

DUPAGE WATER COMMISSION  
 ELMHURST, ILLINOIS  
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12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Commission first had an actuarial valuation performed for the Plan as of April 30, 2006 to determine the funded status of the Plan as of that date. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| April 30, 2006    | \$ 12,601        | 9.52%                                      | \$ 11,401           |
| April 30, 2007    | *                | *  | *                   |
| April 30, 2008    | 13,616           | 0.00%                                      | 38,438              |
| April 30, 2009    | 9,309            | 0.00%                                      | 47,747              |

\* The Commission's policy is to have an actuarial valuation performed biennially. Therefore, no actuarial valuation was done as of April 30, 2007 or 2009.

The net OPEB obligation as of April 30, 2009 was calculated as follows:

|  |                         |
|--|-------------------------|
| Annual required contribution               | \$ 8,760                |
| Interest on net OPEB obligation            | 1,922                   |
| Adjustment to annual required contribution | <u>(1,373)</u>          |
| Annual OPEB cost                           | 9,309                   |
| Contributions made                         | <u>-</u>                |
| Increase in net OPEB obligation            | 9,309                   |
| Net OPEB obligation, beginning of year     | <u>38,438</u>           |
| <b>NET OPEB OBLIGATION, END OF YEAR</b>    | <b><u>\$ 47,747</u></b> |

Funded Status and Funding Progress: The funded status of the Plan as of April 30, 2008 was as follows:

|   |              |
|---|--------------|
| Actuarial accrued liability (AAL)                 | \$ 67,267    |
| Actuarial value of plan assets                    | -            |
| Unfunded actuarial accrued liability (UAAL)       | 67,267       |
| Funded ratio (actuarial value of plan assets/AAL) | 0.0%         |
| Covered payroll (active plan members)             | \$ 2,477,690 |
| UAAL as a percentage of covered payroll           | 2.71%        |

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12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2008 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 5.0% and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 6.0%. Both rates include a 3.0% inflation assumption and 5.0% wage inflation assumption. The actuarial value of assets was not determined as the Commission has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2008 was 28 years.

13. CUSTOMER PREPAYMENTS

Payments from non-Charter Customers for customer differential revenues are reported as unearned revenues. These unearned revenues will be amortized on a straight-line basis through April 30, 2024. Customer differentials represent payments for connecting to the Commission's system as well as fixed costs charged to subsequent customers to cover costs which would have been paid by subsequent customers if they had been Charter Customers.

DUPAGE WATER COMMISSION  
ELMHURST, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

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14. PRIOR PERIOD ADJUSTMENTS

The Commission has restated net assets as of May 1, 2008 as follows:

|   |                       |
|---|-----------------------|
| NET ASSETS, MAY 1 (as previously reported)  | <u>\$ 331,569,715</u> |
| Restated for:   |                       |
| Accounting correction for overstatement of capital assets                           | (1,282,238)           |
| Accounting correction for prior year revenue recognition                            | 181,490               |
| Accounting correction for prior year expense recognition                            | 71,378                |
| Accounting correction to record prior year other postemployment benefits obligation | <u>(38,438)</u>       |
| Subtotal restatements   | <u>(1,067,808)</u>    |
| NET ASSETS, MAY 1, RESTATED   | <u>\$ 330,501,907</u> |

15. SUBSEQUENT EVENTS

On December 10, 2009, the Board of Commissioners adopted Ordinance No. O-14-09, authorizing and providing for the issuance of not-to-exceed \$30,000,000 Debt Certificates, Series 2009 to provide for the acquisition of water and of improvements and extensions to the existing facilities of the Commission.

On May 13, 2010, the Board of Commissioners adopted Ordinance No. O-8-10 authorizing and providing for the issuance of \$40,000,000 Taxable Debt Certificates, Series 2010, evidencing interests in an Installment Purchase Agreement for the purpose of paying the cost of purchasing real or personal property, or both, in and for the Commission, and providing for the security for and means of payment under the Agreement and the Certificates.

On July 29, 2010, Public Act 096-13890000 became effective, which will terminate all current commissioners and chairman effective January 1, 2011.

a. The commissioners shall be appointed as follows:

1. A chairperson, who shall also serve in the capacity of a commissioner, shall be appointed by the chairperson of the county board of the home county with the advice and consent of the county board.
2. One commissioner from each county board district within the home county shall be appointed by the chairperson of the county board of the home county with the advice and consent of the county board.

15. SUBSEQUENT EVENTS (Continued)

a. (Continued)

3. One commissioner from each county board district within the home county shall be appointed by the majority vote of the mayors of those included municipalities that have the greatest percentage of their respective populations residing within such county board district of the home county. A vice chairperson of the commission shall be appointed from the commissioners appointed pursuant to this paragraph by a majority vote of these commissioners.

b. Beginning June 1, 2016, the sales tax imposed may no longer be imposed or collected, unless a continuation of the tax is approved by the voters at a referendum.

REQUIRED SUPPLEMENTARY INFORMATION

DUPAGE WATER COMMISSION

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2009

| Actuarial<br>Valuation<br>December 31 | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial<br>Liability<br>(AAL)<br>Entry-Age | (3)<br>Funded<br>Ratio<br>(1) / (2) | (4)<br>Unfunded<br>(Overfunded)<br>AAL<br>(UAAL)<br>(OAAL)<br>(2) - (1) | (5)<br>Covered<br>Payroll | UAAL<br>(OAAL)<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) / (5) |
|---------------------------------------|--|---|-------------------------------------|---|---------------------------|--|
| 2005                                  | \$ 2,010,845                           | \$ 3,497,300  | 57.50%                              | \$ 1,486,455  | \$ 2,075,517              | 71.62%   |
| 2006                                  | 3,949,591                              | 4,271,581   | 92.46%                              | 321,990   | 2,253,534                 | 14.29%   |
| 2007                                  | 4,742,810                              | 5,068,990   | 93.57%                              | 326,180   | 2,441,680                 | 13.36%   |
| 2008                                  | 4,653,290                              | 5,774,686   | 80.58%                              | 1,121,396   | 2,602,576                 | 43.09%   |

The Commission began participating in the Illinois Municipal Retirement Fund during fiscal year 2004. Information for prior years is not available.

(See independent auditor's report.)



DUPAGE WATER COMMISSION

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2009

---

| Fiscal Year | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|-------------|------------------------|------------------------------------|------------------------|
| 2004        | \$ 360,425             | \$ 360,425                         | 100.00%                |
| 2005        | 231,511                | 231,511                            | 100.00%                |
| 2006        | 336,441                | 336,441                            | 100.00%                |
| 2007        | 275,607                | 275,607                            | 100.00%                |
| 2008        | 295,199                | 295,199                            | 100.00%                |
| 2009        | 240,646                | 240,646                            | 100.00%                |

(See independent auditor's report.)

DUPAGE WATER COMMISSION

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2009

| Actuarial<br>Valuation<br>Date<br>April 30 | (1)<br>Actuarial<br>Value of<br>Assets | (2)<br>Actuarial<br>Liability<br>(AAL)<br>Entry-Age | (3)<br>Funded<br>Ratio<br>(1) / (2) | (4)<br>Unfunded<br>AAL<br>(UAAL)<br>(2) - (1) | (5)<br>Covered<br>Payroll | UAAL<br>as a<br>Percentage<br>of Covered<br>Payroll<br>(4) / (5) |
|--|--|---|-------------------------------------|---|---------------------------|--|
| 2006                                       | \$ -                                   | \$ 98,996   | 0.00%                               | \$ 98,996                                     | \$ 2,187,544              | 4.53%  |
| 2007                                       | *                                      | *   | *                                   | *   | *                         | *  |
| 2008                                       | -                                      | 67,267  | 0.00%                               | 67,267  | 2,477,690                 | 2.71%  |
| 2009                                       | *                                      | *   | *                                   | *   | *                         | *  |

The Commission implemented GASB Statement No. 45 for the fiscal year ended April 30, 2006. Information for prior years is not available.

\*The Commission's policy is to obtain an actuarial valuation once every two years. Therefore, no actuarial valuation was done as of April 30, 2007 and April 30, 2009.

(See independent auditor's report.)

DUPAGE WATER COMMISSION

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2009

---

| Fiscal Year | Employer Contributions | Annual Required Contribution (ARC) | Percentage Contributed |
|-------------|------------------------|------------------------------------|------------------------|
| 2006        | \$ 1,200               | \$ 12,601                          | 9.52%                  |
| 2007        | -                      | N/A                                | 0.00%                  |
| 2008        | -                      | 13,231                             | 0.00%                  |
| 2009        | -                      | 8,760                              | 0.00%                  |

The Commission implemented GASB Statement No. 45 for the fiscal year ended April 30, 2006. Information for prior years is not available.

N/A - Not available

(See independent auditor's report.)

Preliminary and Tentative  
For Discussion Purposes Only

SUPPLEMENTAL DATA

DUPAGE WATER COMMISSION

Preliminary and Tentative  
For Discussion Purposes Only

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL

For the Year Ended April 30, 2009

|   | Budget              | Actual                | Variance              |
|---|---------------------|-----------------------|-----------------------|
| <b>OPERATING REVENUES</b>                   |                     |                       |                       |
| Water sales                                 |                     |                       |                       |
| Operations and maintenance costs            | \$ 40,605,758       | \$ 33,408,518         | \$ (7,197,240)        |
| Fixed costs                                 | 7,144,719           | 7,144,719             | -                     |
| Customer differential                       | 948,473             | 927,452               | (21,021)              |
| Other income                                | 2,500               | 2,473                 | (27)                  |
| Total operating revenues                    | <u>48,701,450</u>   | <u>41,483,162</u>     | <u>(7,218,288)</u>    |
| <b>OPERATING EXPENSES</b>                   |                     |                       |                       |
| Water supply costs                          | 65,608,960          | 53,813,786            | (11,795,174)          |
| Personal services                           | 4,502,214           | 3,792,037             | (710,177)             |
| Insurance                                   | 831,874             | 729,203               | (102,671)             |
| Professional and contractual services       | 1,211,666           | 655,937               | (555,729)             |
| Administrative costs                        | 966,339             | 825,095               | (141,244)             |
| Total operating expenses                    | <u>73,121,053</u>   | <u>59,816,058</u>     | <u>(13,304,995)</u>   |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (24,419,603)        | (18,332,896)          | 6,086,707             |
| DEPRECIATION                                | <u>6,965,924</u>    | <u>6,871,758</u>      | <u>(94,166)</u>       |
| OPERATING INCOME (LOSS)                     | <u>(31,385,527)</u> | <u>(25,204,654)</u>   | <u>(6,180,873)</u>    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                     |                       |                       |
| Sales tax                                   | 36,268,083          | 31,118,492            | (5,149,591)           |
| Investment income                           | 4,446,791           | 1,424,146             | (3,022,645)           |
| Intergovernmental expense                   | -                   | (1,735,736)           | (1,735,736)           |
| Interest and other charges                  | (6,767,972)         | (6,761,745)           | 6,227                 |
| Total nonoperating revenues (expenses)      | <u>33,946,902</u>   | <u>24,045,157</u>     | <u>(9,901,745)</u>    |
| CHANGE IN NET ASSETS                        | <u>\$ 2,561,375</u> | <u>(1,159,497)</u>    | <u>\$ (3,720,872)</u> |
| NET ASSETS, MAY 1                           |                     | 331,569,715           |                       |
| Prior period adjustment                     |                     | <u>(1,067,808)</u>    |                       |
| NET ASSETS, MAY 1, RESTATED                 |                     | <u>330,501,907</u>    |                       |
| NET ASSETS, APRIL 30                        |                     | <u>\$ 329,342,410</u> |                       |

(See independent auditor's report.)



## DU PAGE WATER COMMISSION

600 E. BUTTERFIELD ROAD • ELMHURST, IL • 60126-4642  
(630) 834-0100 • FAX: (630) 834-0120

October 20, 2010

SEE ATTACHED LIST

Dear :

### REQUEST FOR PROPOSAL

The DuPage Water Commission is seeking proposals to conduct the functions of its finance department and related services from the immediate period through the period ending April 30, 2012.

The DuPage Water Commission is a corporate political subdivision and unit of local government existing and operating under the 1985 Water Commission Act as amended. The purpose of the Commission is to provide sufficient and economical supply of water to municipals and other customers, primarily in the County of DuPage. The Commission has been in operation since May 1, 1992.

Under the Commission's 1987 Revenue Bond Ordinance, there are seven required Water Fund accounts along with a Construction Fund and an Arbitrage Fund. The Construction and Arbitrage Rebate Funds, while still open, are currently inactive and have no assets or liabilities.

The operations of the DuPage Water Commission finance department shall be conducted in accordance with generally accepted accounting principles and generally accepted auditing and other professional standards. The areas of service to be provided accompany this request for proposal.

The response to this Request for Proposal will have two distinct parts. The first part should detail a statement of your firm's qualifications and provide resumes showing the caliber and qualifications of the individuals who will be involved in performing finance department services. The second part should include a sealed envelope detailing the hourly billing rates and estimated total cost for finance department services for the immediate period through the period ending April 30, 2012.

Proposals are to be returned to the Acting General Manager at the DuPage Water Commission, 600 E Butterfield Rd., Elmhurst, Illinois 60126-4642, not later than 3:00 p.m. on November 2, 2010. Appointment of the finance department service provider should take place at the Commission meeting of Thursday, November 11, 2010.

Very truly yours,

Terry McGhee  
Acting General Manager

## Areas of Services to be Provided

**Current Accounting System** – Incode Central, Version 25.0.0.3, by Tyler Technologies of Dallas Texas for general ledger, payroll and disbursements; Excel worksheets for customer billing, fixed assets and account analyses.

**Payroll** – currently done in-house, there are 34 employees with some hourly and some salaried. Employees are paid bi-weekly.

Duties:

- Update or enter pay information for new employees or for raises
- Enter timecard information for hourly employees
- Process payroll
- Review payroll to determine it is correct
- Print checks/complete direct deposit
- Wire tax or other deductions to proper places
- Complete quarterly tax reporting
- W-2 processing
- 1099 processing

**Billing of Customers** – There are 34 water customers and the invoices are produced in Excel from manually entered water meter readings; billing is done once a month. The cash receipts are sent to a lock box.

Duties:

- Update the billings
- Mail out the billings
- Follow-up on any disputes
- Follow-up on any invoices not paid
- Reconcile total open invoices to general ledger control account

**Purchasing/Cash Disbursements** – There are approximately 100-150 disbursements every month. A cash disbursement account has been established. At this time, the system that contains the purchase orders and the approvals of the purchase orders are not linked to the AP module of the general ledger. The budget information for the line items is not currently included in the purchase order system.

Duties:

- Review purchase orders to determine that all proper approvals have been obtained



- Compare purchase orders to budgeted line items to determine if approval should be given
- Forward purchase orders in line with budget to the General Manager for approval
- Verify invoiced goods and services have been received
- Code invoices for payment
- Obtain approval to process payment
- Enter invoices into the system
- Prepare payment listing for board approval
- Run checks for payment
- Obtain signatures on checks and mail

**Capital Assets** – Currently capital assets are maintained in an Excel spreadsheet with depreciation calculated in the spreadsheet. This is one of the largest areas due to the majority of the assets being infrastructure.

Duties:

- Add new assets as purchased during the year
- Update construction in progress as ongoing or completed
- Calculate depreciation

**Cash and Investments** – There is one large commingled money market account that has 10 associated general ledger accounts and 6 other bank accounts for a total of 7 bank accounts.

Duties:

- Prepare bank reconciliations
- Review bank reconciliations
- Monitor cash balances and to inform the Treasurer of availability for investment
- Maintain and reconcile comingled money market subaccounts to investment inventory
- Maintain and reconcile investment inventory to general ledger control accounts
- Monitor compliance with investment policy
- Monitor collateral to determine that all cash balances are properly collateralized

**Debt** – Revenue Bonds outstanding that has specific debt covenant requirements.

Duties:

- Transfer funds as required by debt ordinances to bond trustee accounts
- Verify trustee payments of principal and interest payments as they come due
- Monitor compliance with covenants

**Reporting and Management** – This includes reviewing the accounts on a monthly basis for accuracy, preparing board reports, preparing the annual budget, preparing and facilitating the annual audit, monitoring and facilitating the acquisition of fidelity bonds, liability and property insurance and group health coverage, as well as, handling problems/issues as they arise, and posting any other needed journal entries

Duties:

- Reviewing general ledger
- Preparing for the annual audit
- Facilitating the annual audit
- Preparing the financial section of the annual report supplement to the audit
- Annual Budget process
- Provide insurance consultant with necessary information for renewal or bidding of liability insurance policies and fidelity bonds
- Monitor liability claims processing
- Provide broker with necessary information for group health insurance renewal or bidding
- Develop policy and action recommendations for Commission for policies and procedures for Internal Control, Accounting Procedures Manual, Purchasing Manual, EDP Procedures Manual
- Assist Commission staff with implementation of Incode and Infor financial software
- Handle issues related to Flexible Spending Accounts
- Additional journal entries
- Special projects
- Assist in drafting financial ordinances and resolutions
- Attend monthly board meetings
- Make reports to the board including summarizing financial condition, direct method cash flows, operating cash flows, monitoring of bond requirements
- Present financial ordinances and resolutions for board consideration
- Disclosure filings related to the bonds
- Handle any finance, personnel or insurance problems/issues that come up

Address List

Mr. John Weber  
Crowe Horwath  
1 Mid America Plaza  
Oakbrook Terrace, IL 60181

Ms. Vicki Hellenbrand  
Baker Tilly Virchow Krause, LLP  
1301 West 22nd St. Suite 400  
Oak Brook, IL 60523

Mr. Irwin S Lyons  
Millers, Cooper & Co., LTD  
1751 Lake Cook Road, Suite 400  
Deerfield, IL 60015

Ms. Renee Messing  
Clifton Gunderson, LLP  
10001 Inovation Drive, Suite 201  
Milwaukee, WI 53226

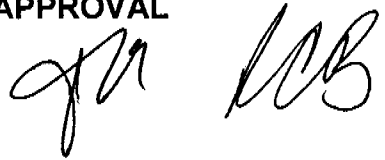
Mr. Mike Senko  
Wolf & Co. LLP  
2100 Clearwater Drive  
Oak Brook, IL 60523

Mr. Steve Anderson  
Robert Half Management Resources  
2 Mid America Plaza, Suite 1000  
Oakbrook Terrace, IL 60181

Ms. Sherry Lauterbach  
Lauterbach & Amen  
27W457 Warrenville Road  
Warrenville, IL 60555

DATE: November 4, 2010

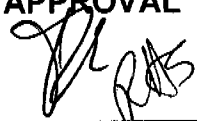
## REQUEST FOR BOARD ACTION

|   |   |
|---|---|
| <b>AGENDA SECTION</b> New Business  | <b>ORIGINATING DEPARTMENT</b> Facilities Construction/Safety Coordinator                              |
| <b>ITEM</b> Reduction in Retention—<br>Contract PSD-7/08  | <b>APPROVAL</b><br> |
| <p>Account Numbers: 01-60-7213.01</p> <p>Williams Brothers Construction Inc. (WBCI) requested that amounts retained under Contract PSD-7/08 (Electric Generation Facility and Office/Garage Expansion for the DuPage Pumping Station) be reduced from 10% of the Contract Price to 5% of the Contract Price. WBCI made this request because the project is nearing completion and WBCI desires to close out several subcontracts which work is complete.</p> <p>The amounts retained as proposed would be reduced from \$1,760,312.50 (current Contract Price through Change Order No. 7) to approximately \$880,156.25.</p> <p>Final payment and release of all retainage is anticipated in December 2010 or January 2011. The Commission will, however, be withholding up to \$100,000.00 for second season testing and/or warranty work as provided for in the Contract.</p> |   |
| <b>MOTION:</b> To reduce Contract PSD-7/08 retainage from 10% of the Contract Price to 5% of the Contract Price.  |   |

DATE: November 4, 2010

## REQUEST FOR BOARD ACTION

|                                    |  |
|------------------------------------|--|
| <b>AGENDA SECTION</b> New Business | <b>ORIGINATING DEPARTMENT</b> General Manager Office |
|------------------------------------|--|

|  |   |
|--|---|
| <b>ITEM</b> Workers Compensation Insurance Renewal | <b>APPROVAL</b><br> |
|--|---|

Account Number: 01-60-6415

The Commission's current workers compensation insurance coverage is scheduled to expire December 15, 2010. The Commission's insurance consultant and the Commission's insurance broker solicited quotations, but not sealed proposals, from various carriers in connection with the renewal. Of the three quotations received (see tabulation below), the \$81,586 premium for Illinois Public Risk Fund coverage (a decrease of \$33,568 or 29%) was the most favorable to the interests of the Commission and within the \$110,000 included in the FY 2010/2011 Management Budget.

There are no material coverage or term changes from the expiring policy, and the premium is paid in monthly installments.

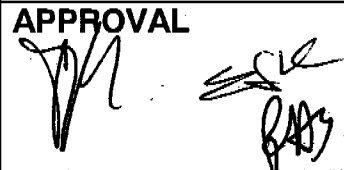
| Carrier | IPRF 2009 | IPRF 2010/2011 | Harford 2010/2011 | C.N.A. 2010/2011 |
|---------|-----------|----------------|-------------------|------------------|
| Premium | \$115,154 | \$81,586       | \$102,369         | \$112,648        |

**MOTION:** To suspend the purchasing procedures of the Commission's By-Laws and purchase workers compensation insurance coverage in accordance with the October 15, 2010, Proposal of Insurance by Arthur J. Gallagher Risk Management Services, Inc. for a premium of \$81,586.

DATE: November 4, 2010

# REQUEST FOR BOARD ACTION

|                       |              |                               |          |
|-----------------------|--------------|-------------------------------|----------|
| <b>AGENDA SECTION</b> | New Business | <b>ORIGINATING DEPARTMENT</b> | Pipeline |
|-----------------------|--------------|-------------------------------|----------|

|             |  |                 |  |
|-------------|--|-----------------|--|
| <b>ITEM</b> | Purchase Order No.12472 in the amount of \$62,635.00 to Packey Webb Ford and Purchase Order No 12473 in the amount of \$58,749.00 to Freeway Ford. | <b>APPROVAL</b> |  |
|-------------|--|-----------------|--|

Account Nos.: 01-60-6860

The FY2010/2011 budget includes one Ford 350 single axle truck and one Ford 450 dual axle truck. At some point after the budget was approved Ford discontinued offering a 450 dual axle truck with a gasoline engine. Since the Commission has no diesel dispensing fuel facilities, staff decided to replace the budgeted 450 dual axle truck with a gasoline engine 350 dual axle truck.

On September 21, 2010 the Commission began seeking proposals for the purchase of two Ford F-350 chassis/cab trucks. Proposals were solicited by delivering RFP's to nine area Ford dealers and by announcing the RFP's on the Commission's website.

The new vehicles will be replacing an existing 2004 Ford F-350 with 108,145 miles and a 2004 Ford F-450 with 112,494 miles. These vehicles are being replaced in accordance with the Commission's Vehicle Replacement Program memorandum of March 31, 2008 adopted as Commission policy at the regular Board meeting of May 8, 2008.

Each truck RFP included three major mechanical elements. They are: the chassis/cab unit, the truck body, and the motorized valve operator. Totaled as one unit, the approved cost budgeted per vehicle for Fiscal Year 2010/2011 is \$69,300.00 for the single axle truck and \$73,000.00 for the dual axle truck. The lowest responsive bidders totaled \$62,635.00 for the single axle truck and \$58,749.00 for the dual axle truck. Proposals were opened on October 26 2010. A total of six proposals per vehicle were received as shown in the bid tabulation below.

| Dealer              | 350 Single Axle    | (Trade In \$)    | Total Net Contract Price            | 350 Dual Axle      | (Trade In \$)      | Total Net Contract Price |
|---------------------|--------------------|------------------|-------------------------------------|--------------------|--------------------|--------------------------|
| Northwest Ford      | \$73,370.00        | \$7,400.00       | \$65,970.00                         | \$70,364.00        | \$7,700.00         | \$62,664.00              |
| <b>Packey Webb</b>  | <b>\$69,635.00</b> | <b>\$7000.00</b> | <b>\$62,635.00</b>                  | \$67,835.00        | \$5,500.00         | \$62,335.00              |
| Badger Truck        | \$73,569.48        | \$4000.00        | \$69,569.48                         | \$68,916.48        | \$3000.00          | \$65,916.48              |
| Joe Rizza Ford      | \$47,598.10        | \$6,300.00       | \$41,298.10<br><i>Bid withdrawn</i> | \$69,509.10        | \$6,000.00         | \$63,509.10              |
| Elmhurst Ford       | \$74,955.00        | \$9000.00        | \$65,955.00                         | \$71,550.00        | \$9,500.00         | \$62,050.00              |
| <b>Freeway Ford</b> | \$72,415.00        | \$9,250.00       | \$63,165.00                         | <b>\$69,499.00</b> | <b>\$10,750.00</b> | <b>\$58,749.00</b>       |

|  |  |                               |          |
|--|--|-------------------------------|----------|
| <b>AGENDA SECTION</b>  | New Business   | <b>ORIGINATING DEPARTMENT</b> | Pipeline |
| <b>ITEM</b>  | Purchase Order No.12472 in the amount of \$62,635.00 to Packey Webb Ford and Purchase Order No 12473 in the amount of \$58,749.00 to Freeway Ford. | <b>APPROVAL</b>               |          |
| <p>Although replacement trucks were budgeted for in the approved FY 2010/2011 budget and the proposals of the lowest responsive bidders was below the budgeted amount, Board approval for these purchases will be necessary because, with respect to Packey Webb, the price quote that Packet Webb received from his truck body supplier/installer subcontractor contained language stating that the quote to Packey Webb was subject to change and did not include tax/title/license and freight. Packey Webb has stated that they will guarantee their proposal in all respects including their Total Net Contract Price of \$62,635.00. And with respect to Freeway Ford, their proposal included two exceptions to the specifications made necessary due to changes in available equipment. They are: a reduction in the tire diameter to 17" from 18" and an increase in fuel capacity to 40 gallons from 35 gallons.</p> |  |                               |          |
| <p><b>MOTION:</b> To suspend Commission purchasing procedures and approve Purchase Order No.12472 in the amount of \$62,635.00 to Packey Webb Ford and Purchase Order No 12473 in the amount of \$58,749.00 to Freeway Ford</p>  |  |                               |          |



DuPage Water Commission  
 600 E. Butterfield Road  
 Elmhurst, IL 60126

Phone: (630) 834-0100 Fax: (630) 834-0120

**Purchase Order: 12472**

Ordered By: SCHWEIZER MICHAEL  
 Order Date: 11/02/2010  
 Due Date: 11/02/2010

Supplier: PACKEY WEBB FORD  
 Address: 2150 W. OGDEN AVE.  
 DOWNERS GROVE, IL 60515  
 Telephone: 630-5984677  
 Fax No.: 630-598-4650  
 Contact: JOHN PRELL-FLEET SALES  
 MGR

Delivery Address: DuPage Water Commission  
 600 East Butterfield Road  
 Elmhurst, Illinois 60126

| Line         | Account    | Manufact Part | Item   | QTY | UOM | Unit Price | Total     |
|--------------|------------|---------------|--|-----|-----|------------|-----------|
| 1            | 01-60-6868 |               | 2011 Ford f350 SRW service truck<br>as per RFP | 1   | EA  | 62,635.00  | 62,635.00 |
| <b>Total</b> |            |               |  |     |     |            | 62,635.00 |

Account

|              |           |
|--------------|-----------|
| <b>Total</b> | 62,635.00 |
|--------------|-----------|

Ship Via Best Way  
 FOB Point Point of  
 Destination



1. **ACCEPTANCE OF PURCHASE ORDER.** This Purchase Order shall be effective when Seller executes it, otherwise indicates its acceptance, or delivers to the DuPage Water Commission (the "Owner") any of the goods ordered herein or renders for the Owner any of the services ordered herein. If this Purchase Order has been issued by the Owner in response to an offer, then the issuance of this Purchase Order by the Owner shall constitute an acceptance of such offer subject to the express condition that the Seller assent to any additional or different terms contained herein. Any additional or different terms or conditions contained in any acknowledgement of the purchase by the Seller shall automatically be deemed objected to by the Owner and shall not be binding upon the Owner unless specifically accepted by the Owner in writing.
2. **ENTIRE AGREEMENT.** Upon acceptance of this Purchase Order, this Purchase Order and all specifications, drawings, and data submitted to the Seller with this Purchase Order or the solicitation for this Purchase Order shall constitute the entire contract between the Owner and the Seller (the "Contract"). The Contract replaces, supersedes, and merges all prior discussions, agreements, or understandings between the parties and shall be changed only by written agreement of the parties.
3. **INDEMNIFICATION AND INSURANCE.** The goods or services to be furnished under this Contract shall be provided at the sole risk and cost of the Seller until final payment therefor. The Seller shall, promptly and without charge to the Owner, repair, replace, or pay for any damage or loss suffered as a result of the work of this Contract. The Seller shall indemnify, keep, and hold harmless the Owner and its agents, officials, and employees from and against all injuries, losses, damages, claims, suits, liabilities, costs, and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of the Seller, its agents, employees, or subcontractors. This indemnification and hold harmless shall be in addition to the warranty obligations of the Seller. The Owner, including its Board members and elected and appointed officials, its officers, employees, agents, attorneys, consultants, and representatives, shall be named as an Additional Insured on all insurance required under this Contract and any such insurance requirements shall be deemed to be minimum requirements and shall not be construed in any way as a limitation on the Seller's liability for losses or damages under this Contract.
4. **DEFAULT.** Time is of the essence of this Contract and if delivery of acceptable items or rendering of services is not completed by the time promised, the Owner reserves the right, without liability and in addition to its other rights and remedies, to terminate this Contract by notice effective when received by the Seller and to purchase substitute items or services elsewhere and to charge the Seller with any and all losses incurred.
5. **TRANSPORTATION CHARGES.** Transportation expense for all shipments shall be prepaid, F.O.B. point of destination. No charges will be allowed by the Owner for transportation, packing, cartage, or containers unless otherwise authorized in this Contract.
6. **UNAVOIDABLE DELAY.** If the Seller is delayed in the delivery of goods purchased under this Contract by a cause beyond its control, then the Seller, upon receiving knowledge of such delay, must give written notice immediately to the Owner and request an extension of time or such extension shall be waived. An extension shall be granted at the sole and absolute discretion of the Owner.
7. **WARRANTY.** The Seller warrants that the prices for the goods or services sold to the Owner under this Contract are not less favorable than those currently extended to any other customer for the same or like goods or services in equal or less quantities. In the event the Seller reduces its price for such goods or service during the term of this Contract, the Seller agrees to reduce the prices hereof correspondingly. The Seller warrants that all goods and services furnished hereunder will be new and will conform in all respects to the terms of this Contract and that they will be free from latent and patent defects in materials, workmanship, fit, and design. In addition, the Seller warrants that said goods and services are suitable for the purposes for which they are purchased, manufactured, and designed or for such other purposes as are expressly specified in this Contract. The Owner may return any nonconforming or defective items to the Seller or require correction or replacement of the item at the time the defect is discovered, all at the Seller's risk and expense. No inspection, test, acceptance, payment, or use of the goods or services furnished hereunder shall affect the Seller's obligation under these warranties and such warranties shall survive such inspection, test, acceptance, payment, and use. The Seller's warranties shall run to the Owner and its successors and assigns.
8. **REGULATORY COMPLIANCE.** The Seller represents and warrants that the goods or services furnished hereunder (including all labels, packages, and containers for said goods) will have been produced in compliance with, and the Seller agrees to be bound by, all applicable Federal, State, and local laws, standards, rules, and regulations. Without limiting the generality of the foregoing, the Seller shall furnish "Material Safety Data Sheets" in compliance with the Illinois Toxic Substances Disclosure to Employees Act.
9. **PAYMENT.** Payments will be made in accordance with the terms on the face of this Contract, or the Seller's invoice, whichever are more favorable to the Owner and payment date therefor shall be calculated from the receipt of invoice or receipt or final acceptance of the goods or services, whichever is later. All claims for money due or to become due from the Owner shall be subject to deduction or setoff by the Owner by reason of any counterclaim arising out of this or any other transaction with the Seller. The acceptance by the Seller of final payment shall operate as a full and complete release of the Owner. No payment for goods or services shall constitute acceptance of any defective or nonconforming goods or services by the Owner.
10. **TERMINATION.** The Owner may, at any time, suspend or terminate this Contract, in whole or in part, by written notice. Upon suspension or termination for convenience of the Owner, the Owner shall reimburse the Seller for expenses (which shall not include lost profits) resulting directly from any such termination or suspension, which amount shall in no event exceed the applicable pro rata portion of the Contract Price. The Seller shall not be paid for any work done after receiving notice of such suspension or termination for convenience nor for any expenses incurred which could have been reasonably avoided. Any and all services, property, publications, or materials provided during or resulting from the Contract shall become the property of the Owner. The foregoing states the Owner's entire liability and the Seller's exclusive remedy for any termination or suspension of all or any part of this Contract for convenience of the Owner. If, however, termination is occasioned by the Seller's breach of any condition hereof, including breach of warranty, or by the Seller's delay, except due to circumstances beyond the Seller's control and without the Seller's fault or negligence, the Seller shall not be entitled to any claim or costs or to any profit and the Owner shall have against the Seller all remedies provided by law and equity.
11. **TAXES.** The Owner is exempt from federal, State, and local taxes.
12. **LIMIT OF LIABILITY.** In no event shall the Owner be liable for anticipated profits, incidental or consequential damages, or penalties of any description. The Owner's liability on any claim arising out of or connected with or resulting from this Contract or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof which gives rise to the claim.
13. **ASSIGNMENTS AND SUBCONTRACTING.** Neither this Contract, nor any interest herein, shall be assigned or subcontracted by the Seller except upon the prior written consent of the Owner.
14. **REMEDIES.** The Owner's remedies shall be cumulative and remedies herein specified do not exclude any remedies allowed by law or in equity. Waiver of any breach shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any items or payment therefor shall not waive any breach.
15. **LAW GOVERNING.** This Contract shall be governed by and construed according to the internal laws, but not the conflict of law rules, of the State of Illinois.



DuPage Water Commission  
600 E. Butterfield Road  
Elmhurst, IL 60126

Phone: (630) 834-0100 Fax: (630) 834-0120

**Purchase Order: 12473**

Ordered By: SCHWEIZER MICHAEL  
Not Confirmed  
Order Date: 11/02/2010  
Due Date: 11/02/2010

Supplier: Freeway Ford  
Address: 8445 45th St  
Lyons, IL.  
60534-1745  
Telephone:  
Fax No.:  
Contact

Delivery Address: DuPage Water Commission  
600 East Butterfield Road  
Elmhurst, Illinois 60126

| Line         | Account    | Manufact Part | Item   | QTY | UOM | Unit Price | Total            |
|--------------|------------|---------------|--|-----|-----|------------|------------------|
| 1            | 01-60-6868 |               | 2011 Ford F350 DRW Service<br>Truck as per RFP | 1   | EA  | 58,749.00  | 58,749.00        |
| <b>Total</b> |            |               |  |     |     |            | <b>58,749.00</b> |

Account

|              |                  |
|--------------|------------------|
| <b>Total</b> | <b>58,749.00</b> |
|--------------|------------------|

1. **ACCEPTANCE OF PURCHASE ORDER.** This Purchase Order shall be effective when Seller executes it, otherwise indicates its acceptance, or delivers to the DuPage Water Commission (the "Owner") any of the goods ordered herein or renders for the Owner any of the services ordered herein. If this Purchase Order has been issued by the Owner in response to an offer, then the issuance of this Purchase Order by the Owner shall constitute an acceptance of such offer subject to the express condition that the Seller assent to any additional or different terms contained herein. Any additional or different terms or conditions contained in any acknowledgement of the purchase by the Seller shall automatically be deemed objected to by the Owner and shall not be binding upon the Owner unless specifically accepted by the Owner in writing.
2. **ENTIRE AGREEMENT.** Upon acceptance of this Purchase Order, this Purchase Order and all specifications, drawings, and data submitted to the Seller with this Purchase Order or the solicitation for this Purchase Order shall constitute the entire contract between the Owner and the Seller (the "Contract"). The Contract replaces, supersedes, and merges all prior discussions, agreements, or understandings between the parties and shall be changed only by written agreement of the parties.
3. **INDEMNIFICATION AND INSURANCE.** The goods or services to be furnished under this Contract shall be provided at the sole risk and cost of the Seller until final payment therefor. The Seller shall, promptly and without charge to the Owner, repair, replace, or pay for any damage or loss suffered as a result of the work of this Contract. The Seller shall indemnify, keep, and hold harmless the Owner and its agents, officials, and employees from and against all injuries, losses, damages, claims, suits, liabilities, costs, and expenses (including attorneys' fees) arising out of or resulting in any way from any defect in the goods or services purchased hereunder, or from any act or omission of the Seller, its agents, employees, or subcontractors. This indemnification and hold harmless shall be in addition to the warranty obligations of the Seller. The Owner, including its Board members and elected and appointed officials, its officers, employees, agents, attorneys, consultants, and representatives shall be named as an Additional Insured on all insurance required under this Contract and any such insurance requirements shall be deemed to be minimum requirements and shall not be construed in any way as a limitation on the Seller's liability for losses or damages under this Contract.
4. **DEFAULT.** Time is of the essence of this Contract and if delivery of acceptable items or rendering of services is not completed by the time promised, the Owner reserves the right, without liability and in addition to its other rights and remedies, to terminate this Contract by notice effective when received by the Seller and to purchase substitute items or services elsewhere and to charge the Seller with any and all losses incurred.
5. **TRANSPORTATION CHARGES.** Transportation expense for all shipments shall be prepaid, F.O.B. point of destination. No charges will be allowed by the Owner for transportation, packing, cartage, or containers unless otherwise authorized in this Contract.
6. **UNAVOIDABLE DELAY.** If the Seller is delayed in the delivery of goods purchased under this Contract by a cause beyond its control, then the Seller, upon receiving knowledge of such delay, must give written notice immediately to the Owner and request an extension of time or such extension shall be waived. An extension shall be granted at the sole and absolute discretion of the Owner.
7. **WARRANTY.** The Seller warrants that the prices for the goods or services sold to the Owner under this Contract are not less favorable than those currently extended to any other customer for the same or like goods or services in equal or less quantities. In the event the Seller reduces its price for such goods or service during the term of this Contract, the Seller agrees to reduce the prices hereof correspondingly. The Seller warrants that all goods and services furnished hereunder will be new and will conform in all respects to the terms of this Contract and that they will be free from latent and patent defects in materials, workmanship, title, and design. In addition, the Seller warrants that said goods and services are suitable for the purposes for which they are purchased, manufactured, and designed or for such other purposes as are expressly specified in this Contract. The Owner may return any nonconforming or defective items to the Seller or require correction or replacement of the item at the time the defect is discovered, all at the Seller's risk and expense. No inspection, test, acceptance, payment, or use of the goods or services furnished hereunder shall affect the Seller's obligation under these warranties and such warranties shall survive such inspection, test, acceptance, payment, and use. The Seller's warranties shall run to the Owner and its successors and assigns.
8. **REGULATORY COMPLIANCE.** The Seller represents and warrants that the goods or services furnished hereunder (including all labels, packages, and containers for said goods) will have been produced in compliance with, and the Seller agrees to be bound by, all applicable Federal, State, and local laws, standards, rules, and regulations. Without limiting the generality of the foregoing, the Seller shall furnish "Material Safety Data Sheets" in compliance with the Illinois Toxic Substances Disclosure to Employees Act.
9. **PAYMENT.** Payments will be made in accordance with the terms on the face of this Contract, or the Seller's invoice, whichever are more favorable to the Owner and payment date therefor shall be calculated from the receipt of invoice or receipt or final acceptance of the goods or services, whichever is later. All claims for money due or to become due from the Owner shall be subject to deduction or setoff by the Owner by reason of any counterclaim arising out of this or any other transaction with the Seller. The acceptance by the Seller of final payment shall operate as a full and complete release of the Owner. No payment for goods or services shall constitute acceptance of any defective or nonconforming goods or services by the Owner.
10. **TERMINATION.** The Owner may, at any time, suspend or terminate this Contract, in whole or in part, by written notice. Upon suspension or termination for convenience of the Owner, the Owner shall reimburse the Seller for expenses (which shall not include lost profits) resulting directly from any such termination or suspension, which amount shall in no event exceed the applicable pro rata portion of the Contract Price. The Seller shall not be paid for any work done after receiving notice of such suspension or termination for convenience nor for any expenses incurred which could have been reasonably avoided. Any and all services, property, publications, or materials provided during or resulting from the Contract shall become the property of the Owner. The foregoing states the Owner's entire liability and the Seller's exclusive remedy for any termination or suspension of all or any part of this Contract for convenience of the Owner. If, however, termination is occasioned by the Seller's breach of any condition hereof, including breach of warranty, or by the Seller's delay, except due to circumstances beyond the Seller's control and without the Seller's fault or negligence, the Seller shall not be entitled to any claim or costs or to any profit and the Owner shall have against the Seller all remedies provided by law and equity.
11. **TAXES.** The Owner is exempt from federal, State, and local taxes.
12. **LIMIT OF LIABILITY.** In no event shall the Owner be liable for anticipated profits, incidental or consequential damages, or penalties of any description. The Owner's liability on any claim arising out of or connected with or resulting from this Contract or from the performance or breach thereof shall in no case exceed the price allocable to the goods or services or unit thereof which gives rise to the claim.
13. **ASSIGNMENTS AND SUBCONTRACTING.** Neither this Contract, nor any interest herein, shall be assigned or subcontracted by the Seller except upon the prior written consent of the Owner.
14. **REMEDIES.** The Owner's remedies shall be cumulative and remedies herein specified do not exclude any remedies allowed by law or in equity. Waiver of any breach shall not constitute waiver of any other breach of the same or any other provision. Acceptance of any items or payment therefor shall not waive any breach.
15. **LAW GOVERNING.** This Contract shall be governed by and construed according to the Internal laws, but not the conflict of law rules, of the State of Illinois.



# DuPage Water Commission

## MEMORANDUM

TO: Chairman Rathje and Commissioners

FROM: Maureen A. Crowley *MAC*  
Staff Attorney

CC: Terry McGhee  
Acting General Manager

DATE: November 4, 2010

SUBJECT: Contaminated Well Water Loan Program and Loan to Downers Grove

At the October meeting, the Board requested more detail concerning the Commission's contaminated well water loan program and the loan that was made to the Village of Downers Grove under the program. The Board also requested historical background regarding the development of the program and the loan to the Village. This memorandum provides that additional information.

### Contaminated Well Water Loan Program

#### 1. Overview of Program Requirements

The contaminated well water loan program was developed by the Commission, the County of DuPage (the "County"), and the Commission's Charter Customers, via a 2002 Intergovernmental Agreement, in order to create a method of extending Lake Michigan water service to areas of DuPage County affected by contaminated well water (the "Enabling Agreement"). No other parties were involved in development of the program nor intended to be benefited thereby.

The Enabling Agreement required the Commission to provide twenty (20) year loans to Charter Customers to finance the cost to Charter Customers of extending service into certain areas of DuPage County affected by well water contamination. The Commission's obligation to make such loans under the Enabling Agreement was limited to a total financial commitment of \$10,000,000.00. The Enabling Agreement also provided that the Commission's loans would bear interest at a rate of two percent (2%) per annum for residential service areas and at a market rate for commercial and industrial service areas, and would be interest-only for the first six years.

The Enabling Agreement restricted the amount that could be charged in order for retail water customers to obtain service from a Charter Customer in the affected service area. Under the Enabling Agreement, the newly-served retail customers could only be charged a proportionate share of the total cost of extending service into the area. In addition, a Charter Customer also had to offer to finance those costs for the newly-served retail customers at the same rate of interest and, except for late enrolling retail

service customers who would be offered less favorable terms, the same six year interest-only and twenty-year term as required for Commission loans.

Finally, the Enabling Agreement provided that the borrowing Charter Customer was required to pay the Commission at least the following amount annually: "the total amount of interest and principal due that year multiplied by the number of Customers in the Service Area divided by the number of Potential Customers in the Service Area." Because the Commission could receive less than full reimbursement if less than 100% of the eligible retail customers in the affected service area elected to obtain service, the Enabling Agreement also provided a mechanism by which the term of the Commission's loan to the Charter Customer could be extended in order to provide for full reimbursement so long as the Charter Customer was not in default.

For your reference, a copy of the Enabling Agreement (except certain signature pages) is attached as an exhibit to the loan agreement with the Village of Downers Grove (the "Village"), a copy of which is attached to this memorandum.

## 2. Genesis of Program

Sometime in 2001, the County proposed that (1) it would finance (through special service areas) and construct the facilities needed to serve some or all of the five separate unincorporated areas of DuPage County that had contaminated well water supplies; (2) a Charter Customer would operate, maintain, repair, and replace the facilities following completion of construction; and (3) the County would transfer title to the facilities to the operating Charter Customer after the SSA financing obligations (bonds) had been paid. Because the County was not a customer of the Commission at the time, and Commission customers are not permitted to wholesale water to other public or private entities that resell the water to the ultimate consumer, implementation of the County's proposal presented some challenges.

Although those challenges were overcome—see Resolution No. R-51-01 (copy attached)—the County's proposed program was never implemented. It is my understanding that the County's proposed program was never implemented because of difficulties in obtaining the support required to establish SSAs in the affected areas. Instead, residents with contaminated wells came directly to the Commission requesting assistance with obtaining Lake Michigan water, and the (in essence) three-party (Commission/County/Charter Customer) Enabling Agreement was developed.

A copy of various meeting minute excerpts relating to the genesis of the Contaminated Well Water Loan Program are attached to this memorandum for your reference. As reflected in those minutes and, especially the minutes of the April 25, 2002, Special Meeting, and the minutes of the June 13, 2002, "Discussion of the Impact of Lockformer "Settlements" on Draft Agreement" by the Special Task Force, it was never intended that parties responsible or potentially responsible for the contamination in the affected

areas would be benefitted by, or involved with, the Contaminated Well Water Loan Program or its financing opportunities.

#### Loan to Downers Grove

##### 1. Genesis of Loan

Close to fifty percent (50%) of the wells sampled in an area comprised of certain territory adjacent to the corporate limits of the Village of Downers Grove (the "Village") had levels of Trichloroethylene that exceeded the maximum contaminant level for that regulated chemical (the "Downers Grove Service Area"). As a result, and in accordance with the Enabling Agreement, the Commission and the Village entered into a 2003 Intergovernmental Agreement to coordinate and implement the supply of Lake Michigan water to the Downers Grove Service Area (the "Implementing Agreement").

A copy of various meeting minute excerpts relating to the genesis of the loan to the Village are attached to this memorandum for your reference. As reflected in those minutes, the only discussion involving either the US or the State of Illinois Environmental Protection Agencies related to the Commission's support of various Charter Customer IEPA grant requests (see minutes of November 14, 2002) and the Commission's refusal to fund a portion of the hookup costs for residents in the Downers Grove Service Area as requested by the USEPA (see minutes of May 7, 2003).

##### 2. Overview of Loan Provisions

Pursuant to the Implementing Agreement, the Commission loaned the Village the sum of \$4,788,000 to finance the cost of the Village extending Lake Michigan water service to new residential retail customers in the Downers Grove Service Area, as well as to provide the funds needed by the Village to finance connection costs of those new customers. The financing terms of the Implementing Agreement restated the financing terms contained in the Enabling Agreement and additionally provided for mandatory prepayment, in whole or in part, in the event the Village received any grant or any settlement funds from any source other than the IEPA grant previously provided to the Village. The IEPA grant previously provided to the Village, in the amount of \$711,948.00, was required to be used to pay direct costs incurred in connection with the design and construction of the infrastructure improvements and was netted against the costs the Commission agreed to finance.

A copy of Implementing Agreement is attached to this memorandum for your reference and includes a copy of the Enabling Agreement as an exhibit.

**MEETING MINUTE EXCERPTS RELATING TO THE GENESIS OF THE  
CONTAMINATED WELL WATER LOAN PROGRAM**

**MINUTES OF A MEETING OF THE  
ADMINISTRATION COMMITTEE  
OF THE DU PAGE WATER COMMISSION  
HELD ON JUNE 14, 2001**

The meeting was called to order at 6:30 P.M. at the Commission's office located at 600 East Butterfield Road, Elmhurst, Illinois.

Committee members in attendance: J. Devlin, B. Krajewski and R. Thorn

Others in attendance: J. Holzwart, Mayor Joseph Broda, Village of Lisle and Acting Village Manager Mary Lou Kalsted, Village of Lisle

The Administration Committee discussed the issue of water service to unincorporated areas where well water supplies are contaminated with trichloroethylene (TCE). Representatives from the Villages of Lisle and Woodridge were in attendance at the meeting. The Committee requested a written opinion from the Commission's legal counsel concerning whether any of the following service options would violate the Water Commission Act of 1985 or the Charter Customer Contract: the County of DuPage financing (through a Special Service Area) and constructing the distribution systems needed to serve these areas; member utilities operating, maintaining, repairing and replacing these systems following completion of construction; the County retaining these systems following completion of construction; and the County retaining title to these systems until the SSA financing had been retired before transferring title to the operating member utilities.

**\* \* \* \***

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, AUGUST 9, 2001  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Joel Herter at 7:35 P.M.

Commissioners in attendance: R. Benson, A. Crane, J. Devlin, G. Kouba, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn and J. Herter

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H) and M. Crowley (H&K).

\* \* \* \*

Because representatives from the Villages of Lisle and Woodridge were present, Chairman Herter requested that Agenda Item VIII-D, "Water Service to Unincorporated DuPage County," under Old Business be discussed before the Treasurer's Report. There were no objections.

The General Manager reviewed the legal and policy considerations summarized in his memorandum of August 2, 2001 concerning whether Commission Customers should be allowed to supply water to unincorporated areas of DuPage County that have contaminated well supplies when the County of DuPage finances and constructs the distribution systems needed to serve those unincorporated areas. James Knippen, attorney for the Village of Woodridge, expressed the Village's concurrence with the conceptual framework outlined by the General Manager but highlighted three core concepts that were implicit in the Village's concurrence: The agreement between the operating Commission Customer and the County of DuPage would be consistent with the Charter Customer Agreement; the Commission would approve the agreement; and the Commission's role in approving the agreement would be to determine consistency with the Charter Customer Contract and Commission policy and not to act as mediator or political arbiter.

Commissioner Tenison made a motion to support the policy considerations summarized in the General Manager's memorandum dated August 2, 2001 regarding Water Service to Unincorporated DuPage County and directed staff and legal counsel to prepare a written policy for consideration at the September 2001 Commission meeting. Seconded by Commissioner Benson and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, SEPTEMBER 13, 2001  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Joel Herter at 7:33 P.M.

Commissioners in attendance: R. Benson, A. Crane, J. Devlin, J. Liljegren, W. Mueller, J. Tenison, R. Thorn, R. Tolentino and J. Herter

Also in attendance: J. Holzwart, R. Martin, R. Skiba, D. Eckmann (AB&H) and M. Crowley (H&K).

\* \* \* \*



PUBLIC COMMENTS

Phil Modaff, Village of Woodridge Director of Public Works, read a letter from the Mayors of the Village of Lisle, the City of Naperville and the Village of Woodridge indicating their support of draft Resolution R-51-01.

\* \* \* \*

OLD BUSINESS –

Commissioner Benson moved to approve Resolution R-51-01: A Resolution Expressing the Policy of the DuPage Water Commission Regarding Service to Unincorporated Areas of DuPage County that have Contaminated Well Water Supplies. Seconded by Commissioner Devlin and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, A. Crane, J. Devlin, J. Liljegren, W. Mueller, J. Tenison, R. Thorn, R. Tolentino and J. Herter

Nays: None

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, MARCH 14, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:35 P.M.

Commissioners in attendance: R. Benson, A. Crane, J. Devlin, G. Kouba, B. Krajewski, W. Mueller, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, W. Green (AB&H), and M. Crowley (H&K).

PUBLIC COMMENTS

A number of residents from unincorporated Downers Grove explained to the Commission their need for assistance in obtaining Lake Michigan water because of contaminated wells.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, APRIL 11, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:35 P.M.

Commissioners in attendance: R. Benson (via teleconference), J. Devlin, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

**\* \* \* \***

Several residents in unincorporated Downers Grove addressed the Commission about the TCE contamination of their private wells, their need for safe water, their request that the Commission establish funds to assist them in connecting to a public water supply, and their disappointment that municipally-employed lawyers and lobbyists are trying to block the County's effort to assist them.

**\* \* \* \***

**PUBLIC COMMENTS**

Several other residents in unincorporated Downers Grove addressed the Commission and requested that the Commission assist them in obtaining an alternative water supply.

**\* \* \* \***

**MINUTES OF A SPECIAL MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, APRIL 25, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:30 P.M.

Commissioners in attendance: R. Benson, A. Crane, J. Devlin, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

**\* \* \* \***

Chairman Vondra reviewed the draft Summary of a Proposed Agreement to Provide Lake Michigan Water to Areas of DuPage County Affected by Contamination.

Several residents in unincorporated DuPage County questioned the Commission on the terms of the Proposed Agreement.

\* \* \* \*

Commissioner Crane made a motion to recess the Commission meeting for 10 minutes. Seconded by Commissioner Pollock and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

The meeting was in recess from 8:02 P.M. until 8:12 P.M.

Summary of Proposed Agreement  
To Provide Lake Michigan Water  
To Areas of DuPage County Affected by Contamination

Overview

Municipalities that are Charter Customers of the DuPage Water Commission will provide Lake Michigan water at reasonable rates to areas of DuPage County affected by contamination.

Areas to be Served

These municipalities will provide service to areas of DuPage County that are affected by contaminated water.

Forms of Service

If a water main exists in the vicinity, municipalities will make water available to the contaminated area from the existing main. If a main does not exist in the vicinity, municipalities will construct new mains in order to extend water service to the contaminated area.

Financing for Service

The Commission would make financing available to municipalities to provide service to contaminated areas. This would include long-term low-interest loans that would be passed on by municipalities to customers in the contaminated areas who would obtain water service.

Conditions of Service

Municipalities would make Lake Michigan water available expeditiously from their existing allocation to all property in these areas at rates that are reasonably related to the actual cost of providing and delivering water to these areas. Municipalities would have the right to require potential customers for water service to enter into pre-annexation agreements as a condition of service, but annexation of residential property would not be required for at least ten years.

## Approval of Agreement

Before becoming effective, a final written agreement will be drafted. The Agreement, which is expected to be drafted promptly, would be approved by all Charter Customers, the County and the Commission.

Commissioner Mueller moved that the "Summary of Proposed Agreement to Provide Lake Michigan Water to Areas of DuPage County Affected by Contamination," which is hereby incorporated into this motion, be endorsed by the DuPage Water Commission and that the DuPage Water Commission be authorized to enter into negotiations with the County and municipalities regarding an intergovernmental agreement based upon the general outline that is set forth in that document. Seconded by Commissioner Tenison and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Tenison moved that, pursuant to Article VII, Section 5 of the By-laws of the DuPage Water Commission, a Task Force be established regarding the proposed intergovernmental agreement to provide Lake Michigan water to areas of DuPage County affected by contamination. The responsibilities of the task force will include advising the Commission on and reviewing matters related to negotiations concerning the proposed intergovernmental agreement and make recommendations regarding the implementation of the intergovernmental agreement. Seconded by Commissioner Crane and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Chairman Vondra proposed the appointment of William Mueller, William Murphy, Jack Tenison and Mike Vondra as voting members, and Greg Wilcox and Chris Burke as advisory members, of the task force regarding the proposed intergovernmental agreement to provide Lake Michigan water to areas of DuPage County affected by contamination.

Commissioner Crane moved to consent to the appointment of William Mueller, William Murphy, Jack Tenison and Mike Vondra as voting members, and Greg Wilcox and Chris Burke as advisory members of the task force. Seconded by Commissioner Liljegren and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

## Omnibus Agenda

Commissioner Mueller moved to approve Resolution R-14-02 and Ordinances O-5-02, O-6-02 and O-7-02 in a single group pursuant to the Omnibus Vote Procedures, provided that my making this motion and my support of it is based on the expectation that the agreement discussed earlier is negotiated, finalized and executed by all necessary parties promptly. If the parties are not able to come to agreement in a reasonable period of time, I will request the approval of an amendatory ordinance the effect of which will be to change the water rate from \$1.65 per 1,000 gallons to \$1.75

per 1,000 gallon as was originally noticed to the Charter Customers. Seconded by Commissioner Tenison and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, A. Crane, J. Devlin, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Nays: None

\* \* \* \*

**MINUTES OF A MEETING OF THE  
SPECIAL TASK FORCE  
OF THE DU PAGE WATER COMMISSION  
HELD ON JUNE 13, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order at 5:15 P.M.

Task Force members in attendance: W. Mueller, W. Murphy, M. Vondra and G. Wilcox

Also in attendance: R. Thorn, M. Crowley, J. Holzwart, R. Martin and R. Skiba

I. Discussion of Objectives and Schedules Associated with Service in Contaminated Areas and Other Administrative Matters

The Task Force discussed the objectives and schedule associated with the implementation of the proposed Master Intergovernmental Agreement between the Commission, the County, and the Charter Customers concerning service in contaminated areas. The Task Force determined to prioritize its efforts in assisting with the implementation of the Master Intergovernmental Agreement toward those areas (a) with well water supplies that exceed Maximum Contaminant Levels for drinking water (MCLs), (b) with no public infrastructure in place, and (c) subject to achieving economies of scale in new construction, with residents desiring service from a Charter Customer on the terms outlined in the Master Intergovernmental Agreement. Based on the foregoing priorities, the North Belmont area of Downers Grove and the Knights Subdivision site in Naperville were identified as areas for which implementation of the Master Intergovernmental Agreement should be a first priority.

II. Status of Draft Agreement Between County and Charter Customers

It was reported that legal counsels respectively for DuPage County and for the Charter Customer Municipalities were expected to complete the first draft of the Master Intergovernmental Agreement shortly. It was also reported that copies of the draft Master Intergovernmental Agreement will be distributed prior to next Task Force meeting, which meeting will be held at 5:00 p.m. on July 10, 2002, at 600 East Butterfield Road, Elmhurst, Illinois.

### III. Discussion of the Logistics of Implementing the Draft Agreement Using Special Service Area (SSA) Financing

The Task Force discussed the issue of the County forming SSAs to reimburse the Commission. It was agreed not to proceed on this matter until the Master Intergovernmental Agreement has been finalized.

### IV. Review of Commission Report dated April 11, 2002

#### A. Extent of Contaminated Areas as Described in Report

The Task Force reviewed the various areas that were identified as having contaminated well water supplies. It was noted that the only areas that exceeded the MCLs for Trichloroethylene (TCE) were the North Belmont area of Downers Grove, the Knight's Subdivision in Naperville, and Lisle Area A. The residential wells in Lisle Area B (Woodridge Estates) and Lisle Area C (Suburban Estates) do not exceed the MCLs for drinking water.

#### B. Reconciliation of Demographics

There was no discussion on this issue.

#### C. Number of Potential Customers in Incorporated Downers Grove

Mayor Krajewski of Downers Grove requested that the Task Force consider recommending that incorporated Downers Grove residents with contaminated wells be included in the Master Intergovernmental Agreement.

#### D. Indexing System of Capital Improvements

Commission staff was directed to prepare a matrix identifying the number of addresses in each area, the areas capable of being served by existing public watermains, and for those areas not capable of being served by existing public watermains, the estimated cost of the public improvements needed to serve those areas.

### V. Discussion of the Impact of Lockformer "Settlements" on Draft Agreement

It was reported that the Lockformer "Settlement" covers the area referred to as Lisle Area A. This area is located in the northern part of Lisle and has existing Lisle watermains. Because the DuPage County Circuit Court Order that requires Lockformer to pay the costs to connect the residents in Lisle Area A to the Lisle Public Water System, it was recommended that there is no longer a need to include this area, or any other similarly situated area, in the financing aspects of the Master Intergovernmental Agreement.

### VI. Discussion Regarding the Provision of "Other" Services in Partially Annexed Areas

The Task Force discussed the issue of annexing individual parcels and the potential for confusion associated with providing police and fire services. It was noted that this is a matter for the individual municipality and the County to address separately.

The Task Force meeting was adjourned at 6:15 P.M.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON WEDNESDAY, JULY 10, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:33 P.M.

Commissioners in attendance: R. Benson, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

\* \* \* \*

COMMITTEE REPORTS

\* \* \* \*

Special Task Force - Report by Chairman Vondra

It was reported that the Special Task Force reviewed the draft Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected by Contamination, and questions raised by members of the Task Force and by the public in attendance at the meeting were answered.

Commissioner Mueller moved to approve an Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected by Contamination in substantially the form presented at this meeting and on file with the Acting Clerk and containing substantially the terms and provisions set forth therein, subject to such changes and revisions therein as shall be required or approved by the Board of Commissioners, and to authorize the Chairman and the Acting Clerk to execute and attest the Agreement with any such changes and revisions upon, but not before, execution of the Agreement on behalf of the County of DuPage and at least one Charter Customer. Seconded by Commissioner Benson and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Nays: None

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, AUGUST 8, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:30 P.M.

Commissioners in attendance: R. Benson, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, J. Tenison, R. Thorn, G. Wilcox and M. Vondra

Also in attendance: J. Holzward, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

\* \* \* \*

COMMITTEE REPORTS

\* \* \* \*

Special Task Force - Report by Chairman Vondra

It was reported that the Special Task Force reviewed language changes to the July 10, 2002, draft of the Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected by Contamination and that the revised draft dated August 8, 2002, would be attached as Exhibit 1 to Resolution No. R-32-02 for approval as part of the Omnibus Vote Agenda. The Special Task Force also recommended approval of the legal invoices for Mayer, Brown, Rowe & Maw in the amount of \$48,000 and the legal invoice of Walsh, Knippen, Knight & Diamond Chartered in the amount of \$15,000 during the Accounts Payable.

**Omnibus Agenda**

Commissioner Wilcox made a motion to adopt the item listed on the Omnibus Vote Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Tenison and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, J. Tenison, R. Thorn, G. Wilcox and M. Vondra  
Nays: None

\* \* \* \*

Item 3. Resolution R-32-02: A Resolution Approving, Ratifying, and Accepting an Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected by Contamination (REVISED)– "Omnibus Vote"



**MEETING MINUTE EXCERPTS RELATING TO  
THE GENESIS OF THE DOWNERS GROVE LOAN**

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, MARCH 14, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:35 P.M.

Commissioners in attendance: R. Benson, A. Crane, J. Devlin, G. Kouba, B. Krajewski, W. Mueller, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, W. Green (AB&H), and M. Crowley (H&K).

PUBLIC COMMENTS

A number of residents from unincorporated Downers Grove explained to the Commission their need for assistance in obtaining Lake Michigan water because of contaminated wells.

**\* \* \* \***

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, APRIL 11, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:35 P.M.

Commissioners in attendance: R. Benson (via teleconference), J. Devlin, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

**\* \* \* \***

Several residents in unincorporated Downers Grove addressed the Commission about the TCE contamination of their private wells, their need for safe water, their request that the Commission establish funds to assist them in connecting to a public water supply, and their disappointment that municipally-employed lawyers and lobbyists are trying to block the County's effort to assist them.

\* \* \* \*

PUBLIC COMMENTS

Several other residents in unincorporated Downers Grove addressed the Commission and requested that the Commission assist them in obtaining an alternative water supply.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
SPECIAL TASK FORCE  
OF THE DU PAGE WATER COMMISSION  
HELD ON THURSDAY NOVEMBER 14, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order at 5:44 P.M.

Task Force members in attendance: E. Chaplin, W. Mueller, W. Murphy, M. Vondra and G. Wilcox

Also in attendance: R. Thorn, M. Crowley, J. Holzward, R. Martin and R. Skiba

\* \* \* \*

The Task Force reviewed the status of Charter Customer approval of the Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County affected by Contamination.

The Task Force reviewed the status of the Implementing Agreements as provided in the Status Report dated November 8, 2002.

Mayor Murphy moved to recommend to the Commission that Downers Grove Gardens, Belmont Park and North Belmont Park be deemed to qualify and be designated as a primary service area and to recommend to the Commission the approval of the estimated proposed budget of \$5,255,000. Seconded by Commissioner Mueller and unanimously approved by a Voice Vote.

\* \* \* \*

Mayor Murphy moved to notify the Illinois Environmental Protection Agency that the Commission urges favorable consideration of the Illinois Environmental Protection Agency grant requests submitted by Downers Grove, Lisle and Woodridge. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

Commissioner Chaplin made a motion to adjourn the meeting at 6:20 P.M. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

\* \* \* \*  
**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, NOVEMBER 14, 2002  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Michael Vondra at 7:32 P.M.

Commissioners in attendance: R. Benson, E. Chaplin, L. Hartwig, J. Janicik, W. Mueller, N. Pollock, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), and M. Crowley (H&K).

\* \* \* \*

COMMITTEE REPORTS

\* \* \* \*

Special Task Force – Report by Chairman Vondra

The Special Task Force reviewed the status of the various intergovernmental agreements concerning the provision of Lake Michigan water to areas of DuPage County affected by contamination.

Commissioner Wilcox moved that that Downers Grove Gardens, Belmont Park and North Belmont Park be deemed to qualify and be designated as a primary service area, and to approve the estimated budget of \$5,255,000 and direct staff to proceed with preparation of the necessary implementing agreement with Downers Grove. Seconded by Commissioner Thorn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

\* \* \* \*

Chairman Vondra concluded his report by noting that staff was directed to notify the Illinois Environmental Protection Agency that the Commission urges favorable consideration of the Illinois Environmental Protection Agency grant requests submitted by Downers Grove, Lisle and Woodridge.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON THURSDAY, APRIL 10, 2003  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Vondra at 7:32 P.M.

Commissioners in attendance: R. Benson (via teleconference), E. Chaplin, J. Janicik, B. Krajewski, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H) and M. Crowley (H&K).

\* \* \* \*

OMNIBUS VOTE AGENDA

\* \* \* \*

Commissioner Mueller moved to approve Resolution R-14-03: A Resolution Authorizing the Execution of an Intergovernmental Agreement Concerning the Implementation of Water Service to the Downers Grove Service Area in DuPage County. Seconded by Commissioner Wilcox and approved by a Roll Call Vote:

Ayes: R. Benson, J. Janicik, B. Krajewski, W. Mueller, N. Pollock, A. Poole, J. Tenison, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Abstain: E. Chaplin

Nays: None

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON WEDNESDAY, MAY 7, 2003  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Vondra at 7:35 P.M.

Commissioners in attendance: R. Benson, E. Chaplin, L. Hartwig, J. Janicik, B. Krajewski, W. Mueller, N. Pollock, A. Poole, R. Thorn, R. Tolentino, G. Wilcox and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H) and M. Crowley (H&K).

\* \* \* \*

PUBLIC COMMENTS

Ann Muniz, unincorporated Downers Grove, inquired about the status of loans for people in unincorporated Downers Grove with contaminated wells that previously connected to the Downers Grove water distribution system.

Commissioner Benson moved to direct staff to prepare an amendment to the Intergovernmental Agreement Concerning the Implementation of Water Service to the Downers Grove Service Area in DuPage County that would enable Downers Grove to make funds available to all individuals who connected to the Downers Grove water distribution system in response to the August 2001 and following Downers Grove Groundwater Investigation Fact Sheets that were prepared and distributed by the IEPA. Seconded by Commissioner Wilcox and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DU PAGE WATER COMMISSION  
HELD ON WEDNESDAY, JUNE 12, 2003  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Vondra at 9:23 A.M.

Commissioners in attendance: E. Chaplin, L. Hartwig, J. Janicik, B. Krajewski, W. Mueller, N. Pollock, A. Poole, R. Thorn, R. Tolentino, G. Wilcox, D. Zeilenga and M. Vondra

Also in attendance: J. Holzwart, R. Martin, E. Nawrocki, R. Skiba, D. Eckmann (AB&H), W. Green (AB&H) and M. Crowley (H&K).

\* \* \* \*

PUBLIC COMMENTS

\* \* \* \*

In relation to a proposed amendment to the Downers Grove Implementing Agreement, Ann Muniz, unincorporated Downers Grove, advised that IEPA well water testing in unincorporated Downers Grove began in February of 2001.

\* \* \* \*

NEW BUSINESS

\* \* \* \*

Discussion next ensued regarding the letter dated June 3, 2003 from William E. Muno, Director Superfund Division, Region 5, United States Environmental Protection Agency, requesting the Commission funding for a portion of the hookup costs for the residents in unincorporated Downers Grove. After some discussion, the General Manager was directed to prepare a response indicating that even though the Commission had no authority to provide such a grant, the Commission stood by its commitment to make loans available to its municipal customers for this purpose.

\* \* \* \*

**MINUTES OF A MEETING OF THE  
DUPAGE WATER COMMISSION  
HELD ON THURSDAY, JULY 8, 2004  
600 E. BUTTERFIELD ROAD  
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman Vondra at 9:00 A.M.

Commissioners in attendance: R. Benson, E. Chaplin, T. Feltes, R. Ferraro, G. Mathews, W. Mueller, W. Murphy, A. Poole, J. Vrdolyak, G. Wilcox, and M. Vondra

Commissioners absent: L. Hartwig and D. Zeilenga

Also in attendance: Treasurer R. Thorn, M. Crowley, R. Martin, C. Pattelli, C. Johnson, G. Meeder (Holland & Knight), and R. Shea (Alvord, Burdick & Howson)

PUBLIC COMMENTS

\* \* \* \*

Chairman Vondra thanked Mr. Perry for the progress report and inquired as to the progress of the Downers Grove project regarding service to unincorporated areas with contaminated well water. General Manager Martin indicated that the Commission's electronic email system was down and therefore he could not access the progress report prepared by Downers Grove. Chairman Vondra suggested adding a progress report on these two projects on the monthly Commission Communiqués. Commissioner Chaplin reported her understanding that Downers Grove completed construction of the infrastructure and very few homes were left to be connected to the Downers Grove water system.

\* \* \* \*

DUPAGE WATER COMMISSION

RESOLUTION NO. R-51-01

A RESOLUTION EXPRESSING THE POLICY  
OF THE DUPAGE WATER COMMISSION REGARDING  
SERVICE TO UNINCORPORATED AREAS OF DUPAGE COUNTY  
THAT HAVE CONTAMINATED WELL WATER SUPPLIES

WHEREAS, the Water Purchase and Sale Contract (the "Charter Customer Contract") between the DuPage Water Commission (the "Commission") and its Charter Customers requires that, subject to certain limited use exceptions, any entity receiving Lake Water through the Commission's Waterworks System shall be a Contract Customer of the Commission; and

WHEREAS, the Charter Customer Contract provides that the Commission may, in its sole discretion, serve customers other than Charter Customers pursuant to a Subsequent Contract provided certain conditions precedent are satisfied; and

WHEREAS, Contract Customers of the Commission are permitted to sell Lake Water to retail customers of their water distribution systems, whether such retail customers are located within or without their corporate limits, but no Contract Customer of the Commission is permitted to wholesale Lake Water to other public or private entities that resell the water to the ultimate consumer; and

WHEREAS, in certain unincorporated areas of DuPage County that have contaminated well water supplies, the County of DuPage (the "County") has proposed to finance the water distribution systems needed to serve those areas, which water distribution systems would then be served with Lake Water from a Contract Customer of the Commission; and

WHEREAS, to facilitate the delivery of Lake Water to these unincorporated areas, the Commission is desirous of providing a mechanism through which Contract Customers of the Commission may supply Lake Water to the water distribution systems financed by the County without violating the prohibitions against wholesaling or requiring the County to become a Subsequent Customer of the Commission;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the DuPage Water Commission as follows:

SECTION ONE: The foregoing recitals are hereby incorporated herein and by this reference made a part hereof as findings of the Board of Commissioners of the DuPage Water Commission as if fully set forth herein.

SECTION TWO: Capitalized terms not otherwise defined in this Resolution shall have the meanings ascribed to them in the Charter Customer Contract.

SECTION THREE: It shall be the policy of the Commission that the Commission shall evaluate requests from Contract Customers to supply Lake Water to water distribution systems financed by the County on a case-by-case basis. In making its evaluation, the Commission shall determine that such an arrangement would not be contrary to the best interests of the entire Commission or the integrity of the Waterworks System, as determined by the Board of Commissioners of the DuPage Water Commission.

SECTION FOUR: No request from a Contract Customer to supply Lake Water to a water distribution system financed by the County shall be approved by the Commission unless and until an affirmative determination is made pursuant to Section Three of this Resolution and the approval is made subject to the following terms and conditions:



- (a) The water distribution system to be financed by the County (the "Extension") shall be designed to serve an unincorporated area that has contaminated well water supplies.
- (b) The Contract Customer that will operate the Extension and the County shall have entered into a valid and binding agreement concerning the construction, ownership, operation and maintenance of the Extension, the terms and conditions of which shall have been approved by the Commission in advance of its execution (the "Financing Agreement").
- (c) At a minimum, the Financing Agreement shall include the following terms and conditions:
  - (i) The Financing Agreement shall be irrevocable, and no modification, addition, deletion, revision, alteration or other change shall be effective unless and until such change is reduced to writing, executed and delivered by the operating Contract Customer and the County, and approved by the Commission.
  - (ii) The Extension shall be designed in accordance with the standard design of the operating Contract Customer's Unit System.
  - (iii) All responsibilities and obligations of ownership of the Extension, except bare legal title if necessary, shall be vested in the Contract Customer that will operate the Extension, without reimbursement from the County and with little or no interference from the County, including without limitation the responsibility and obligation to insure, operate, maintain, test, inspect, repair, replace and be liable for the Extension.
  - (iv) All rights, powers, privileges and entitlements of ownership of the Extension, except bare legal title if necessary, shall be vested in the Contract Customer that will operate the Extension, with little or no interference from the County, including without limitation the right, power, privilege and entitlement to extend and improve the Extension, to establish service restrictions, operating parameters and rates related to the use of the Extension, and to receive the income generated from the operation of the Extension.
  - (v) Full legal and record title to the Extension, and a bill of sale therefor, shall be conveyed to the operating Contract Customer, if not conveyed to the operating Contract Customer upon completion of construction, by a date certain, which date must be satisfactory to the Commission, and the County's obligation to convey full title to the operating Contract Customer shall be absolute and unconditional, notwithstanding any dispute between the parties.

- (vi) The Commission shall have the right, but not the obligation, to enforce the Financing Agreement.
- (d) The Financing Agreement shall not be contrary to the Charter Customer Contract, the Chicago Water Supply Contract or the Bond Resolution or to applicable federal, state or local laws, statutes, codes, ordinances, resolutions, rules or regulations.

SECTION FIVE: In no event shall this Resolution be construed to require the Commission to exercise its discretion to approve any request from a Contract Customer to supply Lake Water to a water distribution system financed by the County in order to serve an unincorporated area that has contaminated well water supplies or to approve any Financing Agreement. In no event shall the County become a Subsequent Customer of the Commission solely by virtue of any such Financing Agreement.

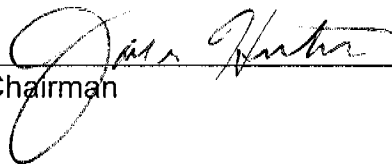
SECTION SIX: This Resolution shall be in full force and effect from and after its adoption.

AYES: Benson, Crane, Devlin, Liljegren, Mueller, Tenison,  
Thorn, Tolentino, Herter

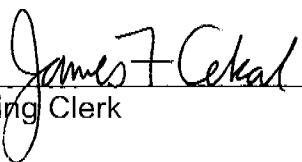
NAYS: None

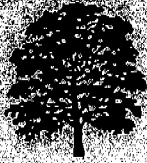
ABSENT: Kouba, Krajewski, Pollock, Poole

ADOPTED THIS 13th DAY OF September, 2001.

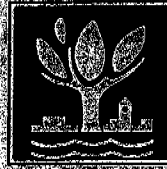
  
Chairman

ATTEST:

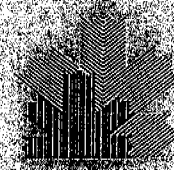
  
Acting Clerk



*Village of Lisle*



*City of Naperville*



*Village of Woodridge*

September 13, 2001

Chairman Joel Herter  
DuPage Water Commission  
600 East Butterfield Road  
Elmhurst, IL 60126-4642

Dear Mr. Herter:

We would like to express our thanks to you and the Commission for the timely preparation and sharing of the proposed Resolution regarding service to unincorporated areas of DuPage County. We appreciate the process by which the Commission has considered this important matter and the ample time afforded to review the proposed Resolution.

It is our opinion that the proposed Resolution is an appropriate and reasonable measure to provide water for those residents in unincorporated areas that find themselves facing contaminated water supplies. We are encouraged to see that the Commission has undertaken such careful consideration of all interests in its effort to provide quality water to those facing such difficult circumstances.

We offer our thanks and our support as the Commission moves forward to consider the proposed Resolution.

Sincerely,

**VILLAGE OF LISLE**

Joseph Broda  
Mayor

**CITY OF NAPERVILLE**

George Pradel  
Mayor

**VILLAGE OF WOODRIDGE**

William F. Murphy  
Mayor

INTERGOVERNMENTAL AGREEMENT CONCERNING THE  
IMPLEMENTATION OF WATER SERVICE TO THE  
DOWNERS GROVE SERVICE AREA IN DuPAGE COUNTY

THIS AGREEMENT, made and entered into as of this 7~~th~~ day of MAY, 2003 ("Effective Date"), by and between the DuPAGE WATER COMMISSION, a county water commission created and existing under the laws of the State of Illinois (the "Commission"), and the VILLAGE OF DOWNERS GROVE, a municipal corporation created and existing under the laws of the State of Illinois (the "Charter Customer"),

WITNESSETH:

WHEREAS, the Commission was formed and exists pursuant to the Water Commission Act of 1985, 70 ILCS 3720/1 *et seq.*, and Division 135 of Article 11 of the Illinois Municipal Code, 65 ILCS 5/11-135-1 *et seq.*, for the purpose of securing an adequate source and supply of water for its customers; and

WHEREAS, the Commission operates a water system supplying a number of municipalities and other customers in DuPage County with water drawn from Lake Michigan; and

WHEREAS, the Charter Customer owns and operates a water distribution system (the "Charter Customer Water System"), which system is supplied with water by the Commission pursuant to the terms of that certain Water Purchase and Sale Contract dated as of June 11, 1986, with the Commission (the "Charter Customer Contract"); and

WHEREAS, close to fifty percent (50%) of the wells sampled in the area depicted on the map attached hereto and by this reference incorporated herein and made a part hereof as Exhibit A (the "Service Area") have levels of Trichloroethylene ("TCE") that exceed the maximum contaminant level for that regulated chemical as determined by

the National Primary Drinking Water Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.*; and

WHEREAS, the construction of certain improvements to the Charter Customer Water System will enable the Charter Customer to serve properties within the Service Area that currently cannot be served by the existing Charter Customer Water System (the "Improvements"); and

WHEREAS, to carry out their duties and responsibilities, and desiring to create a method of providing an adequate supply of Lake Michigan water to areas of DuPage County affected by contaminated well water, the Commission, the County of DuPage (the "County"), and the Charter Customer entered into an Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected By Contamination, effective as of October 11, 2002, and attached hereto and by this reference incorporated herein and made a part hereof as Exhibit B (the "Enabling Agreement"); and

WHEREAS, the Commission, the County, and the Charter Customer have jointly determined that a significant life, safety, and health risk related to human consumption of water is likely to be posed in the Service Area in the future and, thus, have jointly determined that the Service Area should be, and is hereby, designated as a "Primary Service Area" pursuant to the Enabling Agreement; and

WHEREAS, it is in the best interests of the Commission and the Charter Customer to coordinate and implement the supply of Lake Michigan water to the Service Area in accordance with the Enabling Agreement; and

WHEREAS, the Commission and the Charter Customer desire to set forth their understanding regarding such coordination and implementation in this Agreement; and

WHEREAS, the matters set forth in this Agreement will serve the public interest and assure that the significant public health and safety threat posed by the contaminated well water supply in the Service Area is minimized to the greatest extent possible; and

WHEREAS, pursuant to Section 10 of Article VII of the Illinois Constitution of 1970, the provisions of the Intergovernmental Cooperation Act, 5 ILCS 220/1 *et seq.*, and other applicable authority, the Commission and the Charter Customer are authorized to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the Commission and the Charter Customer hereby agree as follows:

#### **SECTION 1. PREAMBLES**

The foregoing recitals are by this reference incorporated herein and made a part hereof as if fully set forth herein.

#### **SECTION 2. CONSTRUCTION OF IMPROVEMENTS; EXTENSION OF SERVICE**

A. Description of the Improvements. For purposes of this Agreement, the "Improvements" shall include the construction of approximately 3,000 linear feet of 8 inch water main and approximately 1,200 linear feet of 12 inch water main with all necessary appurtenances to serve those portions of the Service Area for which no Existing Mains (as defined in the Enabling Agreement) of the Charter Customer exist and, in those portions of the Service Area for which Existing Mains of the Charter

Customer do exist, the necessary number of B-boxes and all necessary appurtenances to serve those Customers (as defined in the Enabling Agreement).

B. Design of the Improvements. The Charter Customer shall be the contracting party with the design engineer and shall administer the design contract for the benefit of both the County and the Charter Customer. The Charter Customer shall keep the County advised as to the progress of the design work.

C. Condition Precedent to Construction. The Charter Customer shall begin construction upon the adoption by the County of an enforceable ordinance requiring each Potential Customer (as defined in the Enabling Agreement) within the Service Area to connect to a public water supply (i) within 210 days following the adoption of the ordinance or (ii) within 90 days following the installation of the Improvements necessary to serve that Potential Customer, whichever is later (the "Condition Precedent to Service"). If the Condition Precedent to Service fails to occur, then, notwithstanding any requirement of the Enabling Agreement to the contrary, the Charter Customer shall have no obligation under this Agreement or the Enabling Agreement to extend water service to the Service Area. Notwithstanding the foregoing, the Charter Customer hereby reserves the right to waive satisfaction of the Condition Precedent to Service at its sole discretion.

D. Construction and Acceptance of the Improvements. Subject to satisfaction or waiver of the Condition Precedent to Service, the Charter Customer shall solicit bids or otherwise enter into agreement(s) for the construction of the Improvements. The Charter Customer agrees to award and administer all contracts for the project in the best interest of both the County and the Charter Customer and to keep advised County officials regarding the progress of the work and any problems

encountered or changes recommended. The Charter Customer shall enter into a construction contract(s) with the selected contractor(s), and shall administer such construction contract(s) in conformance with this Agreement. Any change order, as well as final acceptance and approval of the completed Improvements, shall be subject to the final approval of the Charter Customer. The Charter Customer shall not be required to approve or accept any portion of the Improvements until all portions of the Improvements, including all punch list items, have been fully and properly completed.

E. Cost of Design and Construction. Subject to satisfaction or waiver of the Condition Precedent to Service, the Improvements shall be designed and constructed at the sole cost of the Charter Customer. The Commission shall loan the Charter Customer all or a portion of the funds needed for the design and construction of the Improvements in accordance with Section 3 of this Agreement.

F. Extension of Service.

1. If Existing Mains can be used to provide service to any Customer in the Service Area, and subject to satisfaction or waiver of the Condition Precedent to Service, the Charter Customer shall a) within ninety (90) days after a Customer decides to receive water service from the Charter Customer through an Existing Main, enter into any necessary water service agreement and/or water loan agreement with that Customer; and b) within one hundred twenty (120) days after that Customer and the Charter Customer enter into the necessary water service agreement and/or water loan agreement, begin to extend and offer service through the Existing Mains to the property line (B-box) of that Customer.



2. In those portions of the Service Area for which no Existing Mains of the Charter Customer exist, the Charter Customer shall complete construction of the New Mains (as defined in the Enabling Agreement) within two hundred seventy (270) days after satisfaction or waiver of the Condition Precedent to Service. Thereafter, within ninety (90) days after a Customer has entered into any necessary water service agreement and/or water loan agreement for water service by the Charter Customer through a New Main, the Charter Customer shall begin to extend and offer service to that Customer's property line (B-box).

### **SECTION 3. COMMISSION FINANCING**

A. Service Costs and Retail Customer Base. Service Costs (as defined in the Enabling Agreement) for the supply of Lake Michigan water to the Service Area are hereby established in the amount of \$4,788,000, which Service Costs are detailed in Exhibit C attached hereto and by this reference incorporated herein and made a part hereof. The number of Potential Customers (as defined in the Enabling Agreement) in the Service Area is hereby established at 800.

B. Loan. The Commission shall, after the execution and delivery of this Agreement, loan to the Charter Customer an amount not to exceed \$4,788,000 (the "Commitment") in the form of a revolving line of credit in order to provide funds to finance in whole or in part the Service Costs (the "Loan"). Draws on the Loan shall be limited as set forth in Section 3.E of this Agreement.

C. Loan Repayment.

1. The Charter Customer shall repay the principal balance of the Loan in 13 annual installments, commencing in 2010 on the 15<sup>th</sup> day of the month in which the Charter Customer made its first draw on the Loan (an "Annual Payment Date"), and continuing in successive annual installments on each Annual Payment Date in each year thereafter to and including the 2022 Annual Payment Date, with the final payment of any principal, if not sooner paid, on the 2023 Annual Payment Date. Each of the 13 annual installments of principal on the Loan shall be determined as of the last day of the month preceding the Annual Payment Date in any given year during the term of the Loan (a "Determination Date") and shall be determined by dividing the unpaid principal balance of the Loan as of the applicable Determination Date by the number of annual installments of principal remaining to be paid during the term of the Loan.
2. Interest on the unpaid principal balance of the Loan, at the rate of two percent (2%) per annum, calculated on the basis of a calendar year consisting of 360 days of twelve 30-day months, shall be paid commencing on the 2004 Annual Payment Date, and continuing on the Annual Payment Date each year thereafter until the principal balance of the Loan has been paid in full.
3. Notwithstanding the annual payment requirements of Sections 3.C.1 and 3.C.2 of this Agreement, however, in the event the

number of Customers in the Service Area is less than the number of Potential Customers in the Service Area, determined as of the Determination Date in any given year during the term of the Loan, then the Charter Customer shall only be required to pay to the Commission the total amount of interest and principal that would otherwise be due on the Loan for that year multiplied by the number of Customers in the Service Area divided by the number of Potential Customers in the Service Area.

4. If, at maturity, there remains any unpaid principal balance or interest on the Loan, the Commission shall extend the terms of the Loan for a commercially reasonable period provided the Charter Customer is not in default under this Agreement or the Enabling Agreement.

D. Tender of Loan Payments. Payments of principal and interest shall be made in lawful money of the United States of America in federal or other immediately available funds.

E. Procedure for Borrowing. The Charter Customer may draw on the Loan no more than once per month, on the 15<sup>th</sup> day of the month, provided that the Charter Customer shall give the Commission irrevocable notice (which notice must be received by the Commission prior to 10:00 a.m., local time, 15 days prior to the requested borrowing date), specifying the amount to be borrowed and the requested borrowing date. Each borrowing pursuant to this Agreement shall be in an aggregate principal amount of the lesser of (i) \$10,000 or a whole multiple thereof and (ii) the Available Commitment. For purposes of this Section 3.E, the Available Commitment at a

particular time is an amount equal to the difference between the Commitment and the aggregate principal balance of the Loan then outstanding.

F. Optional Prepayments. Subject to the limitations of this Section 3.F, the Charter Customer may, no more frequently than once in any given year, prepay, in whole or in part, the Loan, without premium or penalty, upon at least one business day's irrevocable notice to the Commission, specifying the date and amount of prepayment. The amount of any such optional prepayment shall be in increments of \$50,000. If such notice is given, the Charter Customer shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. The proceeds of any such prepayment shall be applied by the Commission first, to the payment of accrued and unpaid interest, if any, on the Loan and second, to the payment of the unpaid principal balance of the Loan. The Charter Customer shall not be entitled to, nor receive any credit for, interest on any such prepayment.

G. Mandatory Prepayments. Except for the Illinois Environmental Protection Agency grant previously awarded to the Charter Customer in the amount of \$711,948.00, the proceeds of which will be used by the Charter Customer to pay direct costs incurred in connection with the design and construction of the Improvements, the Charter Customer shall have, and hereby accepts, the obligation to prepay the Loan, in whole or in part, on any date within 60 days after the receipt by the Charter Customer of any other grant or any settlement funds from any source to the extent such grant or settlement funds are attributable to the Service Costs identified in Exhibit C attached hereto. The proceeds of any such prepayment shall be applied by the Commission first, to the payment of accrued and unpaid interest, if any, on the Loan and second, to the

payment of the unpaid principal balance of the Loan. The Charter Customer shall not be entitled to, nor receive any credit for, interest on any such prepayment.

H. Application of Loan Proceeds. The proceeds of the Loan shall be devoted to and used with due diligence for the purpose of paying the Service Costs identified in Exhibit C attached hereto in connection with the supply of Lake Michigan water to the Service Area; provided, however, that where an unexpended balance remains in any one or more of the various cost components of the Service Costs detailed in Exhibit C attached hereto, such balance may be transferred and expended, in whole or in part, to and for any other cost component of the Service Costs detailed in Exhibit C attached hereto.

#### **SECTION 4. DEFAULTS AND REMEDIES**

A. Commission Defaults. The occurrence of the following shall constitute a default by the Commission under this Agreement: The failure by the Commission to observe and/or perform any covenant, condition, and/or agreement on its part to be observed and/or performed under this Agreement, and the continuation of said failure for thirty (30) days after the Commission's receipt of written notice thereof from the Charter Customer. However, if said failure cannot be remedied by the Commission within said thirty (30) day period, and the Commission shall have diligently pursued resolution of the failure during said thirty (30) days, the period shall be extended by such additional time as may be reasonably required by the Commission to cure or correct said failure. In the event of a default by the Commission under this Agreement, the Charter Customer shall have the same remedies as are provided for, and only the remedies provided for, in the Enabling Agreement for a default by the Commission.

B. Charter Customer Defaults. The occurrence of the following shall constitute a default by the Charter Customer under this Agreement: The failure by the Charter Customer to observe and/or perform any covenant, condition, and/or agreement on its part to be observed and/or performed under this Agreement, and the continuation of said failure for thirty (30) days after the Charter Customer's receipt of written notice thereof from the Commission. However, if said failure cannot be remedied by the Charter Customer within said thirty (30) day period, and the Charter Customer shall have diligently pursued resolution of the failure during said thirty (30) days, the period shall be extended by such additional time as may be reasonably required by the Charter Customer to cure or correct said failure. In the event of a default by the Charter Customer under this Agreement, the Commission shall have the same remedies as are provided for, and only the remedies provided for, in the Enabling Agreement for a default by the Charter Customer.

C. Force Majeure. In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligation under this Agreement, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed in this Agreement shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States, of the State of Illinois, or of any civil or military authority, insurrections, riots, terrorism, acts of

terror, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or tunnels, partial or entire failure of water supply, and inability on the part of the Commission or of the Charter Customer to deliver Lake Michigan water, or of the Charter Customer to receive Lake Michigan water, on account of any other causes not reasonably within the control of the party claiming such inability. The settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and the above requirement that any "Force Majeure" shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. The Task Force (as defined in the Enabling Agreement) shall make a recommendation to the Commission, which shall determine if force majeure which renders any of the parties unable to perform under this Agreement shall relieve the Charter Customer of its obligations to make payments to the Commission that may be required under Section 3 of this Agreement.

## **SECTION 5. LEGAL RELATIONSHIPS AND REQUIREMENTS**

A. Supplemental Agreement. This Agreement shall be deemed to supplement the Enabling Agreement in connection with the supply of Lake Michigan water to the Service Area; provided, however, that any requirement in the Enabling Agreement obligating the Charter Customer to extend water service to the Service Area, or take any other action in furtherance thereof, in the event the Condition Precedent to Service has failed to occur shall be, and they hereby are, waived. If there is any other conflict or inconsistency between the terms of this Agreement and the terms of the

Enabling Agreement, then the terms of this Agreement shall control. The Charter Customer shall at all times comply with all terms and conditions of the Enabling Agreement except as otherwise provided in this Agreement.

B. Term of Agreement. This Agreement shall continue in full force and effect from the Effective Date until the end of the term of the Enabling Agreement. The Commission and the Charter Customer agree to begin consideration of whether an extension of this Agreement is necessary not later than three (3) years prior to the end of the term of this Agreement.

C. Cooperation and Further Agreements. The Commission and the Charter Customer agree to meet and cooperate in good faith throughout the term of this Agreement to implement the letter and spirit of the provisions set forth in this Agreement. The Commission and the Charter Customer agree and acknowledge that further details regarding the Service Costs, and the financing of the Service Costs, in connection with the supply of Lake Michigan water to the Service Area may be subject to a future agreement.

D. Assignment. This Agreement may not be assigned by any party, in whole or in part, without the prior written consent of the other party.

E. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed received by the addressee thereof when delivered in person on a business day at the address set forth below or on the third business day after being deposited in any main or branch United States post office, for delivery at the address set forth below by properly addressed, postage prepaid, certified or registered mail, return receipt requested.



Notices and communications to the Commission shall be addressed to, and delivered at, the following address:

DuPage Water Commission  
600 East Butterfield Road  
Elmhurst, Illinois 60126-4642  
Attention: General Manager

Notices and communications to the Charter Customer shall be addressed to, and delivered at, the following address:

Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, Illinois 60515-4776  
Attention: Village Manager

The foregoing shall not be deemed to preclude the use of other non-oral means of notification or to invalidate any notice properly given by any such other non-oral means.

By notice complying with the requirements of this Section 5.E, the Commission and the Charter Customer each shall have the right to change the address or addressee or both for all future notices to it, but no notice of a change of address shall be effective until actually received.

F. Entire Agreement. This Agreement sets forth the entire agreement of the Commission and the Charter Customer with respect to the coordination and implementation of the supply of Lake Michigan water to the Service Area in accordance with the Enabling Agreement, and there are no other understandings or agreements, oral or written, by or between the Commission and the Charter Customer with respect thereto, nor was the making and execution of this Agreement induced by any representation, statement, warranty, agreement, or action other than those expressed or explicitly referenced in this Agreement.

G. No Waiver. No course of dealing or failure of the Commission or the Charter Customer to enforce strictly any term, right, or condition of this Agreement shall

be construed as a waiver of such term, right, or condition. No express waiver of any term, right, or condition of this Agreement shall operate as a waiver of any other term, right, or condition.

H. No Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the contracting parties, and nothing in this Agreement is intended, either expressly or impliedly, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement, or to acknowledge, establish, or impose any legal duty to any third party.

I. Governing Law. This Agreement shall be governed by and construed exclusively under the applicable laws of the State of Illinois, without regard to conflicts of law principles.

J. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. Any such counterpart may be signed by one of the parties hereto so long as each of the parties hereto has signed one or more of such counterparts.

IN WITNESS WHEREOF, the Commission and the Charter Customer have caused this Agreement to be executed by their duly authorized officers, pursuant to proper authorization of their respective governing bodies, as of the date first stated above.

ATTEST:

By: 

Its: CLERK

  
DUPAGE WATER COMMISSION

By: \_\_\_\_\_

Its: CHAIRMAN

ATTEST:

By: \_\_\_\_\_

Its: \_\_\_\_\_

CHI1 #194225 v5

VILLAGE OF DOWNERS GROVE

By: *Richard D. Inf*

Its: *Village Manager*

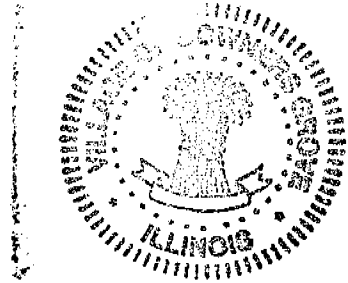
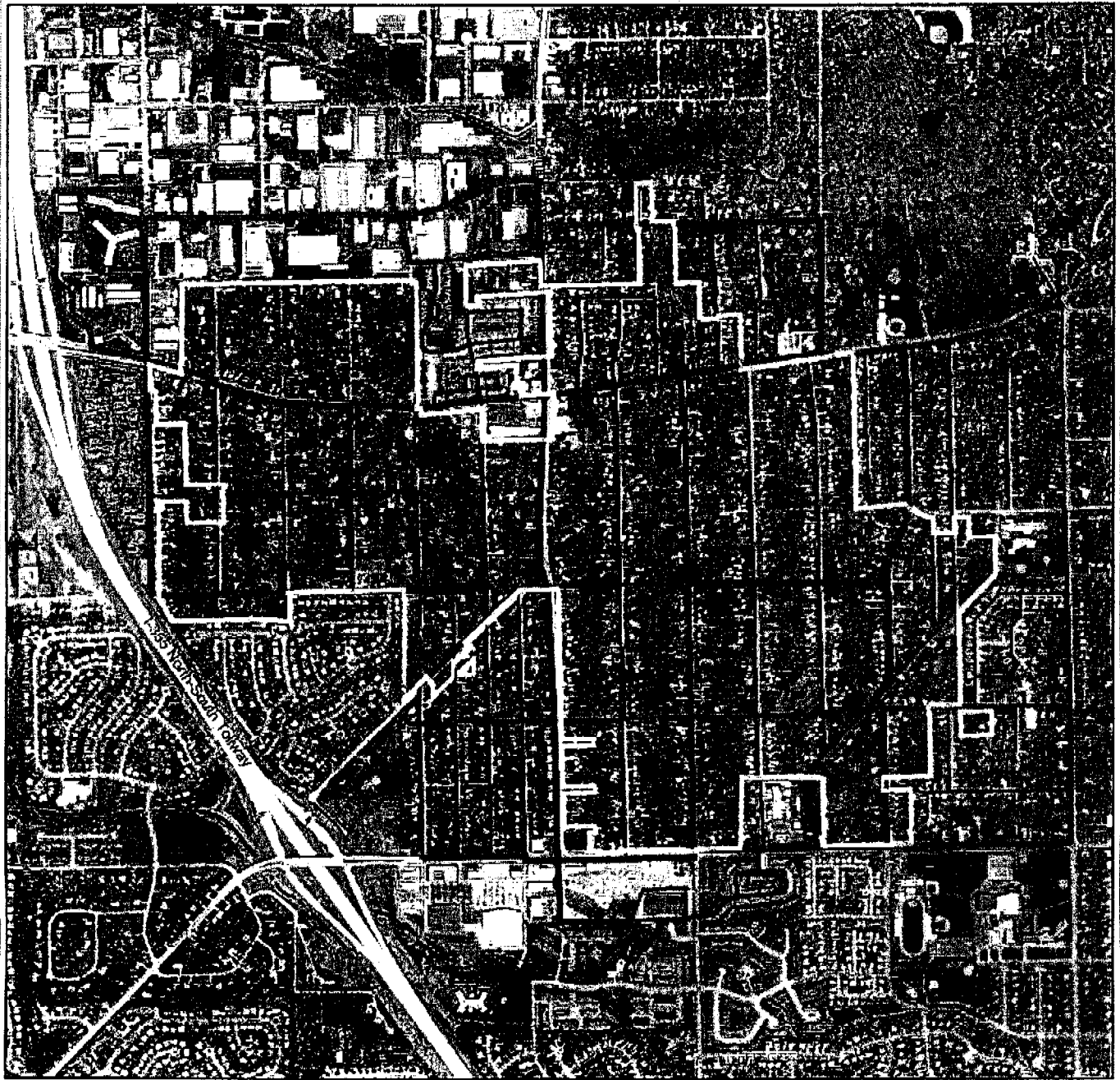


EXHIBIT A

# UNINCORPORATED DOWNERS GROVE SERVICE BY DOWNERS GROVE



## Key to Features

0 1000 2000 3000 Feet



Municipal Boundaries  
Unincorporated

Downers Grove Water

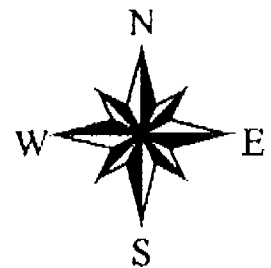
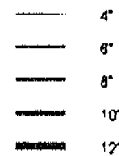


EXHIBIT B

THIS INTERGOVERNMENTAL AGREEMENT FOR THE PROVISION OF LAKE MICHIGAN WATER TO AREAS OF DUPAGE COUNTY AFFECTED BY CONTAMINATION (this "Agreement") is made as of \_\_\_\_\_, 2002, by and between the DuPage Water Commission, Counties of DuPage, Cook, and Will, Illinois (the "Commission"), a commission and public corporation under Division 135 of Article 11 of the Illinois Municipal Code and the Water Commission Act of 1985; the County of DuPage, Illinois (the "County"), a body corporate and politic; and those units of local government of the State of Illinois hereafter defined as the "Charter Customers," as each executes this Agreement.

## ARTICLE ONE

### RECITALS

WHEREAS, the Commission is a public corporation created under the Water Commission Act of 1985, as amended, and Division 135 of Article 11 of the Illinois Municipal Code, and is authorized to enter into contracts and agreements relating to the purchase and supply of water pursuant to the laws of the State of Illinois; and

WHEREAS, the County is a unit of local government, organized and existing under and by virtue of the laws of the State of Illinois; and

WHEREAS, the Charter Customers are units of local government, organized and existing under and by virtue of the laws of the State of Illinois; and

WHEREAS, the Charter Customers have entered into a Contract with the Commission to purchase Lake Water sufficient to meet the water supply needs of the Charter Customers and others (the "Water Purchase and Sale Contract" as hereafter defined); and

WHEREAS, pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, and the Intergovernmental Cooperation Act, as amended, the Commission, the County, and the Charter Customers are authorized to enter into this Agreement; and

WHEREAS, certain areas of the County have been affected by contaminated water, which poses a significant threat to the health and safety of numerous individuals; and

WHEREAS, subject to certain limitations, each of the Commission, the County, and the Charter Customers are authorized by law to engage in the retail sale of water to areas of the County affected by contaminated well water; and

WHEREAS, the Commission, the County, and the Charter Customers, desire to create a method of providing an adequate supply of Lake Michigan water to areas of the County affected by contamination;

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

## ARTICLE TWO

### DEFINITIONS

2.1. "Agreement" means this Intergovernmental Agreement for the Provision of Lake Michigan Water to Areas of DuPage County Affected by Contamination.

2.2. "Charter Customer" means a unit of local government of the State of Illinois (not including the Commission) that is a party to the Water Purchase and Sale Contract, excluding, however, any such unit of local government whose rights and obligations under the Water Purchase and Sale Contract have been terminated.

2.3. "Commission" means the DuPage Water Commission, Counties of DuPage, Cook, and Will, Illinois.

2.4. "Connection Costs" has the meaning set forth in Section 5.2.

2.5. "County" means the County of DuPage, Illinois.

2.6. "Customer" means any person who purchases Lake Water from a Charter Customer pursuant to this Agreement solely for use by that person and not for redistribution or resale.

2.7. "Customer Costs" has the meaning set forth in Section 5.2.

2.8. "Effective Date" means the effective date of this Agreement, as defined in Section 8.1.

2.9. "Existing Main" means a water main, existing or under construction on the Effective Date of this Agreement, of a Charter Customer from which a Customer within a Service Area can receive service under the terms and conditions of this Agreement without the need for the Charter Customer to construct a New Main.

2.10. "Lake Water" means potable, filtered water drawn from Lake Michigan.

2.11. "MCL" means a maximum contaminant level as determined in accordance with Section 3.2.

2.12. "Market Rate" means the average cost of borrowing of the Commission.

2.13. "New Main" means a water main and related infrastructure, not existing or under construction on the Effective Date of this Agreement, constructed by a Charter Customer for the purpose of providing service to a Service Area under the terms and conditions of this Agreement. New Main shall not include a water main constructed by a Charter Customer exclusively for reasons other than providing service under the terms of this Agreement.

2.14. "Pathway Service Area" has the meaning set forth in Section 3.2.



2.15. "Potential Customer" means any Customer or any other person currently requiring water service on property located within a Service Area. For purposes of this definition, property currently requiring water service includes property for which a building permit has been issued.

2.16. "Primary Service Area" has the meaning set forth in Section 3.2.

2.17. "Professional Fees" has the meaning set forth in Section 5.2.

2.18. "Recapture Costs" has the meaning set forth in Section 5.2.

2.19. "Secondary Service Area" has the meaning set forth in Section 3.2.

2.20. "Service Area" means either a Primary Service Area, a Secondary Service Area, or a Pathway Service Area. The term Service Area will be used in provisions of this Agreement that are intended to apply to any type of Service Area, regardless of whether it is a Primary Service Area, a Secondary Service Area, or a Pathway Service Area. When a provision of this Agreement is intended to apply specifically to a Primary Service Area, specifically to a Secondary Service Area, or specifically to a Pathway Service Area, the appropriate term will be used.

2.21. "Service Costs" means Service Provision Costs, Recapture Costs, Connection Costs, Customer Costs, and Professional Fees.

2.22. "Service Provision Costs" has the meaning set forth in Section 5.2.

2.23. "Source Well" has the meaning set forth in Section 3.2.

2.24. "Task Force" means the Commission task force established for the purpose of advising the Commission on the implementation of this Agreement, or if no longer in existence, shall mean the Commission or any other committee or task force of the Commission so delegated.

2.25. "Water Allocation" means, with respect to a Charter Customer, such Charter Customer's allocation and allowable excess from time to time of Lake Water pursuant to the Level of Lake Michigan Act, as amended from time to time (See the State of Illinois Department of Transportation, Division of Water Resources Decision on 1989 Allocation Review, Order No. LMO 89-2 and subsequent orders of the State of Illinois Department of Transportation, Division of Water Resources, or the successor to its responsibilities, the State of Illinois Department of Natural Resources, Office of Water Resources); and such other amounts of Lake Water as such Charter Customer may lawfully take.

2.26. "Water Purchase and Sale Contract" means the water purchase and sale contract, dated June 11, 1986, between the Commission and the Charter Customers, as amended or supplemented from time to time.

## ARTICLE THREE

### AREAS TO BE SERVED

3.1. Provision of Lake Water to Service Areas. Charter Customers will provide, and Customers may receive, Lake Water in conformance with the terms and conditions described in this Agreement.

3.2. Service Areas. Service Areas shall be determined by the Commission, with the advice of the Task Force, as follows. If, as a result of testing conducted pursuant to Section 3.3, a well is located that exhibits a level of any regulated chemical that exceeds maximum contaminant level ("MCL") as determined by the National Primary Drinking Water Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.* (the "Source Well"), the Commission shall retain an engineer, with the advice of the Task Force, who shall conduct additional testing. If, upon completion of the additional testing, the engineer determines that:

a. over fifty percent (50%) of the sampled wells in an area emanating from the Source Well have levels of any regulated chemical that exceed MCL as determined by the National Primary Drinking Water Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.*, then that area shall be designated by the Commission as a "Primary Service Area."

b. in an area that the Commission determines to be in reasonable proximity to a Primary Service Area:

i. over fifty percent (50%) of the sampled wells contain detectable concentrations of the same regulated chemical as determined by the National Primary Drinking Water Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.*, that is found in the reasonably proximate Primary Service Area; or

ii. over fifty percent (50%) of the sampled wells have levels of any regulated chemical as determined by the National Primary Drinking Water Regulations, 40 C.F.R. § 141.1 *et seq.*, of the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*, and/or the regulations related to the Illinois Pollution Control Board in 35 Ill. Admin. Code 620.105 *et seq.*, which contain detectable concentrations but do not exceed MCL and which, after reviewing an engineer's report, the Commission determines are substantially likely to exceed MCL in the reasonably foreseeable future,

then that area shall be designated by the Commission as a "Secondary Service Area."

Notwithstanding the requirements of Section 3.2.a., the Commission may designate an area as a Primary Service Area if the engineer retained by the Commission determines that a significant life, safety, or health risk related to human consumption of water is posed in the area or is likely to be posed in the future. Upon designation by the Commission, service under the terms of this Agreement shall be offered

to all Primary Service Areas and Secondary Service Areas, as well as, in the case of service from New Mains, to the area along the pathway of the New Main that is not either a Primary Service Area or a Secondary Service Area ("Pathway Service Area"). The Commission has the authority to split a Service Area into one or more Service Areas if the Commission, with the advice of the Task Force, determines that it is more practical to provide service to a Service Area through the combination of one or more New Mains or Existing Mains. For each Service Area, an implementing agreement will be prepared and approved by the County, the Commission, and the Charter Customer that is to provide service to the Service Area. The implementing agreement for each Service Area will include: (a) financing terms prepared in accordance with Section 5 of this Agreement; (b) terms and conditions specific to the provision of service by the Charter Customer to the particular Service Area; and (c) a map of the Service Area, which shall be the definitive source regarding the boundaries of the Service Area and shall govern any disputes that arise concerning locations to be served in the Service Area. Without regard to any other provision of this Agreement, no party hereto shall be obligated to take any action pursuant to this Agreement until the County, the Commission, and the Charter Customer asked to provide Lake Water, have entered into an implementing agreement. The decision whether or not to enter into an implementing agreement shall be within the sole and absolute discretion of each party.

3.3. Testing for Contamination. The County will oversee the process of testing for contamination. Testing will be conducted by laboratories certified for chemical analysis of potable water by the Illinois Environmental Protection Agency Division of Laboratories.

3.4. Payment of Costs for Testing. The County will be responsible for paying or seeking reimbursement for the costs of testing for contamination.

3.5. Commission Reimbursement for Certain Contamination Testing Costs. To the extent that the County anticipates that it will:

a. incur costs that are out of the ordinary or in excess of the County's current budget for contamination testing; or

b. be unable to obtain reimbursement from other sources,

it may, prior to conducting testing, submit a request to the Commission for consideration of reimbursement of such costs from the Commission. This request will be reviewed by the Task Force, which shall make a recommendation to the Commission as to whether Commission reimbursement is appropriate. If the Commission approves reimbursement, the costs will be allocated by the Commission, whenever possible, to the cost of providing service to the Service Area in which testing was conducted.

## ARTICLE FOUR

### PROVISION OF SERVICE

4.1. Service from an Existing Main. If an Existing Main can be used to provide service to a Service Area, the Charter Customer that owns the Existing Main will make Lake Water available to the Service Area from the Existing Main, provided, however that if, in any Service Area, an intergovernmental agreement has been entered into pertaining to the Existing Main, then that intergovernmental agreement shall govern and shall determine which Charter Customer will make Lake Water available to the Service Area from the Existing Main.

4.2. Service from a New Main. If an Existing Main is not available to provide service to a Service Area, the closest adjacent Charter Customer, to the extent not prohibited by law or existing intergovernmental or boundary agreement, shall make Lake Water available through the construction of a New Main in order to provide Lake Water to the Service Area. If the closest adjacent Charter Customer is unable to make Lake Water available through the construction of a New Main, because the Charter Customer is prohibited from doing so by law or existing intergovernmental or boundary agreement, then another adjacent Charter Customer shall make Lake Water available through the construction of a New Main.

If:

- a. there is no Charter Customer adjacent to a Service Area; or
- b. all Charter Customers adjacent to a Service Area are unable to make Lake Water available through the construction of a New Main, because all Charter Customers adjacent to a Service Area are prohibited from doing so by law or existing intergovernmental or boundary agreement; or
- c. if the Charter Customers adjacent to a Service Areas are unable to agree to a method of making Lake Water available through the construction of a New Main,

then the Commission, with the advice of the Task Force, will determine the method by which Lake Water will be made available through the construction of a New Main.

4.3. Task Force Advisory Role. The Task Force shall advise the Commission regarding the provision of service under this Agreement, which shall include, but not be limited to, advising the Commission on the methods of determining costs of and financing for service described in Article 5 of this Agreement and advising the Commission on the terms of service described in Article 6 of this Agreement.

## ARTICLE FIVE

### COSTS OF AND FINANCING FOR SERVICE

5.1 Financing Process. After a Service Area is designated, Service Costs related to providing service shall be determined and a means of providing financing for service shall be made available as set forth below. The Task Force shall advise the Commission on the process of determining Service Costs and arranging financing for each Service Area.

5.2. Determination of Service Costs. The Task Force shall advise the Commission on Service Costs for each Service Area. The final determination of Service Costs for each Service Area shall be determined by the Commission. These Service Costs may vary based upon field contingencies related to each Service Area. The Service Costs shall consist of the following components:

- a. reasonable engineering, construction, and property acquisition costs incurred by the County, the Commission, or the Charter Customer related to providing service to a Service Area ("Service Provision Costs");

b. reimbursement of the Charter Customer for actual costs previously expended for construction of Existing Mains used to provide service to a Customer, as contained in the ordinances of the Charter Customer ("Recapture Costs");

c. reasonable connection costs and other fees that a Customer must pay in order to receive service from a Charter Customer, which the Task Force shall recommend and the Commission shall determine for each Customer of a Service Area ("Connection Costs");

d. reasonable costs incurred by each Customer in order that the Customer's property may receive service from a New Main or an Existing Main, which the Task Force shall recommend and the Commission shall determine for each Customer of a Service Area ("Customer Costs"); and

e. reasonable professional fees allocated to the Service Area as described in Section 5.3 ("Professional Fees") (Service Provision Costs, Recapture Costs, Connection Costs, Customer Costs, and Professional Fees are collectively referred to as "Service Costs").

If a portion of a New Main or an Existing Main is used to serve an area that is not a Service Area, then the Service Costs for the Service Area shall be reduced accordingly on a proportionate basis. Separate determinations of residential Service Costs and commercial and industrial Service Costs may be made for each Service Area.

5.3. Professional Fees. Professional Fees shall include reasonable legal fees, limited to those borne by the County, the Commission, and the Charter Customers, related to negotiating, executing, and preparing the Agreement, which shall be reimbursed by the Commission. Professional Fees shall also include: (a) public relations fees related to encouraging Potential Customers from a Service Area to receive service, as described in Section 6.6, and (b) contamination testing costs, as described in Section 3.5, for which the Task Force shall make a recommendation and the Commission shall make a final determination that they be:

a. allocated over all Service Areas to which service is provided;

b. allocated to a particular Service Area to which service is provided, if the Professional Fees directly relate to the provision of service to a particular Service Area;

c. reimbursed by the Commission from a reserve established by the Commission; or

d. neither allocated pursuant to Section 5.3.a. or Section 5.3.b. nor reimbursed pursuant to Section 5.3.c.

5.4. Special Service Areas. For each Service Area in which service shall be provided, the County will have the option of proposing and implementing a special service area. If the County chooses not to propose and implement a special service area, it shall give notice to the Charter Customer that is to provide service to the Service Area and the County and the Charter Customer that is to provide service to the Service Area will confer as to whether the implementation of a special service area is appropriate. If the County and the Charter Customer that is to provide service to the Service Area cannot agree as to whether implementation of a special service area is appropriate, the appropriateness of implementation of a special service area will be submitted to the Task Force, which shall make a

recommendation to the Commission, which shall determine whether a special service area will be pursued in the Service Area. The Commission will provide financing for Service Costs for each special service area that is created as described in this Section 5.4. on the same terms (i.e. interest rate and maturity date) as described hereafter in Section 5.5. The Service Costs for each special service area that is created as described in this Section 5.4 shall be determined as described above in Section 5.2, and shall also include reasonable costs incurred by the County related to the establishment and operation of the special service area, which costs shall be determined as described above in Section 5.2. The County and the Charter Customer that is to provide service to the Service Area will cooperate in billing and collecting any Service Costs payable as a result of each special service area that is created as described in this Section 5.4. A Charter Customer will have the option of proposing and implementing a special service area with the same rights, terms, and conditions that apply to the County under this Section 5.4.

5.5. Loans from Commission to Charter Customers. If:

- a. after the completion of the process described in Section 5.4, a special service area is not pursued; or
- b. the implementation of a special service area is rejected in a Service Area; or
- c. for any other reason, a special service area cannot be implemented in a Service Area,

then the Commission shall provide twenty (20) year loans to the Charter Customer that provides service to the Service Area at a rate of two percent (2%) per annum for the residential Service Costs related to the Service Area and at the Market Rate for the commercial and industrial Service Costs related to the Service Area. The Commission will provide funds to Charter Customers either through the Commission's cash on hand or via the issuance of the Commission's revenue bonds. Interest payments will be due annually during the period of the loan, beginning in year one. Principal payments of equal installments will be due annually, beginning six years after the loan is made. The Charter Customer will be required to pay the Commission at least the following amount annually: the total amount of interest and principal due that year multiplied by the number of Customers in the Service Area divided by the number of Potential Customers in the Service Area. If any Charter Customer debt remains after the twenty (20) year loan period concludes, the Commission shall extend the terms of the loan made to the Charter Customer for a commercially reasonable period, provided the Charter Customer is not in default.

5.6. Charter Customer Charges to Customers. A Charter Customer may charge each Customer no more than each Customer's proportionate share of Service Costs based on the number of Potential Customers in a Service Area, provided, however, that if, in a Service Area in which service is to be provided via a New Main, the implementation of a special service area is rejected, then the proportionate share of Service Costs that the Charter Customer may charge each Customer shall be no more than the following amount: the total amount of Service Costs for the Service Area divided by nine-tenths (9/10) of the number of Potential Customers in the Service Area (unless more than nine-tenths (9/10) of the number of Potential Customers in the Service Area are Customers, in which case a Charter Customer may charge each Customer no more than each Customer's proportionate share of Service Costs based on the number of Potential Customers in the Service Area). If at any time the number of Potential Customers in a Service Area exceeds the number of Potential Customers in the Service Area at the time proportionate shares are initially calculated, then the proportionate share of

each Customer in the Service Area shall be adjusted accordingly. A Charter Customer may, with Commission approval, adjust the charges for each Customer based on factors such as the water consumption of each Customer and whether the Customer is a residential or commercial or industrial Customer.

5.7. Loans from Charter Customers to Customers. Each Charter Customer receiving a loan from the Commission shall offer twenty (20) year loans to residential Customers at a rate of two percent (2%) per annum for each residential Customer's proportionate share of Service Costs, as determined in accordance with Section 5.6. Interest payments will be due annually during the period of the loan, beginning in year one. Principal payments of equal installments will be due annually beginning six years after the loan is made. Each Charter Customer shall offer twenty (20) year loans to commercial and industrial Customers at the Market Rate as of the date of the loan for each commercial or industrial Customer's proportionate share of Service Costs, as determined in accordance with Section 5.6. Interest payments will be due annually during the period of the loan, beginning in year one. Principal payments will be due annually beginning six years after the loan is made. If the proportionate share of each Customer in a Service Area is adjusted pursuant to Section 5.6, then the loan amounts and repayment amounts will be recalculated accordingly. The twenty (20) year loan term shall apply only to Customers who enter into loan agreements when loans are initially offered in a Service Area. Customers who enter into loan agreements after loans were initially offered in a Service Area shall have only the remaining number of years to repay the loan as Customers who entered into loan agreements when loans were initially offered. For example, if the loan is taken in year 1, the Customer shall have twenty (20) years to repay the loan; if the loan is taken in year 5, the Customer shall have fifteen (15) years to repay the loan. Furthermore, Customers who enter into loan agreements after loans were initially offered in a Service Area shall be responsible for interest payments as if they entered into a loan agreement when loans were initially offered. For example, if the loan is taken in year 1, the Customer shall begin paying interest in year 1 through the term of the loan; if the loan is taken in year 5, the Customer shall be responsible for paying interest for years 1-4, as well as paying interest from year 5 through the term of the loan. The form of the loan agreement offered by a Charter Customer to a Customer will be reviewed by the Commission prior to its use.

5.8. Potential Grant Programs. The Task Force shall advise the Commission as to the extent to which grants may be available (a) to assist in providing financing for the provision of service in each Service Area, and (b) to assist Customers from Service Areas who are unable to afford Customer Costs.

5.9. Grants to Customers. The County and the Charter Customer that provides service to a Service Area will cooperate in order to obtain and distribute grants to assist Customers who satisfy applicable grant criteria.

## ARTICLE SIX

### TERMS OF SERVICE

6.1. Lake Water to be Made Available as Soon as Practicable. A Charter Customer will make Lake Water available as soon as practicable from its existing Water Allocation to a Service Area.

6.2. Condition of Service to Secondary Service Areas. If service can only be provided to a Secondary Service Area through a New Main, then, as a condition of being eligible to receive service under the terms of this Agreement:

a. a special service area, as described above in Section 5.4, must be implemented in the Secondary Service Area; or

b. if the implementation of a special service area is rejected in a Secondary Service Area, or for any other reason a special service area cannot be implemented in a Secondary Service Area, at least seventy percent (70%) of property owners within the Secondary Service Area must sign a pre-annexation agreement or a water service or water loan agreement with the Charter Customer providing service to the Secondary Service Area.

If these conditions are not met and service under the terms of this Agreement is not provided in a Secondary Service Area, the County and the Charter Customer that was to provide service to the Secondary Service Area shall be reimbursed by the Commission for reasonable costs related to attempting to provide service to the Secondary Service Area, such as, but not limited to, engineering costs and costs related to preparation of establishment of a special service area.

6.3. Service from an Existing Main. Pursuant to the other terms of this Agreement, Charter Customers shall offer access to an Existing Main:

a. immediately after a Customer from a Service Area signs a pre-annexation agreement with the Charter Customer, if such an agreement is required by the Charter Customer as a condition of receiving Lake Water; or

b. within ninety (90) days of the execution of this Agreement, if a pre-annexation agreement is not required by the Charter Customer.

6.4. Service from a New Main. Within thirty (30) days of the date that a Service Area becomes eligible for service from a New Main, or by the date determined by the Commission if the Charter Customer submits, and the Commission approves, a written request to the Commission for an extension of the thirty (30) day period, the Charter Customer serving the Service Area shall provide a schedule to the County that shall include necessary engineering and construction considerations, including projected completion dates, related to construction and installation of the New Main. If the County determines that the project completion date for the construction of the New Main is unacceptable because (a) of life, safety, and health concerns of the County related to providing Lake Water to the Service Area, and (b) the County has the ability to provide service to the Service Area more rapidly, then the County may submit a request to the Task Force to expedite the construction of the New Main. The Charter Customer may submit evidence to the Task Force and the Commission regarding the reasonableness of the Charter Customer's proposed project completion date. The Task Force shall make a recommendation to the Commission regarding whether the County's request should be granted. The Commission shall review the Task Force's recommendation and shall determine whether to approve the County's request. If the Commission approves the County's request, the New Main will be built to the specifications of the Charter Customer providing Lake Water to the Service Area. Upon completion, the New Main will be dedicated by the County to the Charter Customer providing service to the Service Area. The Commission will reimburse the County for its share of Service Costs related to providing



service to the Service Area in the same manner as the Charter Customer is reimbursed. The Commission will charge these costs to the Charter Customer providing service to the Service Area. In order to repay these costs, the Charter Customer will be entitled to a loan from the Commission and the Customers in the Service Area will be entitled to a loan from the Charter Customer under the terms described in Article Five of this Agreement. To the extent not expressly provided for herein, the County and each Charter Customer do not waive any legal rights to act independently from this Agreement in order to construct New Mains or to take any other actions necessary to provide water service.

6.5. Notice to Potential Customers from Service Areas. After a method of financing service is determined for a Service Area, the Charter Customer providing service to the Service Area shall give notice of the Service Costs to Potential Customers from the Service Area. Potential Customers offered Lake Water from an Existing Main shall have a period of no less than ninety (90) days from the date that Service Cost information is sent to them for initial consideration of whether they wish to receive service from the Charter Customer. Potential Customers offered Lake Water from a New Main shall have a period of no less than six months from the date that Service Cost information is sent to them for initial consideration of whether they wish to receive service from the Charter Customer. Service Cost information shall be determined as described above in Sections 5.2 and 5.3.

6.6. Cooperation Concerning Customers. The County, the Commission, and the Charter Customers shall cooperate in efforts to maximize the number of Customers from Service Areas who receive Lake Water. Such cooperation shall include, but not be limited to: (a) public relations activities and other forms of publicity detailing the benefits of receiving Lake Water; (b) establishing a public record that an area is contaminated and notifying property owners of the contamination; and (c) such other activities upon which the County, the Commission, and the Charter Customers agree.

6.7. Cooperation Concerning Property Acquisition. The County, the Commission, and the Charter Customers shall cooperate in acquiring property rights necessary to provide service under the terms of this Agreement.

6.8. Limitations on Conditions and on Annexation. A Charter Customer may require that each Customer enter into a pre-annexation agreement or, where annexation is not a condition of service, a water service or water loan agreement with the Charter Customer as a pre-condition of receiving Lake Water from the Charter Customer under the terms of this Agreement. Any such agreement shall not require annexation earlier than ten years from the end of the respective initial consideration periods described in Section 6.5. During the period before annexation, a Charter Customer will not require implementation of any conditions on the provision of Lake Water to a Customer, except those set forth in a pre-annexation agreement that are allowed by generally applicable laws, ordinances, rules, and regulations related to the receipt and use of Lake Water (such as sprinkling limitations and sanitary plumbing requirements). Except as provided herein, Charter Customers do not waive any annexation rights to which they may be entitled under State law or under pre-existing annexation agreements or pre-annexation agreements.

6.9. Right to Discontinue Service. To the extent authorized by law, Charter Customers shall have the right to discontinue service to any Customer of a Service Area who receives Lake Water from the Charter Customer if the Customer of the Service Area:

- a. fails to meet regular payment obligations for Lake Water;

b. fails to pay appropriate costs related to the costs of receiving service, including the Customer's share of Service Costs; or

c. breaches a pre-annexation agreement with the Charter Customer.

Furthermore, to the extent authorized by law, a lien will attach to the property of the Customer of the Service Area in the amount that the Customer is in default to the Charter Customer providing Lake Water.

6.10. Ability to Charge Differential Rate. A Charter Customer may provide Lake Water to Customers of a Service Area at a differential rate than to a Charter Customer's own municipal customers so long as the rate is not unreasonably discriminatory as described in Illinois common law.

## ARTICLE SEVEN

### DEFAULTS AND REMEDIES

7.1. Commission Default and County and Charter Customer Remedies. The occurrence of the following shall constitute a default by the Commission under this Agreement: failure by the Commission to observe and perform any covenant, condition, or agreement on its part to be observed or performed hereunder and the continuation of the same for thirty (30) days after the Commission's receipt of written notice thereof from either the County or any Charter Customer (which notice shall be provided to all parties to this Agreement); provided, however, if such matter cannot with due diligence be remedied by the Commission within such thirty (30) day period, and the Commission shall have diligently prosecuted the remedying of such failure within such thirty (30) days, such period shall be extended by such additional time period as may be reasonably required by the Commission to cure or correct such matter.

If the Commission defaults under this Agreement, the remedies of a Charter Customer or the County, as affected, shall be limited to an action in equity against the Commission to enforce or compel performance of this Agreement and actions for mandamus and specific performances of the Commission's obligations to the extent allowed by law. Election of any permitted remedy shall not be a waiver of any other permitted remedy, but each of the other parties to this Agreement agree that it will not seek, and does not have the right to seek, a judgment or to recover a judgment for monetary damages against the Commission.

7.2. County Default and Commission and Charter Customer Remedies. The occurrence of the following shall constitute a default by the County under this Agreement: failure by the County to observe and perform any covenant, condition, or agreement on its part to be observed or performed hereunder and the continuation of the same for thirty (30) days after the County's receipt of written notice thereof from either the Commission or any Charter Customer (which notice shall be provided to all parties to this Agreement); provided, however, if such matter cannot with due diligence be remedied by the County within such thirty (30) day period, and the County shall have diligently prosecuted the remedying of such failure within such thirty (30) days, such period shall be extended by such additional time period as may be reasonably required by the County to cure or correct such matter.

If the County defaults under this Agreement, the remedies of a Charter Customer or the Commission, as affected, shall be limited to an action in equity against the County to enforce or compel performance of this Agreement and actions for mandamus and specific performances of the County's

obligations to the extent allowed by law. Election of any permitted remedy shall not be a waiver of any other permitted remedy, but each of the other parties to this Agreement agree that it will not seek, and does not have the right to seek, a judgment or to recover a judgment for monetary damages against the County.

7.3. Charter Customer Default and Commission and County Remedies. The occurrence of any or more of the following matters shall constitute a default by a Charter Customer under this Agreement: failure by a Charter Customer to observe and perform any covenant, condition, or agreement on its part to be observed or performed hereunder and the continuation of the same for thirty (30) days after the Charter Customer's receipt of written notice thereof from either the County or the Commission (which notice shall be provided to all parties to this Agreement); provided, however, if such matter cannot with due diligence be remedied by the Charter Customer within such thirty (30) day period, and the Charter Customer shall have diligently prosecuted the remedying of such failure within such thirty (30) days, such period shall be extended by such additional time period as may be reasonably required by the Charter Customer to cure or correct such matter.

If a Charter Customer defaults under this Agreement, the remedies of the County or the Commission, as affected, shall be limited to an action in equity against the Charter Customer to enforce or compel performance of this Agreement and actions for mandamus and specific performances of the Charter Customer's obligations to the extent allowed by law. Election of any permitted remedy shall not be a waiver of any other permitted remedy, but each of the other parties to this Agreement agree that it will not seek, and does not have the right to seek, a judgment or to recover a judgment for monetary damages against the Charter Customer.

7.4. Force Majeure. In case by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligation under this Agreement, then if such party shall give notice and full particulars of such force majeure in writing to the other parties within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States, of the State of Illinois, or of any civil or military authority, insurrections, riots, terrorism, acts of terror, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, canals, or tunnels, partial or entire failure of water supply, and inability on the part of the Commission or of any Charter Customer to deliver Lake Water hereunder, or of any Charter Customer to receive Lake Water hereunder, on account of any other causes not reasonably within the control of the party claiming such inability. The settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any "Force Majeure" shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. The Task Force shall make a recommendation to the Commission, which shall determine if force majeure which renders any of the parties unable to perform under this Agreement shall relieve a Charter Customer of its obligations to make payments to the Commission that may be required under Section 5.

## ARTICLE EIGHT

### MISCELLANEOUS

8.1. Effective Date and Term. The County and the Commission shall authorize and execute this Agreement and offer it to the Charter Customers. Each Charter Customer shall have until November 1, 2002, to authorize the execution of and execute a counterpart of this Agreement as acceptance hereof and to file same with the Clerk of the Commission. This Agreement will become effective on the date upon which the first Charter Customer shall have executed and filed a counterpart hereof (the "Effective Date"). If effective as hereinabove provided, this Agreement shall continue in full force and effect (a) for a period of forty (40) years after the Effective Date or (b) until the termination of the Commission, whichever is earlier. The County, the Commission, and the Charter Customers agree to begin consideration of whether an extension of this Agreement is necessary not later than three (3) years prior to the end of the term of this Agreement.

8.2. Assignment. Neither the County, nor the Commission, nor any Charter Customer may assign, convey, or transfer this Agreement, or any part hereof, without prior written consent of the other parties to this Agreement. This Agreement shall be binding upon, and inure to the benefit of, the successors and permitted assigns of the parties hereto.

8.3. Entire Agreement. This Agreement represents the entire agreement between the County, the Commission, and the Charter Customers that execute this Agreement with respect to the obligations and transactions to be performed hereunder, and supersedes all prior negotiations, proposals, term sheets, representations, or agreements, whether written or oral. This Agreement may be amended or modified only by a written instrument signed by the County, the Commission, and each of the Charter Customers that executes this Agreement. Nothing in this Agreement shall supersede, modify, terminate, or alter in any way the terms and provisions of the Water Purchase and Sale Contract, which shall remain in full force and effect.

8.4. Notices. All notices or communications provided for herein shall be in writing and shall be delivered to the County, the Commission, or the Charter Customers affected either in person or by United States mail, via registered mail, return receipt requested, postage prepaid, addressed to the principal office thereof.

Any action hereunder to be taken by the County, the Commission, or any Charter Customer may be evidenced by copy of official proceedings (including pertinent minutes, motions, resolutions, or ordinances) duly certified by the Clerk of the County, the Commission, or such Charter Customer.

8.5. No Waiver. No course of dealing or failure of the County, the Commission, or any Charter Customer to enforce strictly any term, right, or condition of this Agreement shall be construed as a waiver of such term, right, or condition. No express waiver of any term, right, or condition of this Agreement shall operate as a waiver of any other term, right, or condition.

8.6. No Third Party Beneficiaries. This Agreement is entered into solely for the benefit of the contracting parties, and nothing in this Agreement is intended, either expressly or impliedly, to provide any right or benefit of any kind whatsoever to any person or entity who is not a party to this Agreement, or to acknowledge, establish, or impose any legal duty to any third party.

8.7. Limitation on Commission's Financial Commitment. Notwithstanding any other provision of this Agreement, at no time during the term of this Agreement shall the Commission's total financial commitment under this Agreement exceed ten million dollars (\$10,000,000). No Charter Customer shall be required to take any action under this Agreement, including, but not limited to, matters relating to the Task Force, after the Commission has made a total financial commitment of ten million dollars (\$10,000,000).

8.8. Governing Law. This Agreement shall be governed by and construed exclusively under the applicable laws of the State of Illinois, without regard to conflicts of law principles.

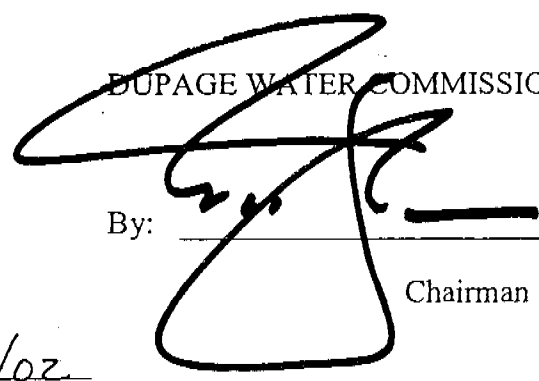
8.9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. Any such counterpart may be signed by one or more of the parties hereto so long as each of the parties hereto has signed one or more of such counterparts.

IN WITNESS WHEREOF, the parties hereto have caused their respective corporate names to be subscribed hereto and their respective corporate seals to be hereto affixed by their duly authorized officers, all on the date set opposite their respective corporate names.

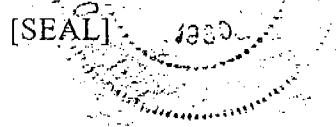
DUPAGE WATER COMMISSION

By: \_\_\_\_\_

Chairman

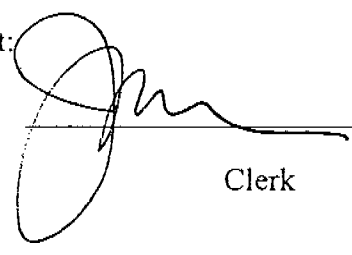


Date: 10/10/02



Attest:  
By: \_\_\_\_\_

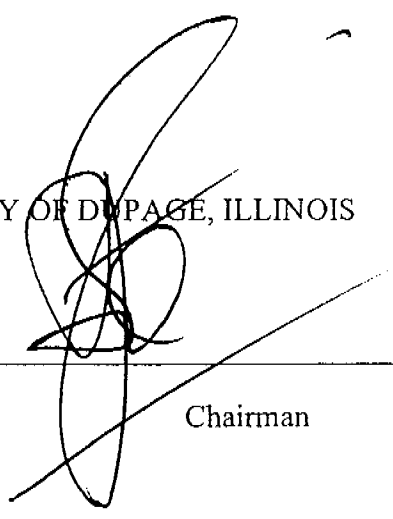
Clerk



COUNTY OF DUPAGE, ILLINOIS

By: \_\_\_\_\_

Chairman



Date: 10/11/02

[SEAL]

Attest:  
By: \_\_\_\_\_



[~~CITY~~/VILLAGE] OF Downers Grove, ILLINOIS

By: Brian Krajewski

[Mayor/~~President~~]

Date: October 1, 2002

[SEAL]

Attest:

By: April H. Allen

[~~City~~/Village] Clerk

EXHIBIT C



Downers Grove, Illinois  
TCE Impacted Area  
Estimate of Cost for Connections

|  | Estimated units | 800          |
|--|-----------------|--------------|
| Local share of North Belmont Park<br>(Excludes IEPA Grant) |                 | \$ 300,000   |
| Fees for Village Connection                                |                 |              |
| Tap fee  | \$ 200          | \$ 160,000   |
| Capacity fee   | \$ 600          | \$ 480,000   |
| Meter fee  | \$ 250          | \$ 200,000   |
| Inspection   | \$ 60           | \$ 48,000    |
|  | \$ 1,110        | \$ 888,000   |
| B-Box Connections  | \$ 1,500        | \$ 1,200,000 |
|  |                 | \$ 1,200,000 |
| Service Line Connections                                   |                 |              |
| Service Line Connections                                   | \$ 3,000        | \$ 2,400,000 |
|  |                 | \$ 2,400,000 |
| Total Cost for the Downers Grove TCE Area                  |                 | \$ 4,788,000 |



OFFICE OF THE MAYOR  
RON SANDACK

October 26, 2010

Mr. S. Louis Rathje, Chairman  
DuPage Water Commission  
600 East Butterfield Road  
Elmhurst, IL. 60126

Dear Chairman Rathje:

The purpose of this correspondence is to request your assistance in the matter of an amendment to the Downers Grove Loan Agreement with the DuPage Water Commission (DWC). Specifically, the Village seeks to amend the agreement to ensure that the potentially responsible businesses pay for the loan and make certain there is no negative impact on the financial position of the DWC. Village staff has attempted to work with your staff to prepare an amendment for DWC Board's consideration. Recently, Acting General Manager McGhee requested that Downers Grove bring this issue directly to the Board. Given the complexity of this issue, I would like the opportunity to have our staffs work together to prepare an amendment to the agreement for future consideration by the Board.

In 2003 the Village of Downers Grove partnered with the DWC, County of DuPage, State of Illinois, the United States Environmental Protection Agency and private businesses in an inter-agency effort to provide reliable drinking water to unincorporated residents located near Ellsworth Business Park. In the spirit of cooperation, the Village constructed water mains in the affected unincorporated areas following a determination by the U.S. EPA that the ground water used by residents in this area was contaminated with TCE. The DWC loaned the Village \$4.78 million to build the infrastructure that would ultimately provide clean safe drinking water to its neighbors. In the inter-agency partnership, the Village was acting as a conduit through which the potentially responsible parties would pay for the cost of constructing the water mains.

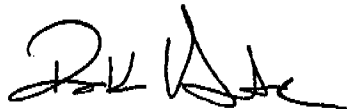
Although the U.S. EPA identified businesses in Ellsworth Park that potentially caused the contamination of the private wells, the Remedial Investigation Report allocating responsibility among these businesses has not yet been published. As a result, the businesses do not yet know their proportionate share of responsibility.

To date the agreement has required interest only payments, all of which have been made. However, this is the first year that principal and interest are due and the Village has already paid the interest due for this payment. The DWC is now requiring the Village to make a principal payment in the amount of \$369,000 even though the Village has not received the funds from the potentially responsible businesses. **It is important to know that requiring the Village to make this payment would shift the financial burden from the potentially responsible businesses to water users and tax payers.**

801 Burlington Ave.  
Downers Grove, Illinois 60515-4776  
630.434.5525  
E-mail: rsandack@downers.us

Please direct your staff to work with the Village and businesses to amend the Downers Grove Loan Agreement.

Regards,

A handwritten signature in black ink, appearing to read 'Ron Sandack', written in a cursive style.

Mayor Ron Sandack  
VILLAGE OF DOWNERS GROVE

cc: DuPage Water Commission Board Members

## Village of Downers Grove

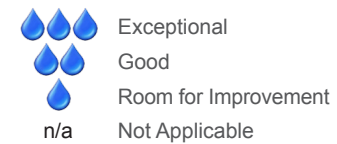
### **Downers Grove Seeks to Amend Loan Agreement with DuPage Water Commission**

- In 2003 the Village of Downers Grove partnered with the DuPage Water Commission, County of DuPage, State of Illinois, the United States Environmental Protection Agency and businesses within the Ellsworth Business Park in an inter-agency effort to provide reliable drinking water to unincorporated residents located near Ellsworth Business Park. The U.S. EPA determined that the ground water used by residents in this area was contaminated with TCE and unsafe for consumption.
- The U.S. EPA identified businesses in Ellsworth Park that potentially caused the contamination of the private wells; however, the U.S. EPA has not yet issued its Remedial Investigation Report allocating responsibility among these businesses.
- Pursuant to a loan agreement with the DuPage Water Commission (DWC), the Village serves as a conduit for the businesses to pay the DWC for the cost of constructing water mains in an unincorporated area.
- To date the agreement has required interest only payments, all of which have been made. This is the first year that principal and interest are due and the Village has already paid the interest due for this payment.
- The DWC is now requiring the Village to make a principal payment in the amount of \$369,000 even though the Village has not received the funds from the potentially responsible businesses. Requiring the Village to make this payment would shift the financial burden from the potentially responsible businesses to water users and tax payers.
- **The Village is seeking an amendment to the agreement that will ensure that the potentially responsible businesses pay for the loan and make certain there is no negative impact on the financial position of the DWC.**
- Please direct the DuPage Water Commission staff to work with the Village and businesses to amend the Downers Grove Loan Agreement.



# Survey of Customer Participation in Water 2050 Plan Recommendations

DuPage Water Commission



Scores were determined by evaluating utility survey responses against a set of criteria based on the CMAP plan.

## Overview

The *Preserving Every Drop* water conservation program was launched by DuPage Water Commission (DWC) in 2009 for the purpose of providing all water users in DuPage County with a consistent message about water conservation and providing DWC customers with the tools needed to be good stewards of the region's finite water supply. The DWC initiated a survey of their 28 customers to evaluate customer participation in the 13 recommendations outlined in the Chicago Metropolitan Agency for Planning (CMAP) document titled *Water 2050: Northeastern Illinois Regional Water Supply/Demand Plan* (CMAP Plan). CMAP, the official planning agency for northeastern Illinois, developed their Water Supply and Demand Plan in March of 2010, which includes a set of 13 water conservation measures and recommendations for demand management. The DWC survey was used to summarize the efforts of the DWC customers in support of the program and assess how well the efforts coordinated with the CMAP Plan. The results of the survey are summarized in the report card (right) and the detailed summary table on the following page.

## Survey Results

In total, 24 of the DWC's 28 customers (85%) responded to the survey. According to the responses, all of the respondents have designated a conservation coordinator within their organization and 90% of the respondents are taking actions to include water utility best management practices for reducing water use and increasing water efficiency, as included in the CMAP Plan recommendations 6, 7 and 8. A brief summary of the survey results for the major categories included in the CMAP Plan follows.

### Water Survey for Residential Customers

CMAP recommends that utilities provide assistance for reducing leakage and water use to residents in the form of trained auditor visits. Many utilities have complied with this recommendation. Some utilities analyze water bills and send an auditor to those residents who have a dramatic increase in water use. Others set up appointments with any residents that request them. Overall, this recommendation seems to be an area where utilities have been able to institute an affordable and effective program to reduce residential water use.

## REPORT CARD

|    |   |     |
|----|---|-----|
| 1  | Conservation Coordinator  |     |
| 2  | Water Surveys for Residential Customers                                     |     |
| 3  | Residential Plumbing Retrofit   |     |
| 4  | Residential High Efficiency Toilet Program                                  |     |
| 5  | High Efficiency Clothes Washers Program                                     |     |
| 6  | System Water Audits, Leak Detection and Repair                              |     |
| 7  | Metering with Commodity Rates   |     |
| 8  | Waste Water Prohibition   |     |
| 9  | Large Landscape Conservation Programs                                       |     |
| 10 | Conservation Programs for Commercial, Institutional and Industrial Accounts |     |
| 11 | Wholesale Agency Assistance Program   | n/a |
| 12 | Public Information Programs   |     |
| 13 | School Education Programs   |     |

### Financial Assistance for Plumbing, HET, or HEW Retrofits

Three of CMAP's recommendations suggest financial incentives for replacement or retrofitting of high water use appliances. Survey records show that no utilities are currently offering financial incentives or subsidies for plumbing retrofits, High Efficiency Toilet (HET) replacement, or High Efficiency Clothes

Washing Machine (HEW) programs at this time. This is not entirely unexpected considering the cost of implementing these types of programs would be relatively high for any utility. With some additional funding or creative partnering with retailers to offer discounts, participation in this category could be improved. The DWC program does not specifically address these measures; rather it focuses on education and promotion of wise water use habits.

### System Audits and Metering

The CMAP Plan suggests that utilities take steps to audit their water systems and meter customers. These recommended programs are often already incorporated into the utilities' operations. Almost all DWC utilities meter 100% of their customers and most have a routine meter testing and replacement program. Lake Michigan water allocation permittees are required to submit annual reports (LMO-2 Report) which summarize their annual water use to the IDNR. These required LMO-2 Report analysis provides a foundation for utilities to increase the frequency and comprehensiveness of their water audits.

Most utilities conduct some type of system leak detection and repair program. A few utilities use the results of these surveys and tracking of their data for more detailed analysis.

### Public Information and School Education

One of the fundamental strategies in both the CMAP and DWC recommendations is to educate the public and youth on water conservation.

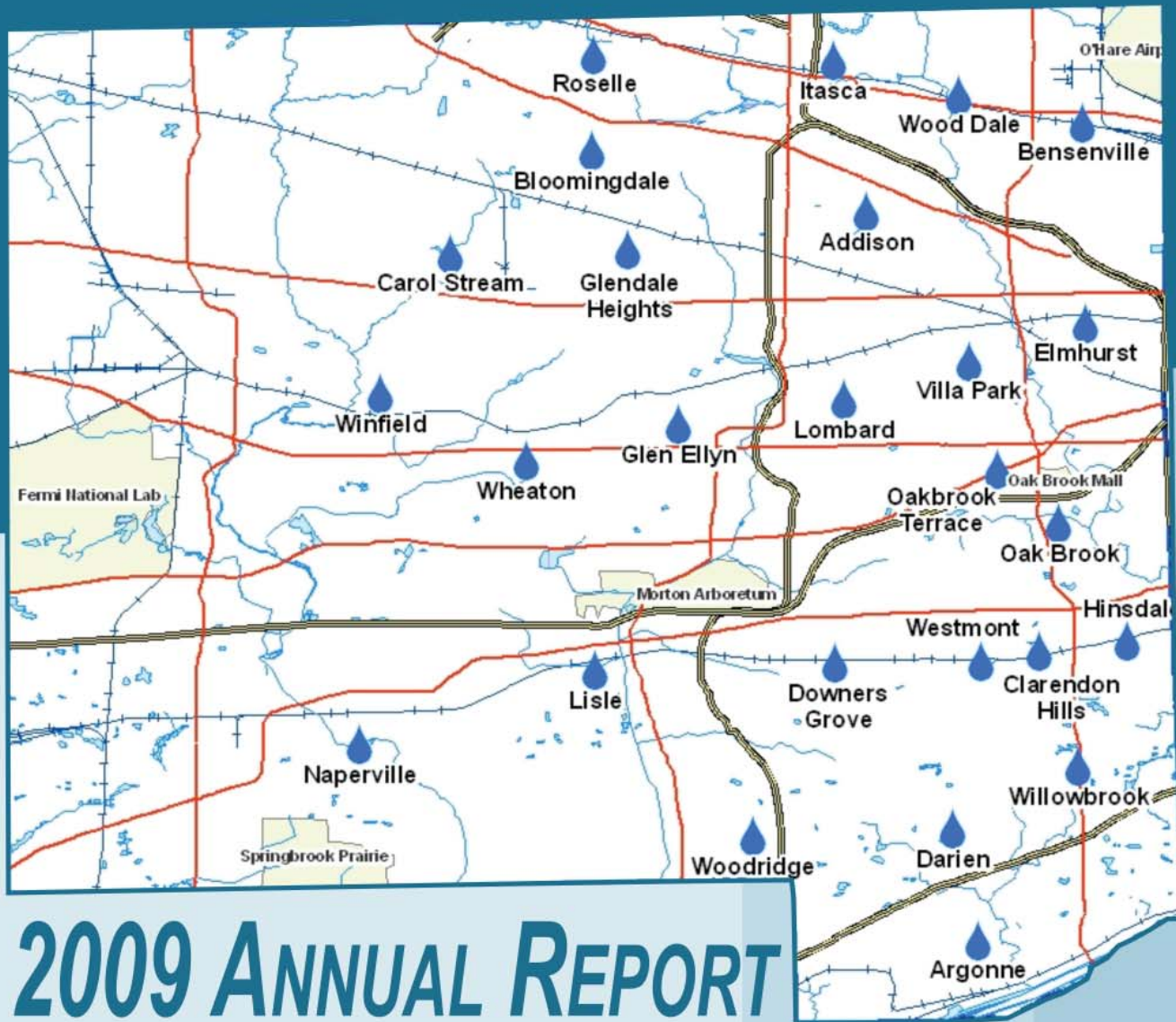
Many utilities offer informational and educational material in their facilities and offer tours at request. A select few have partnered with local schools to give presentations and host field trips. The predominant form of public education for water conservation occurs via the utilities' websites, with a select few utilities utilizing various forms of media to encourage conservation activities. DWC could help increase participation in these categories by facilitating more in-person educational events and opportunities.

### Outdoor Watering and Landscape Regulations

CMAP recommendations include enforcing measures that prevent wasteful water-use, and to support large landscape conservation programs. Most utilities have some type of outdoor watering ordinance, many of which are based on specific hours and/or days. Many utilities could improve their watering ordinances to be more restrictive on daytime watering and non-recirculating systems in fountains and carwashes. No utilities provide loans or rebates for customers who implement measures for reducing large scale irrigation water use, and very few utilities have an ordinance supporting native landscaping. The rain barrel display has been erected in many facilities for resident education and information. There are a few programs to promote rain barrel purchase which include purchase events and giving rain barrels away or selling them at a discounted price.

| SUMMARY OF DWC CUSTOMER PARTICIPATION IN CMAP WATER 2050 PLAN |             |  |                               |                           |             |  |                               |  |                               |                               |                                       |                                     |                             |                           |
|---|-------------|--|-------------------------------|---------------------------|-------------|--|-------------------------------|--|-------------------------------|-------------------------------|---------------------------------------|-------------------------------------|-----------------------------|---------------------------|
|   | Coordinator | Water Survey for Residential Customers | Residential Plumbing Retrofit | Residential (HET) Program | HEW Program | System Water Audits, Leak Detection and Repair | Metering with Commodity Rates | System Water Audits, Leak Detection and Repair | Metering with Commodity Rates | Waste Water Prohibition (WWP) | Large Landscape Conservation Programs | Conservation Programs for CII Accis | Public Information Programs | School Education Programs |
|   | 1           | 2                                      | 3                             | 4                         | 5           | 6  | 7                             | 6  | 7                             | 8                             | 9                                     | 10                                  | 12                          | 13                        |
| Addison   | x           | x                                      |                               | x                         |             | x  | x                             | x  | x                             | x                             |                                       |                                     | x                           | x                         |
| Argonne   | x           |  | x                             | x                         |             | x  | x                             | x  | x                             |                               |                                       |                                     | x                           |                           |
| Bensenville   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Bloomington   | x           | x                                      |                               | x                         |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Carol Stream  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     | x                           | x                         |
| Clarendon Hills   | x           |  |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Darien  | x           |  |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Downers Grove   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| DuPage County   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     | x                           | x                         |
| Glen Ellyn  | x           | x                                      | x                             |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Glendale Heights  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     | x                           |                           |
| Hinsdale  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Itasca  | x           | x                                      | x                             |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     | x                           | x                         |
| Lisle   | x           |  |                               |                           |             |  | x                             |  | x                             | x                             |                                       |                                     |                             |                           |
| Lombard   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     | x                                   | x                           | x                         |
| Naperville  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     | x                           | x                         |
| Oak Brook   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Oakbrook Terrace  | x           |  |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Roselle   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             |                           |
| Villa Park  | x           | x                                      |                               |                           |             |  |                               |  |                               |                               |                                       |                                     |                             |                           |
| Westmont  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     |                             | x                         |
| Wheaton   | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             | x                                     |                                     |                             | x                         |
| Winfield  | x           | x                                      |                               |                           |             | x  | x                             | x  | x                             | x                             |                                       |                                     |                             | x                         |
| Woodridge   | x           | x                                      | x                             | x                         |             | x  | x                             | x  | x                             | x                             | x                                     |                                     |                             |                           |

# WATER CONSERVATION & PROTECTION PROGRAM



*The **purpose** of the DuPage Water Commission's water conservation plan is to provide all water users in DuPage County with a consistent message about water conservation and provide DWC customers with the tools needed to be good stewards of the region's finite water supply.*



*In addition, the DWC has adopted as its **water conservation goal** a commitment to be the regional leader in promoting water conservation by reducing current DWC demand by 10% within the next 10 years.*

## 2009 ANNUAL REPORT



DUPAGE WATER COMMISSION

## Introduction

The DuPage Water Commission (DWC), as part of its ongoing commitment to providing “reliable, quality, responsive, and cost-efficient Lake Michigan water service”, has developed and taken steps to implement a Water Conservation and Protection Plan (WCAPP) for water users in DuPage County. The Plan’s overall goal is to achieve a 10% reduction in overall per capita water use by DWC water users within 10 years through focusing on public education and outreach.

The DWC’s approach to conservation planning reflects its desire to be a leader and catalyst for implementation of water conservation practices by its member utilities. During the second half of 2008, DWC management worked with MWH and a Working Group including utility, government, and environmental representatives to review information on conservation strategies and create a program tailored to the specific needs of its customers.

### Water Conservation and Protection Plan, MWH 2008

A copy of the WCAPP report can be found on the DWC’s conservation website [www.preservingeverydrop.org](http://www.preservingeverydrop.org)



The DWC presents the following annual report to highlight the program’s progress and accomplishments in the first year of implementation, 2009.

## Conservation Program Overview

The DWC was created in 1985 to make treated Lake Michigan water available to water users throughout DuPage County. With a 2007 average daily water pumpage of more than 87 mgd, the DWC is currently the largest single water customer of the City of Chicago Water System. Moreover, water use by DWC customers alone accounts for roughly 8% of Illinois’ total annual pumpage from Lake Michigan.

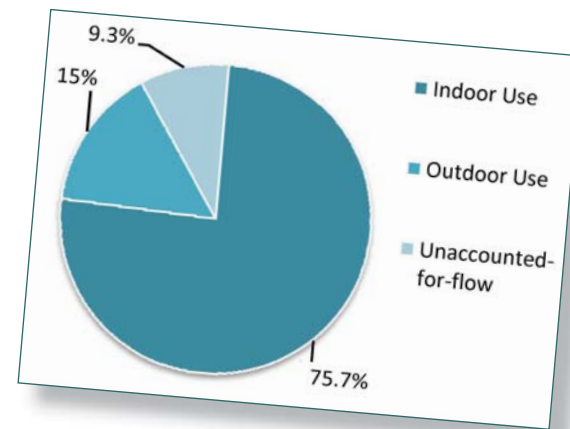
The DWC developed the WCAPP and associated public outreach and education plans during the second half of 2008 and quickly began implementation activities in the first quarter of 2009. The purpose of the WCAPP is to provide all water users in DuPage County with a consistent message as to the importance of water conservation, while providing DWC member utilities the tools needed to promote good stewardship of the region’s finite water supply.



*The Plan’s overall goal is to achieve a 10% reduction in overall per capita water use by DWC water users within 10 years.*

The DWC is working to meet this goal by being a driver for water conservation in DuPage County thru internal and external activities. Internally, the DWC is acting as a role model in water conservation by improving their own facility and operation to reflect Best Management Practices and educating their employees on water conservation practices. Externally, the DWC is being a resource to their customers by educating DWC customers and stakeholders about water conservation and providing guidance and tools to DWC customers to assist them in implementing the WCAPP.

The WCAPP includes four educational programs that focus on educating the public about indoor and outdoor water conservation practices and strategies. These initial programs focus primarily on residential customers, since residential water use accounts for more than 70% of the total use by DWC Member Utilities.



*Source: Summary of data from DWC and Illinois Department of Natural Resources. Data does not include unaccounted for flow values for Argonne or IAWC*

It should be noted that DWC’s conservation effort is being driven by a commitment to stewardship and prudent long-term planning rather than any near-term projection of water shortage. All DWC member utilities currently have Lake Michigan allocations that were recently revised to reflect projections of water needs through the year 2030. As such, sufficient supply should be available to meet projected DWC demands for at least the next 20 years. However, demand projections recently published for the period extending to 2050 do anticipate continued increases in water use within DuPage County and the rest of the Lake Michigan water service area in Illinois. Consideration of conservation options is an appropriate approach to planning for a sustainable, long-term supply of water for the region, and is consistent with the resource management philosophy of the 2008 Great Lakes Compact.

## Conservation Program Elements

Key elements of the WCAPP and current progress is described below and shown in graphical form on the roadmap on the following page:

**Leadership Commitment:** Early presentations of the WCAPP were made to the DWC Board, the DuPage County Board and the Conference of DuPage Mayors and Managers in February and March of 2009. The presentations were aimed at establishing a high level commitment to the plan contents and implementation approach. The WCAPP was well received by each group and DWC moved forward with program implementation.

### Resource Development:

During the second quarter of 2009, the DWC developed a comprehensive resource tool-kit for member utilities to use in educating end users on conservation principles and practices. Resources developed by DWC are fully customizable, allowing member utilities to modify them for efficient distribution and incorporation into existing public outreach efforts. As part of resource development, DWC established an overall water conservation message consisting of a logo and tag-line that provides a uniform and clear way for DWC and all member utilities to publicize and promote the program. In total, 30 individual resources were developed for the tool-kit including communication templates, educational flyers, youth-focused activity sheets, and model ordinances and resolutions.



**Utility Inclusion:** Representatives of DWC member utilities were introduced to and trained in the use of the resources available for developing, implementing, and promoting the WCAPP by attending one of two training sessions at the DWC facility in Elmhurst. Member Utility representatives received a training binder with samples of the promotional materials and a CD containing electronic copies of the customizable, conservation materials.

**Conservation Education Programs:** The DWC selected four specific public education programs to invest in for the first phase of program implementation. Each program is intended to create an initial surge in interest and practices related to water conservation and establish a reasonable first step through which member utilities can participate in the WCAPP. The DWC provided Member Utilities with sample materials and resources

and Member Utilities have purchased additional resources for their own use. A description of each program is provided below. A summary table of the total educational materials purchased is provided following the descriptions.

## Water Pledge

**Overview:** Utility and Customer pledges of commitment to specific conservation efforts.

**Progress:** The DWC has implemented the water pledge in two parts. First, the DWC has asked Member Utilities to make a pledge to participate in the WCAPP by reducing utility water loss and promoting the four educational programs to their customers. To date nearly 70% of Member Utilities have completed their pledge or are in the process. A full summary of pledge status by utility is shown in the section titled “Member Utility Progress”. The second part of the pledge is for residents to commit to reducing their personal water use. The DWC is working with each Member Utility to complete their pledge and the Member Utilities are working with their residents to make the pledge.



## Toilet Leak Detection Program

**Overview:** Leak detection kits to promote reduced leakage from toilets

**Progress:** The DWC has developed a leak detection pamphlet and paired it with leak detection tablets to provide a simple kit for Member Utilities to distribute to customers.

This program targets reducing indoor water use due to leaking toilets because toilets contribute to approximately 27% of indoor water use.





## Rain Gauge/Landscape Watering Program



**Overview:** Educational kits to promote appropriate and efficient landscape watering practices.

**Progress:** The purpose of this program is to educate residents about appropriate landscape management practices that promote the efficient use of water. The DWC has paired a rain gauge with a custom pamphlet on lawn care with the intention of encouraging appropriate landscape management practices that promote the efficient use of water. The pamphlet provides residents with information including tips on watering, fertilizing and plant selection with goal of reducing the amount of water needed. The rain gauges are made in the United States from recyclable material and are recyclable. The rain gauge and pamphlet provide a low-cost educational kit that Member Utilities can share with their customers.

The rain gauges are made in the United States from recyclable material and are recyclable. The rain gauge and pamphlet provide a low-cost educational kit that Member Utilities can share with their customers.

## Rain Barrel Education Program

**Overview:** Demonstration projects to promote purchase, proper installation, and effective use of rain barrels for rainwater harvesting.

**Progress:** The DWC has taken several steps to promote rain barrels. First, the DWC developed their own demonstration rain barrel display which they have set-up in their facility in Elmhurst and have taken to community events across the County. The DWC has also purchased and provided each Member Utility with a rain barrel and provided the utilities with the resources to promote the purchase, installation, and effective use of rain barrels with their customers.



<sup>1</sup> The DWC has partnered with Eco Promotional Products, Inc. (EPP) to make promoting the water conservation programs across the County easy and consistent. EPP was selected as a partner for the DWC WCAPP because the products EP offers meet the DWC's standards for sustainability. The numbers presented in the table only reflect items purchased directly from EPP. Utilities are not required to purchase products from EPP and additional products may have been purchased to promote the DWC's program which are not reflected in this table.



## Summary

The DWC is pleased to report that the education programs have been well received by the Member Utilities. Since July, 2009 thousands of educational items have been purchased for distribution to water users in DuPage County.

| Item  | Total Quantity Ordered |
|---|------------------------|
| Leak Detection Tablets <sup>1</sup>             | 1,750                  |
| Bumper Stickers <sup>1</sup>                    | 95                     |
| Recycled Rain Gauges <sup>1</sup>               | 800                    |
| Recycled Magnets <sup>1</sup>                   | 1,000                  |
| FSC Certified Toilet Leak Pamphlet <sup>1</sup> | 250                    |
| Shower Timers                                   | 50                     |



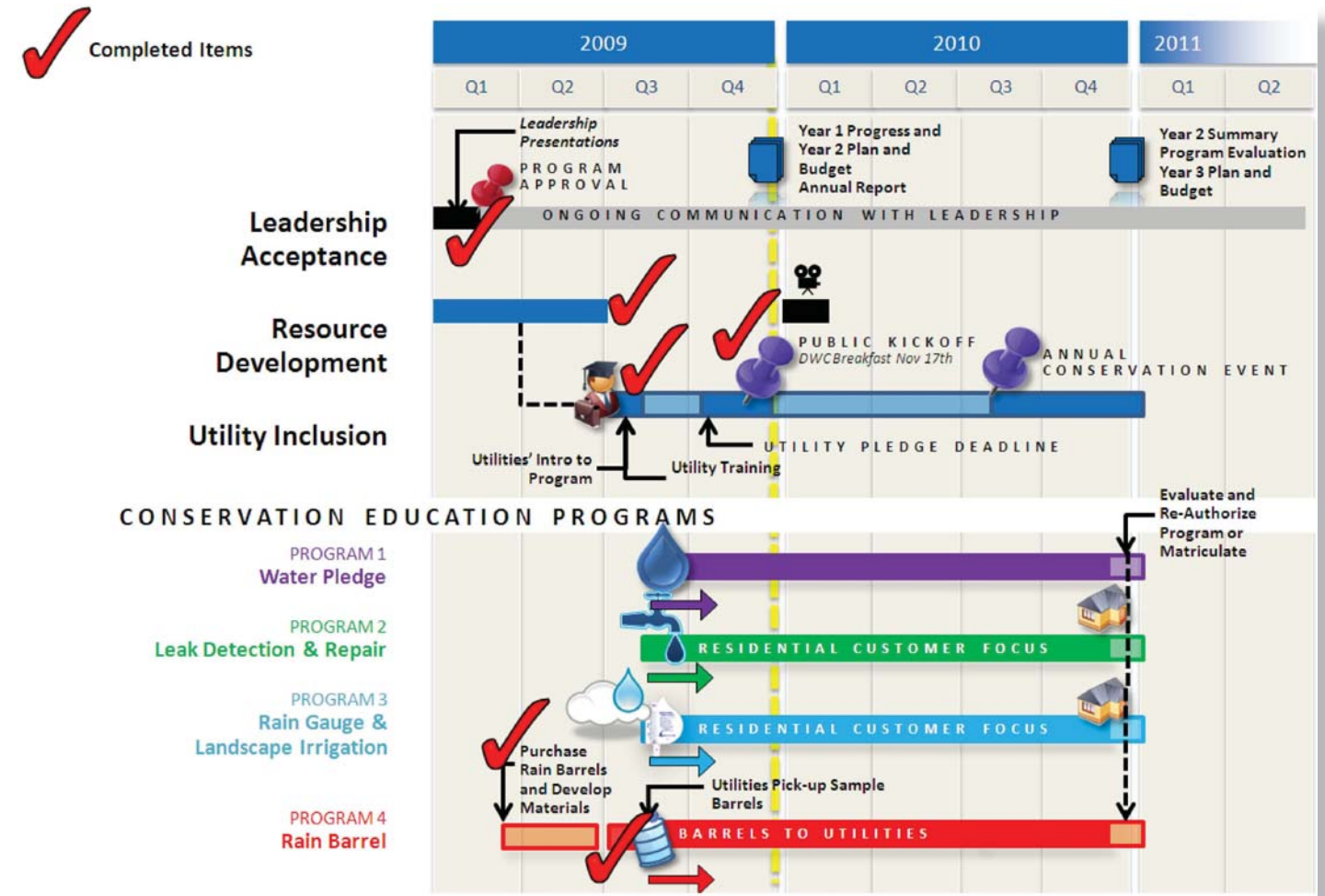
## Conservation Website

The DWC's water conservation website is a key resource that was developed to support and promote the WCAPP. Keeping with the overall water conservation message and logo, the DWC has created [www.preservingeverydrop.org](http://www.preservingeverydrop.org) as a place where the general public can come to learn about water conservation and the specific educational programs and resources developed for the DWC's program. In addition to information for the general public, the DWC has created a secure log-in for Member Utilities so they can access the resources developed by DWC for their use in promoting the WCAPP.



## Implementation Schedule and Year 1 Progress

The following schedule outlines the implementation plan developed for the WCAPP and tracks the current program progress as of the end of 2009. The DWC plans to continue promoting the four educational programs developed in 2009 and will complement these programs with selected activities and events to promote the WCAPP. The DWC also plans to develop a video resource to reinforce the messages contained in the education programs. It should be noted that the DWC believes that leadership acceptance is an on-going task and will continue to communicate the details, progress, and next steps with key leadership groups for the life of the WCAPP.



## Member Utility Progress

Member Utility participation in the DWC WCAPP is summarized below based on the four main efforts undertaken in the first year of program implementation. The DWC will continue to work with each Member Utility to promote 100% participation in all WCAPP programs.

| Category   | % of Utility Participation |
|--|----------------------------|
| Participated in Training                         | 79 %                       |
| Identified Conservation Coordinator              | 93 %                       |
| Picked-up Rain Barrel                            | 79 %                       |
| Completed Water Conservation Pledge <sup>1</sup> | 79 %                       |

<sup>1</sup>Percentage includes Member Utilities that have submitted a completed water conservation pledge or those who have notified the DWC that they have initiated the approval process and are awaiting an official confirmation or approved proclamation.



## DuPage Water Commission Activity Update

A key component of the WCAPP is the DWC's commitment to serving in a leadership role for implementation of water conservation practices by its member utilities. The DWC believes that to be a leader in water conservation, they must take actions to improve their own facility and operation to reflect Best Management Practices and educate their employees on water conservation practices. In addition, the DWC is also committed to promoting the WCAPP to the public thru the four education programs. The following provides a brief summary of the DWC's progress toward these programs.

### Internal

The DWC has taken important steps to be a leader in water conservation with modifications to their facility. Upgrades and modifications have been made to the washroom facilities to provide dual-flush toilets and water efficient faucets. Outside of the facility, the DWC has several on-going construction projects which have provided them the opportunity to address the landscaping and irrigation of their outdoor spaces. The entire landscaping of the DWC building in Elmhurst is being replaced with a rain garden and native and drought tolerant plants which will require very little water to maintain. A rainwater cistern will provide an alternative to potable water for irrigation needs. The DWC has also provided an in-house training session to their staff to educate them on the importance of water conservation and conservation strategies and practices to be implemented at work and in their homes.

### External

The DWC has participated in six events throughout the year to promote the WCAPP to the general public and educate water users on the importance of preserving our precious water supply. Representatives from the DWC made a presentation on the WCAPP at the Mid-Central Water Works Association in September and attended the Villa Park Workshop in August. The DWC also hosted an engaging event with guest speaker Dave Dempsey, author of two books on Great Lakes water issues.

The DWC also organized a booth at two green events this fall including the Elmhurst Green Fest and the Cantigny Green Fair. To complement the pamphlets and water conservation table

| Item                   | Total |
|------------------------|-------|
| Leak Detection Tablets | 500   |
| Recycled Rain Gauges   | 250   |
| Shower Timers          | 1,000 |
| Educational Pamphlets  | 600   |

display, the DWC constructed a demonstration rain barrel display and a dual flush toilet display that they brought to each of these events. These life-size displays give the public an opportunity to see the rain barrel and toilet up close and ask questions to the DWC staff in attendance. In total, the DWC has distributed nearly 1,500 educational items to promote and support water conservation in DuPage County.



Rain Barrel Display



Dual Flush Toilet Display

## Member Utility Conservation Activity Highlights

The DWC Member Utilities are off to a good start with participation in and promotion of the water conservation program. The resources and materials developed by the DWC make it easy for Member Utilities to participate in the program. Carol Stream customized the template advertisement text provided by the DWC to develop an announcement about the water conservation program which was featured in the Fall 2009 version of the Carol Stream Correspondent. Other highlights of early support for the WCAPP from selected communities are summarized below:

### Itasca Incorporates Water Conservation into



#### National Night Out

On Tuesday, August 4th, the Village of Itasca, working with other local governmental agencies, celebrated National Night Out 2009. Over 1,000 people from Itasca and surrounding communities attended this free event and enjoyed food and ice cream donated by local businesses. In addition to a "money grab" booth, a rock climbing wall, live music, and

prize drawings, the Public Works department hosted a booth educating the public on wastewater treatment, drinking water and water conservation. The first 250 families that came up to the booth received a Leaking Toilet test kit and brochure. The turn-out was so large that the 250 brochures were distributed by 7:00 PM.

Fred Maier, Environmental Services Coordinator for the Village of Itasca was pleased with the success of the event. "Feedback was very positive and included comments such as "This is a great idea.", "We've needed something like this." and "Maybe this is why our water bill is so high!". The kits were easy to explain and people felt confident that they could use them" reported Fred Maier in a memorandum to the DWC summarizing the event.

### Lombard off to a Strong Start in 2009

The Village of Lombard has many on-going environmental and conservation effort that integrate well with the DWC's water conservation program. To promote water conservation to their customers, Lombard recently included a flyer in their water bill to educate their customers about water conservation and efficiency. Lombard is also



actively promoting the use of native plants and water efficient landscaping for their residents. On Sunday, September 20th, the Lombard Garden Club, the Lombard Historical Society and the Lombard Park District sponsored the 6th Annual Prairie Day which showcases the prairie building process at Terrace View Park and encourages residents to incorporate native plants into their own backyard. Attracting more than 500 residents each year, this event provided children-friendly activities and educational programs.



## Summary

The DWC is off to a strong start with the implementation of their water conservation and protection program. Significant progress was made during 2009 and more events and support for the Member Utilities are planned for 2010 including the following:

- Development of a water conservation video designed for public access television
- Organize and host a public education event to support the Environmental Protection Agency's WaterSense® Fix a Leak Week scheduled for March 15 – 21, 2010
- Monthly newsletters for Member Utility water conservation coordinators to support their participation in the WCAPP

Visit the DWC's water conservation website  
[www.preservingeverydrop.org](http://www.preservingeverydrop.org)  
 for more information on current programs and activities.

**Terry McGhee**  
 Manager of Water Operations

**Jenessa Nesbitt**  
 Water Conservation Coordinator

DuPage Water Commission  
 600 East Butterfield Rd., Elmhurst, Illinois 60612  
 Phone: (630) 834-0100  
 Fax: (630) 834-0120





# DuPage Water Commission

## MEMORANDUM

TO: Terry McGhee  
Acting General Manager

FROM: Maureen A. Crowley *MAC*  
Staff Attorney

DATE: November 4, 2010

SUBJECT: September/October Services Invoice

I reviewed Laner Muchin Dombrow Becker Levin and Tominberg's November 1, 2010, invoice for services rendered during the period September 21, 2010, through October 20, 2010, and recommend it for approval. This invoice should be placed on the November 11, 2010, Commission meeting accounts payable.

September/October 2010  
Laner Muchin

| CATEGORY        | <u>FEES</u>       | <u>HOURS<br/>BILLED</u> | <u>AVERAGE<br/>HOURLY<br/>RATE</u> | <u>ATTORNEYS &amp;<br/>PARALEGALS EMPLOYED</u>   | <u>MAJOR ACTIVITIES</u> |
|-----------------|-------------------|-------------------------|------------------------------------|--|-------------------------|
| Labor Relations | \$3,023.75        | 14.75                   | \$205.00                           | Juster (8.25@ \$205/hr); O'Brien (6.5@\$205/hr.) | Collective Bargaining   |
|                 | <u>\$3,023.75</u> | <u>14.75</u>            | <u>\$205.00</u>                    |  |                         |