

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, NOVEMBER 15, 2012
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

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

Commissioners in attendance: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyne, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Commissioners Absent: W. Murphy

Also in attendance: Treasurer D. Ellsworth, J. Spatz, C. Johnson, C. Peterson, T. McGhee, M. Weed, J. Schori, F. Frelka, E. Kazmierczak, and G. Gorski of Gorski and Good, LLP

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Commissioner Furstenau moved To approve the Minutes of the October 18, 2012 Regular Meeting, the Minutes of the October 18, 2012 Special Committee of the Whole Meeting, the Minutes of the October 18, 2012 Executive Session, and the Minutes of the October 18, 2012 Special Committee of the Whole Executive Session. Seconded by Commissioner Saverino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER REPORT

Financial Administrator Peterson presented the October 2012 Treasurer's Report, consisting of six pages.

Financial Administrator Peterson the \$74.8MM of cash and investments on page 1, noting that the balance was higher by about \$2MM as a result of the Commission's operations and continued strength in the sales tax. Financial Administrator Peterson also pointed out the schedule of investments on pages 2, 3, and 4. On page 5, the negative \$17MM net cash from capital and related financing activities was due to \$15MM principal payments and \$2MM interest payments on the Bonds and construction. The reserve analysis showed \$18.9MM of unrestricted cash on hand as well as the full funding of the Operations and Maintenance, Operations and Maintenance Reserve, and Depreciation Accounts with a total cash balance of \$74MM shown on page 6. Also reflected on page 6 was an approximate \$95MM of outstanding debt in Table 3, Rows H, I and J.

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Commissioner Russo moved to accept the November 2012 Treasurer's Report. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Finance Committee – Reported by Commissioner Suess

Commissioner Suess began by welcoming Doug Ellsworth the Commission's newly appointed Treasurer.

Commissioner Suess reported that the Finance Committee held a special meeting on November 8th to interview three firms for Bond Counsel and it was the consensus of the Finance Committee to recommend retaining the services of Ice Miller as Bond Counsel to work through issues associated with refinancing the debt. Also at the November 8th meeting, the Finance Committee interviewed underwriters and it was the recommendation of the Committee to move forward with BMO Harris as the underwriter. Commissioner Suess noted that PFM attended the earlier Finance Committee and gave a presentation concerning debt structure and recommended two options; 1) to do a public debt refinance or 2) to do a direct placement. It was the recommendation of the Finance Committee, as well as PFM, to consider a direct placement with BMO Harris. Commissioner Suess explained that the outstanding debt could be refinanced starting May 1st and referred to Page 6 of the Treasurer's Report; Table 1 – Reserve Analysis noting that if the Commission was successful with the direct placement it would free up the reserves under items C, D, & E.

Commissioner Furstenau asked and General Manager Spatz responded that the direct placement option would save the Commission over \$3MM.

With respect to the selection of Bond Counsel, Commissioner Crawford asked how the Committee determined their selection. Commissioner Suess stated that the Commission interviewed three firms; Katten Muchin, Chapman and Cutler, and Ice Miller and explained that the Commission had done business in the past with both Katten Muchin and Chapman and Cutler and after reviewing the current reserve bond requirements, it was the consensus of the Finance Committee to bring in a new firm; one that does not have any history with the Commission as the Finance Committee was not happy with the current bond requirements. Commissioner Russo added that Ice Miller had a very aggressive approach at reducing those requirements; more so than anyone else which was a big plus.

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Commissioner Suess moved to suspend the purchasing procedures of the Commission's By-Laws and to purchase pollution insurance coverage, for a total premium of approximately \$31,000.00 as proposed by AJ Gallagher Risk Management and recommended by Nugent Consulting Group. Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: W. Murphy

With regards to the purchase of the Treasurer's Surety Bond, Commissioner Suess noted that he would be recusing himself from any discussion or vote related to the item in order to avoid the appearance of impropriety.

Commissioner Loftus moved to purchase a surety bond in the amount of \$5MM for the position of Treasurer from Marsh USA. Seconded by Commissioner Russo and approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, J. B. Webb, and J. Zay

Nays: None

Recused: P. Suess

Absent: W. Murphy

Commissioner Webb left the meeting at 7:40 P.M.

Commissioner Furstenau moved to retain the services of Ice Miller as Bond Counsel for the refinancing of the 2003 Series Revenue Bonds at a cost not-to exceed \$60,000.00. Seconded by Commissioner Suess and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, and J. Zay

Nays: None

Absent: W. Murphy and J. B. Webb

Commissioner Suess moved to retain the services of BMO Harris as Bank Underwriter for the refinancing of the 2003 Series Revenue Bonds at a cost not-to-exceed \$82,000.00. Seconded by Commissioner Russo and approved by a Roll Call Vote.

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Ayes: L. Crawford, T. Cullerton, R. Furstenau, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, and J. Zay

Nays: None

Recused: C. Janc

Absent: W. Murphy and J. B. Webb

Commissioner Suess moved to suspend the purchasing procedures of the Commission's By-Laws and to purchase Workers Compensation and Employer's Liability insurance coverage, for a total premium of \$85,000.00, as proposed by Illinois Public Risk Fund and outlined by The Nugent Consulting Group. Seconded by Commissioner Janc and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, and J. Zay

Nays: None

Absent: W. Murphy and J. B. Webb

Commissioner Pruyn moved to adopt Ordinance No. O-13-12: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2012 and Ending April 30, 2013. Seconded by Commissioner Suess and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, and J. Zay

Nays: None

Absent: W. Murphy and J. B. Webb

Commissioner Webb reentered the meeting at 7:46 P.M.

Commissioner Suess concluded his report by noting that the Finance Committee would be holding a special meeting on December 13th to conduct interviews for the auditor services for a recommendation at the December Board meeting.

Chairman Zay thanked members of the Finance Committee for their time and work regarding the selections of bond counsel as well as underwriter.

Administration Committee – Reported by Commissioner Crawford

Commissioner Crawford reported that the Administration Committee reviewed and recommended for approval the action items listed on the Administration Committee Agenda. After Commissioner Crawford gave a brief description of each item, she

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deferred to General Manager Spatz to share the Commission's 2012 health care success story. General Manager Spatz explained that in 2012 the Commission offered employees two health care options; one a PPO Plan and the other a high deductible Health Savings Account (HSA) with the majority of employees opting for the HSA Plan. General Manager Spatz further explained that the Commission had contributed towards the employees deductible and set up individual employee accounts which gave employees total control over managing their own health care accounts and because employees were more conscience about how they managed their HSA accounts, the 2013 health care premium rates, for both the PPO and HSA plans, were reduced over 20%. Since the plan was so successful, General Manager Spatz noted that he would like to offer, for 2013, a vision care plan as well as increase the Commission's contribution into the employee's health savings account. General Manager Spatz noted that it would be a win-win for both the employees and the Commission because even with those extras offered, the Commission would still be saving over \$37,000.00 for the year in health care costs.

Commissioner Furstenau confirmed with General Manager Spatz that the employees would still be responsible for 20% of the total premium and asked how much more would the Commission be paying out with regards to the deductibles. General Manager Spatz confirmed yes, employee would still be responsible for 20% of the total premium and noted that for single employee coverage it would be an extra \$500.00 and family coverage it would be an extra \$1,000.00.

Commissioner Crawford directed the Commissioners attention to the iPads that had been distributed and pointed out that the iPads included instructions for the devises noting that the devises should pay for themselves within a year.

With no further discussion, Commissioner Crawford moved to adopt item numbers 2 through 4 under the Administration Committee section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: W. Murphy

Item 2: Ordinance No. O-12-12: An Ordinance Amending the By-Laws of the DuPage Water Commission

Item 3: Resolution No. R-39-12: A Resolution Amending the DuPage Water Commission Flexible Benefits Plan

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Item 4: Resolution No. R-42-12: A Resolution Approving Employee Insurance Benefits for Calendar Year 2013

Chairman Zay thanked the Administration Committee for all their efforts with moving forward with the iPads.

Engineering & Construction Committee – Reported by Commissioner Loftus

Commissioner Loftus reported that the Engineering & Construction Committee reviewed and recommended for approval the action items listed on the Engineering & Construction Committee Agenda.

Commissioner Loftus gave a brief summary of each item listed on the Engineering & Construction Committee Agenda and offered to answer any questions regarding the Status of Operations Report.

With no further discussion, Commissioner Loftus moved to adopt item numbers 2 through 5 under the Engineering & Construction Committee section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Saverino and unanimously approved by a Roll Call Vote.

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: W. Murphy

Item 2: Resolution No. R-40-12: A Resolution Awarding Quick Response Electrical Contract QRE-6/12 – Divane Bros Electric Co and McWilliams Electric Company

Item 3: Resolution No. R-41-12: A Resolution Approving and Ratifying Certain Contract PSD-7/08 Change Orders at the November 15, 2012, DuPage Water Commission Meeting – Williams Brothers Construction Inc. (\$13,031.30 net increase in the Contract Price)

Item 4: Resolution No. R-43-12: A Resolution Approving and Ratifying Certain Contract MS-19/12 Change Orders at the November 15, 2012, DuPage Water Commission Meeting – \$727.40 (decrease in the Contract Price)

Item 5: Purchase Order No. 14663 to Superior Industrial Equipment in the amount of \$22,582.70

Commissioner Loftus referred to Contract TS-8/12 for corrosion mitigation on the South Transmission Mains that had been awarded to John Neri Construction, a couple months ago, stating that the work is progressing satisfactorily. Commissioner Loftus stated that this is one of two projects in which John Neri Construction had been the low bidder and that the Commission decided to hold on proceeding with the second project until the Commission had a chance to see their performance on the first project. Since the first

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project was going well, Commissioner Loftus stating that the Engineering Committee would be bringing the second contract forward for consideration at the December Board meeting to move forward with the rest of the work.

With regards to professional engineering services, Commissioner Loftus noting that he and Manager of Water Operations McGhee are working on developing the scope of services, which include various categories for various needs, and anticipate completion very soon.

ACCOUNTS PAYABLE

Commissioner Janc moved to approve the Accounts Payable in the amount of \$5,702,526.49, subject to submission of all contractually required documentation, for invoices that have been received. Seconded by Commissioner Furstenau and unanimously approved by a Roll Call Vote

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: W. Murphy

Commissioner Furstenau moved to approve the Accounts Payable in the amount of \$1,750,068.97, subject to submission of all contractually required documentations, for invoices that have not yet been received but have been estimated. Seconded by Commissioner Janc and unanimously approved by a Roll Call Vote:

Ayes: L. Crawford, T. Cullerton, R. Furstenau, C. Janc, D. Loftus, J. Pruyn, D. Russo, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: W. Murphy

CHAIRMAN'S REPORT

Chairman Zay began by pointing out the various displays placed around the room relating to the LEEDs Silver Certificate which had been presented to the Commission the prior day. Chairman Zay noted that the Commission had received the LEEDs Silver Certificate for the generator building at the DuPage Pumping Station and thanked staff for their hard work noting that the Commission had also received the LEEDs Gold Certificate for the projects at the Lexington Pumping Station. Chairman Zay stated that not only does this show that the Commission is fiscally responsible, but also environmentally sensitive too.

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Chairman Zay thanked everyone for their hard work and wished all a Happy Thanksgiving.

OMNIBUS VOTE REQUIRING MAJORITY VOTE

None

OMNIBUS VOTE REQUIRING SUPER-MAJORITY OR SPECIAL MAJORITY VOTE

None

OLD BUSINESS

General Manager Spatz referred to the Ethics Training relating to the September adoption of the Ethics Policy in which all Commissioners would be required to complete their training within six months of the adoption. General Manager Spatz informed that he did reach out to the County of DuPage regarding the training and they are in the midst of reappointing a new ethics officer in December and therefore the training would probably take place after the first of the year.

With regards to the City of Chicago Accountability Report, Commissioner Furstenau questioned whether the City of Chicago had met their obligations and if so, had it been to the Commissions satisfaction. Chairman Zay stated that a follow up letter listing five general questions had been sent to the City and that the Commission was informed that a response would be coming shortly with the City offering to meet and discuss any additional questions that the Commission may have. Commissioner Furstenau asked if staff would be sending any information to the other water agencies informing them of how things are progressing. Since it is so late in the year, General Manager Spatz suggested waiting until after the end of the year to hold a meeting as it would be easier to review the City's full year budget accountability report.

NEW BUSINESS

None

EXECUTIVE SESSION

None

Commissioner Russo moved to adjourn the meeting at 8:00 P.M. Seconded by Commissioner Scheck and unanimously approved by a Voice Vote.

All voted aye. Motion carried.