

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, AUGUST 15, 2013
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:10 P.M.

Committee members in attendance: C. Janc, J. Pruyn, and P. Suess

Committee members absent: D. Russo and J. Zay

Also in attendance: Treasurer D. Ellsworth, J. Spatz, C. Peterson, T. McGhee, and Representatives from PFM and Sikich

Investment Review

Jeff Schroeder from PFM gave a Committee a brief overview of the markets current economic conditions. He also updated the Committee on the Commission's current portfolio position. Discussed was the affect increasing interest rates had on the Commission's investments and whether all the investments are held to maturity.

T. McGhee left the meeting at 6:12 p.m.

R-23-13

General Manager Spatz discussed the options regarding a payment schedule for the remaining outstanding debt certificates. He noted that in previous discussions the decision was made to not combine the debt certificates in with the 2013 Revenue Bond deal to maintain the diversity of having both set monthly debt payments and the flexibility to pay down some debt when funds become available.

General Manager Spatz then noted the concerns regarding managing cash balances, Commission reserves, and an aggressive debt repayment schedule. Treasurer Ellsworth stated that his suggestion was just make additional payments when possible instead of waiting until the Commission had accumulated at least \$5M. Chairman Suess and General Manager Spatz discussed how to approach future payments and review reserve balances.

Commissioner Janc wanted to stress that the reserves the Commission has right now are for unforeseen emergencies and that staff should be comfortable with any debt repayment recommendations. He stressed that liquidity should be monitored. Commissioner Janc asked for confirmation as to the number of days the current reserves covered. General Manager Spatz confirmed the operating reserve is set at 120 days. Commissioner Janc noted his concern was creating financial soundness and setting up the balance sheet for a high investment grade rating and that he will raise this

concern as long as the Commission continues to be slightly aggressive with its debt payments.

Commissioner Pruyn noted we are generating positive cash and the \$5M seems reasonable and that some debt on the balance sheet is acceptable. Chairman Suess recommended that the Finance Committee review the possibility of additional debt repayments on a quarterly basis going forward.

Commissioner Janc moved to recommend to the Board a Resolution authorizing and directing the use of General Account balances for the payment of debt service on the Northern Trust Certificate of Debt. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

General Manager Spatz left the meeting at 6:35 p.m.

2013 Annual Audit Report

Jim Savio of Sikich presented an overview of the audit results and the process to the Committee. Mr. Savio's noted that the Commission had no audit adjustments, no past adjustments, no material weaknesses, no significant deficiencies, and no deficiencies. The opinion from Sikich is unqualified.

Commissioner Pruyn moved to recommend to the Board to accept the draft audit report for the fiscal year ending April 30, 2013. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Minutes

Commissioner Pruyn moved to approve the minutes of the Regular Committee Meeting of July 18, 2013 of the Finance Committee. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Approval of Reconciliations

Treasurer Ellsworth stated that he had reviewed and approved the journal entries and bank reconciliations for the month of July.

Treasurer's Report – July 2013

Treasurer Ellsworth provided the Committee with a summary of the July's Treasurer's Report. He noted on page 1 of the report that cash and investments remained increased slightly to \$64.7M.

Treasurer Ellsworth discussed the detailed investment schedules, individual account balances and market yield. Market yield on the portfolio remained relatively unchanged at just under 50 basis points. He stated that the fair value of the investments has declined compared to amortized cost by slightly over \$100,000 due to rising interest rate costs.

Treasurer Ellsworth noted that year to date cash and investments has decreased by \$0.3M. Treasurer Ellsworth stated that all targeted reserve levels were met or exceeded.

Financial Statements – July 2013

Financial Administrator Peterson provided the Committee with a summary of the July Financial Statements. She emphasized the seasonal budget results provided a better overview of results year-to-date.

Sales Tax collections were approximately 8% higher than July 2012. Cumulatively Sales Tax collections were approximately \$500,000 over the prior year.

Financial Administrator Peterson noted that the balance sheet is now comparative.

Election of Interest Period under Northern Trust Certificate of Debt

Financial Administrator Peterson stated that the Libor rate for one month is 0.184% down slightly from last month.

Commissioner Janc moved to recommend the election of a one-month Libor rate period with Northern Trust to the General Board. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Legal Update

Chairman Suess asked for clarification has to the amount of legal fees that have been reimbursed to the Commission for DuPage County related projects.

Accounts Payable

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

July 10, 2013 to August 6, 2013

\$ 8,425,784.25

<u>Estimated</u>	<u>\$ 5,666,420.00</u>
Total	\$14,092,204.25

Other

None

Adjournment

Commissioner Pruyn moved to adjourn the meeting at 6:55P.M. Seconded by
Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.