

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY, FEBRUARY 11, 2010
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order by Chairman S. Louis Rathje at 7:32 P.M.

Commissioners in attendance: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Commissioners Absent: W. Murphy and A. Poole

Also in attendance: Treasurer R. Thorn, R. Martin, R. Skiba, M. Crowley, T. McGhee, J. Nesbitt, R. C. Bostick, J. Schori, M. Weed, E. Kazmierczak, F. Frelka, and C. Gair of Jenner & Block

PUBLIC COMMENTS

Debra Fulks, Glen Ellyn, Illinois, read a prepared statement by DuPage United expressing concern that the Commissioners, being municipal and county leaders, should be taking a more impartial role when discussing increasing the water rate for FY 2010-11 Budget and that the Commission should be working towards financial stability without using sales taxes as a crutch.

Chairman Rathje changed the order of business at the meeting to hold an Executive Session before the approval of minutes in order to have Attorney Chris Gair of Jenner & Block report on the status of the forensic audit investigation.

EXECUTIVE SESSION

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

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

The Board went into Executive Session at 7:38 P.M.

Commissioner Maio moved to come out of Executive Session at 7:52 P.M. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

APPROVAL OF MINUTES

Commissioner Elliott moved to approve the Minutes of the January 14, 2010 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Zay and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Zay moved to approve the Minutes of the First Executive Session of the January 14, 2010 Regular Meeting, the Minutes of the Second Executive Session of the January 14, 2010 Regular Meeting, the Executive Session Minutes of the October 8, 2009 Regular Meeting, the Executive Session Minutes of the November 12, 2009 Regular Meeting, the Executive Session Minutes of the November 23, 2009 Special Meeting, the Executive Session Minutes of the December 10, 2009 Regular Meeting, and the Executive Session Minutes of the December 17, 2009 Special Meeting of the DuPage Water Commission. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER'S REPORT

Chairman Rathje asked Former Financial Administrator Skiba to present the Treasurer's Report for the month of January 2010 which showed receipts of \$5,754,743.76, disbursements of \$8,987,906.42, and a cash and investment balance of \$68,846,858.39.

Commissioner Zeilenga confirmed with Former Financial Administrator Skiba that two CDs were cashed in, and that the property tax abatement had been made.

Commissioner Mueller moved to accept the January 2010 Treasurer's Report. Seconded by Commissioner Mathews and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Bennington asked Commissioner Zeilenga if staff and Commissioner Zeilenga were moving toward providing additional data in the Treasurer's Report. Commissioner Zeilenga responded that he would advise the Board of his recommendations during the budget report later in the meeting.

COMMITTEE REPORTS

Administration Committee

No meeting

Engineering & Construction Committee – Reported by Commissioner Maio

Commissioner Maio reported that the Engineering & Construction Committee reviewed and recommended for approval all items on the Engineering & Construction Agenda. Commissioner Maio added that all projects are on schedule and budget, but alerted Commissioners to a potential issue with incomplete and late shop drawing submittals on the Lexington project, noting that staff is working toward resolving the issue and will be preparing a report for the Committee to review in March or April.

Finance Committee – Reported by Commissioner Mathews

Commissioner Mathews reported that the Finance Committee reviewed and recommended for approval all items on the Finance Agenda, including the amended Accounts Payable and Resolution No. R-10-10.

After Commissioner Mathews concluded his report, Former Financial Administrator Skiba advised that due to personal and professional obligations his hours of availability going forward would be limited to 15 to 30 hours per week depending upon the urgency of the finance related items, noting for example that the March Financial Report would probably not be submitted on time. It was then suggested by Former Financial Administrator Skiba that the Commission consider hiring an additional temporary accounting supervisor to handle the day-to-day tasks, adding that once a permanent Financial Administrator is in place, he would be able to transition the person as well as assist on an as needed basis thereafter.

CHAIRMAN'S REPORT

Chairman Rathje reported that on January 26th, the Regional Water Supply Planning Group approved its final report regarding water distribution for eleven counties. Chairman Rathje noted that the final report was the culmination of three years of effort to complete and expressed his appreciation for the Commission's support.

Commissioner Elliott asked if the Commissioners will be getting a copy of the final report to which General Manager Martin replied that a substantially final report had already been distributed to all Commissioners. After which, Commissioner Bennington was the only Commissioner that requested a copy of the final report.

MAJORITY OMNIBUS VOTE AGENDA

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

Commissioner Mueller moved to approve Resolution No. R-8-10: A Resolution Approving and Authorizing the Execution of the City of Elmhurst Wireless Radio Alarm Lease. Seconded by Commissioner Maio and unanimously approved by a Roll Call Vote:

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Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

With respect to Resolution No. R-10-10, Commissioner Zay suggested that the resolution be changed to require the signature of at least one of the following staff members—the General Manager, the Financial Administrator, or the Staff Attorney—and the signature of at least one of the following Board officers—the Chairman, the Treasurer, or the Finance Committee Chairman—for wire transfers instead of two signatures from among any of those officers and employees as Resolution No. R-10-10 was currently drafted. Commissioner Zay asked how the other Commissioners felt regarding the idea, noting that DuPage County requires all seven finance members to sign off on items for precautionary reasons and to provide the Board with full knowledge of what staff is doing. Commissioner Zay concluded his remarks by stating that Resolution No. R-10-10 was the first one of its nature and that he would be requesting similar changes for the Commission's various financial authority resolutions and By-Laws.

Commissioner Elliott referred the Board back to the January meeting, noting that much discussion was geared towards what General Manager Martin's new spending authority would be with and without prior Board approval and asked if Resolution No. R-10-10 changes anything that the Board previously established. General Manager Martin advised that it did not.

Chairman Rathje asked staff if wire transfers were limited to transfers between Commission accounts. Former Financial Administrator Skiba responded that wire transfers are mostly done between Commission accounts. Staff Attorney Crowley advised, however, that the Board has adopted numerous exceptions to the general restriction that wire transfers be limited to transfers between Commission accounts, as cited in Resolution No. R-10-10 by reference to various policy modification resolutions. General Manager Martin noted that the exceptions excluded vendors and were limited to transfers mandated by law or by regulatory agencies like the U.S. Treasury and the Illinois Municipal Retirement Fund (IMRF). Staff Attorney Crowley clarified, that while vendors may not have been paid by wire transfer in practice, the Board had adopted an exception for vendor payments as well as exceptions for many other non-mandatory wire transfer payments such as State of Illinois taxes.

Commissioner Chaplin inquired as to why there is a need for wire transfers between Commission accounts. Former Financial Administrator Skiba responded that even though the transfer of funds is between Commission accounts, wire transfers are needed when the accounts are held at different financial institutions. Commissioner Chaplin asked if it was possible to write checks instead of making wire transfers.

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Former Financial Administrator Skiba answered that for Illinois Municipal Retirement Fund and Federal taxes, checks are not accepted.

Commissioner Zay stated that the Commission needed a check and balance on every financial transaction, and that he did not want staff to be able to complete a money transfer like the \$3MM transfer made in the fall 2009. Former Financial Administrator Skiba advised that the "transfer" Commissioner Zay was referring to was not a wire transfer nor even a transfer of funds but, rather, an accounting entry.

Commissioner Hartwig agreed that staff should not be able to make wire transfers to vendors without a second Board signature.

Commissioner Chaplin agreed with Commissioner Zay regarding the need for a Board signature on wire transfers, noting that the failure to require a Board signature on wire transfers could have been a contributing factor in the Commission's current financial situation. Commissioner Chaplin then inquired as to who had check signing authority. Staff Attorney Crowley replied any two of the following six individuals could sign checks: the Chairman, the Treasurer, the Finance Committee Chairman, the General Manager, the Financial Administrator, or the Staff Attorney.

Commissioner Elliott commented that he agreed with Commissioner Zay but only where there was no prior Board approval or direction in place. Former Financial Administrator Skiba responded that most of the wire transfers the Commission makes are to fund accounts as and when required to be funded by Commission Bond Ordinances. Commissioner Elliott followed up by asking whether there is any Commissioner involvement required before a wire transfer is made, and both the General Manager and the Staff Attorney advised that there was no such requirement.

Commissioner Zay asked staff what exactly was being changed in the Wire Transfer Policy since Resolution No. R-10-10 did not show redlined revisions. Staff Attorney Crowley highlighted the changes, noting that the third lower cased roman numeral added the condition for two signatures and that the policy had been strengthened to more clearly restrict staff to adhere to the two existing limitations as well as to the proposed third limitation.

Commissioner Mathews asked if there could ever be a situation where a wire transfer would need less than a 24 hour notice. Former Financial Administrator Skiba answered that it would be a rare occurrence, noting that unless something needed correcting, wire transfers usually have a two day notice.

Commissioner Mathews suggested expanding the signatory list in case all appointed signatories are unavailable. Commissioner Zay stated that there should be some type of memo that can be faxed to the designated signatory for authorization and sent back.

Commissioner Zeilenga asked staff whether the recent By-Law amendment requiring Board approval of disbursements in excess of \$5,000 would apply to transfers between Commission accounts such as a \$1MM transfer from the Illinois Funds to a Revenue Bond account, and the General Manager, Former Financial Administrator Skiba, and the

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Staff Attorney all advised that the By-Law limitation would not apply because transfers within Commission accounts were not disbursements.

Commissioner Hartwig stated that the Board cannot solve problems before they know what the problems are and suggested instead, that after the report on the forensic audit comes back from Jenner & Block, the Board could then consider and put in place the necessary controls.

Commissioner Maio moved to table, indefinitely, the approval of Resolution No. R-10-10: A Resolution Amending the Wire Transfer Policy. Seconded by Commissioner Zay and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

SUPER/SPECIAL MAJORITY OMNIBUS VOTE AGENDA

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

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

Item 1: Resolution No. R-6-10: A Resolution Approving and Authorizing the Execution of a Master Contract with AECOM Technical Services, Inc. for Professional Engineering Services—"Super/Special Majority Omnibus Vote"

Item 2: Resolution No. R-7-10: A Resolution Approving and Ratifying Certain Work Authorization Orders Under Quick Response Contract QR-8/08 at the February 11, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"

Item 3: Resolution No. R-9-10: A Resolution Approving and Ratifying Certain Contract Change Orders at the February 11, 2010, DuPage Water Commission Meeting—"Super/Special Majority Omnibus Vote"

OLD BUSINESS

None

NEW BUSINESS

Commissioner Mathews moved to suspend the verbatim records procedures of the Commission's By-Laws to allow, and to ratify the allowance of, Jenner & Block to listen to and have custody of the verbatim records of the 11/13/08, 1/8/09, 9/10/09, 10/8/09, and 11/18/09 closed meetings of the Board of Commissioners until rescinded or reversed. Seconded by Commissioner Zay and unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

Chairman Rathje called on Former Financial Administrator Skiba, General Manager Martin, and Commissioner Zeilenga to discuss the Draft Management Budget.

Commissioner Zeilenga began by explaining various handouts that were distributed at the meeting. The first handout related to DPWC Monthly Cash/Operating Report. During the discussion, the following observations were made:

- Starting January 1st, the Commission has been losing approximately \$2 million per month due to the fact that the Commission is selling water for less than it is being purchased,
- The Commission is obligated to payout \$24,811,564 over the next several months for current construction obligations, and
- \$36,509,742 is needed to pay the rest of the construction costs and reserve replenishment.

Next, Commissioner Zeilenga referred to three other handouts that were distributed for discussion regarding three potential options for water rate increases over a 5-year projected budget period involving:

- Option 1: Version 3-A, which offers a water rate increase from the current \$1.72 to \$2.01 (17%) per 1,000 gallons
- Option 2: Version 3-B, which offers a water rate increase from the current \$1.72 to \$2.08 (21%) per 1,000 gallons
- Option 3: Version 3-C, which offers a water rate increase from the current \$1.72 to \$2.21 (28%) per 1,000 gallons

During the discussion, the following assumptions in the materials presented were noted:

- The calculations on the charts do not take into account new construction or inflation

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- The calculations on the charts reflect constant Chicago water rates after 2011, but assumed that any increase in Chicago water rates would be passed through dollar for dollar
- The calculations on the charts reflect flat sales tax revenues and operating expenses but assumed any increase in operating expenses would be passed through dollar for dollar after 2011

When asked for his preference, Commissioner Zeilenga stated that his preference was for Option 2: Version 3-B with its \$2.5MM in construction in each of the next five years, but that he could easily support Option 3: Version 3-C. Commissioner Chaplin asked whether the Commission would be charging what it costs. Commissioner Zeilenga responded yes and no, noting that the rates take into account the approximately \$28MM in sales taxes the Commission collects annually. In response to Commissioner Chaplin's questions, Staff Attorney Crowley advised that the Commission was authorized to use sales tax proceeds for any of its corporate purposes.

Commissioner's Chaplin and Zay both agreed that the budget should be slashed. Commissioner Zeilenga agreed that the Commissioners should look at the expense budget, but noted there was very little leverage because the bulk of the Commission's expense budget related to water purchases, debt service, and committed construction.

Commissioner Maio pointed out that Commissioner Zeilenga's preference is Option 2: Version 3-B with a water rate increase to \$2.08. Commissioner Maio noted that when the Commission first started in 1992 the rate was at \$1.95, which is not much of a difference from the three options being proposed, and further noted that if the Commission chooses to increase the water rates to \$2.21, then the Commission's goals will be achieved sooner and at lower risk.

Commissioner Chaplin asked if there would be any problems with the Commission getting another short term loan. Commissioner Zeilenga replied that there should be no problem as Northern Trust still keeps in contact. Commissioner Chaplin followed up by asking if the Commission charged a higher water rate whether the Commission could then borrow less. Commissioner Zeilenga answered that while a reduced borrowing was an option with a higher water rate, he would still recommend borrowing at a higher level in order to obtain a faster "recovery" and better position the Commission in the long-term bond financing market for more favorable terms and ratings.

Commissioner Saverino asked when the Commissioners would be able to go over the budget in detail and discuss cutting out some items. Commissioner Zay suggested holding a special budget meeting with department heads present to defend their proposed budgeted items.

General Manager Martin stated that the draft budget needs to be ready by March 1st for the Commission's customers and needs to include a tentative rate for the Operations and Maintenance Costs component of the water rate and an estimate of the Fixed Costs component of the water rate. General Manager Martin added, however, that the budget ultimately adopted by the Board could be entirely different from the budget distributed to the customers so long as the rate for Operation and Maintenance Costs was not

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exceeded (unless a hearing of the Charter Customers on such higher price is held upon 21 days' advance notice).

Commissioner Elliott then noted that the Agenda calls for the Board to consider the budget first, then discuss the \$40 million loan, and finally discuss the water rate. At which point, Chairman Rathje polled the Commissioners as to their preference for discussing the budget or the water rate first.

Commissioner Maio stated that the water rate should be discussed first and the budget at the next meeting.

Commissioner Hartwig stated that the water rate should be discussed at this meeting and that he was in agreement with Commissioner Zeilenga with Option 2: Version 3-B at an increased rate of \$2.08, further stating that times are tough and a moderate increase would be the best.

Commissioner Chaplin stated that she would prefer to go with Option 3: Version 3-C with an increased rate of \$2.21.

Commissioner Elliott stated that his primary concern is the lag between Chicago's rate increases and the Commission's and that if the Commission did not plan to change its rates as and when Chicago did, then the minimum rate should be Option 2: Version 3-B (\$2.08) to get ahead of Chicago. Commissioner Elliott added that even though the higher option would be best, he didn't think raising the water rate that high would be fair to the customers.

Commissioner Mueller stated that he would prefer to go with Option 2: Version 3-B with an increased rate of \$2.08 and further stated that with water conservation, water purchasing was dropping down by \$7 million, and the Commission needed to look closely at other adjustments.

After Commissioner Bennington confirmed that any action taken at this meeting regarding rates would be tentative at best, he stated that his preference would be Option 3: Version 3-C with an increased rate of \$2.21.

Commissioner Saverino stated that he would prefer to go with Option 3: Version 3-C with an increased rate of \$2.21, noting that staff previously assured the Board about a year ago that any shortfall due to the time lag in changing rates was made up on the back end but the materials presented at the meeting suggested that the shortage cannot be made up on the back end.

Commissioner Zay stated that he would prefer to go with Option 3: Version 3-C with an increased rate of \$2.21, noting that the Commission could always lower the rate but cannot continue to lose \$2 million per month.

Commissioner Zeilenga stated again that he would prefer to go with Option 2: Version 3-B with an increase of \$2.08, but he does not have a problem going with Option 3: Version 3-C with an increased rate of \$2.21.

Commissioner Mathews stated he preferred Option 2: Version 3-B with an increased rate of \$2.08, but asked for clarification as to whether Commissioner Saverino's statement that the time lag shortage cannot be made up on the back end.

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Commissioner Zeilenga responded that the City of Chicago increases their water rate beginning January 1st, a four month problem which Option 1: Version 3-A does not address but Option 2: Version 3-B does in fiscal year 2011-2012. Commissioner Zay responded that the Commission needs to charge a rate that enables the Commission to break even in the 2010-2011 fiscal year.

Commissioner Saverino stated that Commissioner Mueller was right about the water conservation statement, adding that more buildings and homes are becoming vacant and abandoned and that this is another reason why water use is decreasing.

Commissioner Maio stated that back in 1992 the rate was \$1.95 per 1,000 gallons and now the economy is bad, adding that the \$2.21 rate will address the Commission's problems faster. Commissioner Maio also noted that he lives in Itasca and his water bill is \$48 per month and that the water bill for his house in Scottsdale that is not being lived in is \$94 per month, so a \$2.21 water rate is still a good bargain.

Commissioner Hartwig moved to notice a budget hearing for the Commission's Charter Customers using a tentative combined water rate of \$2.08 (Option 2: Version 3-B). Seconded by Commissioner Mueller and was approved by a Roll Call Vote:

Ayes: T. Elliott, L. Hartwig, G. Mathews, W. Mueller, D. Zeilenga, and L. Rathje

Nays: T. Bennington, E. Chaplin, W. Maio, F. Saverino, J. Zay

Absent: W. Murphy and A. Poole

Commissioner Zay stated that he disagreed with the outcome of the vote and that the Commission was gambling once again with its finances. Commissioner Zay concluded his remarks by noting that the rate could always be lowered if things turn out better than expected, and that a rate of \$2.21 is a good number.

Commissioner Maio moved to take a 10 minute recess. Seconded by Commissioner Hartwig and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

The Board took a 10 minutes recess at 9:32 P.M.

After the Board reconvened at 9:42 P.M., General Manager Martin suggested holding a special meeting to conduct a detailed review of the budget as soon as possible and before the March 1 budget distribution date to the Commission's customers. Commissioner Hartwig disagreed, noting that because the budget could be revised at will, the Commission should distribute the draft as presented (except for the tentative \$2.08 rate change) and Commissioners Maio, Chaplin, Elliott, Mueller, Saverino, and Zeilenga agreed with Commissioner Hartwig.

Commissioner Hartwig moved to distribute the Fiscal Year 2010-2011 Draft Management Budget to Commission Customers as presented but with a combined

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water rate of \$2.08 per 1,000 gallons, comprised of \$1.84 per 1,000 gallons for the Operations and Maintenance Costs component of the water rate and an average rate of \$0.24 per 1,000 gallons for the Fixed Costs component of the water rate. Seconded by Commissioner Zay and was approved by a Roll Call Vote:

Ayes: T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, D. Zeilenga, and L. Rathje

Nays: T. Bennington, E. Chaplin, F. Saverino, and J. Zay

Absent: W. Murphy and A. Poole

Commissioner Maio stated for the record that even though he voted in favor of distributing the draft budget to customers, he will not be supporting the \$2.08 water rate.

Chairman Rathje suggested holding a special budget meeting on Thursday, February 25th. Commissioner Zeilenga countered that with the draft budget being approved for distribution, the Commission's next budget deadline was May 1 and, therefore, suggested keeping the March and April regularly scheduled meetings for the budget discussions.

General Manager Martin stated that if the Board discussed the budget before the March 1st submittal to the customers, it would more closely resemble the final actual budget. Commissioner Zeilenga disagreed with the importance of having a close to final budget distributed to the customers, stating that the next regular meeting would be a better time to discuss the budget.

Commissioner Hartwig suggested having a Committee of the Whole meeting instead of committee meetings at the next regular Commission meeting to discuss the budget in detail, and Chairman Rathje announced that it was the consensus of the Commissioners to hold a Committee of the Whole meeting at 6:00 P.M. on March 11, 2010.

ACCOUNTS PAYABLE

General Manager Martin stated that there are two accounts payable for invoices that have been received that need to be approved: One that was included in the Board packet and one that was distributed at the meeting.

Commissioner Mueller moved to approve the Accounts Payable in the amount of \$11,413,996.37, subject to submission of all contractually required documentation, for invoices that have been received. Seconded by Commissioner Mathews.

Commissioner Bennington stated he will be returning the Commissioner's salary check issued to him in the amount of \$150 back to the Commission, after General Manager Martin confirmed that the \$150 represented the period when Commissioner Bennington was not a County Board member.

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Commissioner Zay asked where the epoxy flooring was being used. Manager of Water Operations McGhee replied that it was for the generator building but was not included as part of the generator construction contract.

Commissioner Zay stated that his wife works at an office supply store and does not spend as much money as the Commission does. General Manager Martin replied that the Commission owns three copiers and they each have a maintenance agreement. Manager of Water Operations McGhee added that the Toshiba copier/scanner/printer is out of service more than it is working.

Commissioner Zay questioned the charge from Royal Graphics Printers. Manager of Water Operations McGhee answered that the Commission buys ink cartridges from them for printers. Commissioner Zay then questioned the charge from Total Fire & Safety, and Manager of Water Operations McGhee explained that the Commission currently has 70 fire extinguishers which need to be inspected annually.

Commissioner Chaplin stated that staff spent \$2,100 on office supplies and inquired if they were little items being reordered over and over again, noting that General Manager Martin needs to get the ordering of office supplies under control and to be aware of what is being ordered on a regular basis. Manager of Water Operations McGhee replied that the \$2,100 is not for a single item and that if any of the Commissioners have a question about a specific receipt, the records were at the meeting and he would be able to look it up and discuss it. Commissioner Chaplin then questioned if staff has been buying a lot of pens and batteries that she had remembered were purchased in large quantities only two years ago.

Commissioner Zay stated that he knew staff was bundling cell phone bills, but asked that staff to look into AT&T and Comcast at the next renewal. General Manager Martin replied that staff compared Verizon wireless and Nextel and Nextel had the better deal. Commissioner Zay then stated that staff should go out for bids for internet service. General Manager Martin replied that staff evaluated the contract every year. Commissioner Zay then asked if staff can send Board packets to the Commissioners on Thursday night for delivery on Friday instead of Saturday morning to avoid high FedEx costs. General Manager Martin replied that staff had used US mail priority in the past and the Commissioners were not receiving their packets until Monday or Tuesday of the next week.

Commissioner Chaplin questioned why there was a computer charge. Manager of Water Operations McGhee responded that two of the Commission's oldest computers, which were used by the Former Financial Administrator and Facilities Construction Supervisor Bostick, were replaced.

Commissioner Zay questioned the Holland & Knight charge noting that services rendered were related to Freedom of Information Act requests. Staff Attorney Crowley responded that they also handled personnel and litigation matters, but that the Commission had received their bill for January services which was approximately \$500.

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There being no further questions, the motion to approve the Accounts Payable in the amount of \$11,413,996.37, subject to submission of all contractually required documentation, for invoices that have been received was unanimously approved by a Roll Call Vote:

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

General Manager Martin then reviewed the second accounts payable in the amount of \$121,263.60 for invoices that have been received, stating that the Commission could incur late charges if they were not approved at this Board meeting.

Commissioner Mathews moved to approve the Accounts Payable in the amount of \$121,263.60, subject to submission of all contractually required documentation, for additional invoices that have been received. Seconded by Commissioner Maio.

Commissioner Maio inquired about the purchase of coffee and coffee related items, and General Manager Martin responded that those goods are used by visitors as well as employees.

Commissioner Bennington confirmed with General Manager Martin that the A.J. Gallagher invoice relates to bonds for the Commissioners, the Treasurer, and the General Manager and that A.J. Gallagher refused to allow monthly installment payments. Commissioner Bennington then stated that in the A.J. Gallagher letter there were different expiration dates for the various bonds. Former Financial Administrator Skiba replied that the bonds for the Treasurer and the General Manager expire February 9th or 10th and the bonds for the Commissioners expire March 1st. Commissioner Bennington then asked if the bonds were required by statute, and Staff Attorney Crowley replied that they were.

Commissioner Bennington then questioned the statement in the A.J. Gallagher letter that the bonds might be cancelled if audited financials for fiscal year 2008-2009 were not submitted by April 2010. General Manager Martin replied that if the bonds were to be cancelled, then the Commission would be refunded the applicable pro rata portion of the premium.

Commissioner Zay then asked what the plan was for completing the fiscal year 2008-2009 audit. General Manager Martin stated that because of the on-going Jenner & Block forensic audit, he was instructed not to have any contact with the Commission's prior auditors. Commissioner Zay then asked Commissioner Elliott to expedite getting direction from Jenner & Block regarding completion of the fiscal year 2008-2009 audit.

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Commissioner Bennington noted that his issue was more that the condition for submission of audited financials for fiscal year 2008-2009 by April 2010 was not highlighted in the accounts payable but, rather, by separate letter, and that the Commissioners should have been notified earlier. General Manager Martin replied that it had taken over a month to obtain the renewals, and the Board was advised as soon the renewal confirmation had been obtained.

There being no further questions, the motion to approve the Accounts Payable in the amount of \$121,263.60, subject to submission of all contractually required documentation, for additional invoices that have been received was approved by a Roll Call Vote:

Ayes: E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: T. Bennington

Absent: W. Murphy and A. Poole

Commissioner Mathews moved to approve the Accounts Payable in the amount of \$378,100.00, subject to submission of all contractually required documentation, for invoices that have not yet been received, but have been estimated. Seconded by Commissioner Saverino and unanimously approved by a Roll Call Vote.

Ayes: T. Bennington, E. Chaplin, T. Elliott, L. Hartwig, W. Maio, G. Mathews, W. Mueller, F. Saverino, J. Zay, D. Zeilenga, and L. Rathje

Nays: None

Absent: W. Murphy and A. Poole

Commissioner Hartwig moved to adjourn the meeting at 10:12 P.M. Seconded by Commissioner Maio and unanimously approved by a Voice Vote.

All voted aye. Motion carried.