

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY MARCH 17, 2011
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, W. Murphy, J. Pruyn, F. Saverino, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Commissioners Absent: D. Russo

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

PUBLIC COMMENT

Debra Fulks, Glen Ellyn, Illinois, and a member of DuPage United, read from a prepared statement expressing encouragement and support for the new changes in place and, specifically, with the selection of newly appointed General Manager John Spatz and Chairman James Zay.

APPROVAL OF MINUTES

Commissioner Furstenau moved to approve the Minutes of the February 10, 2011 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Scheck and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Pruyn moved to approve the Minutes of the February 24, 2011 Special Meeting of the DuPage Water Commission. Seconded by Commissioner Webb and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Murphy moved to approve the Executive Session Minutes of the February 10, 2011 meeting and the Executive Session Minutes of the February 24, 2011 Special Meeting of the DuPage Water Commission. Seconded by Commissioner Loftus and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER'S REPORT

Former Financial Administrator Skiba presented the February 2011 Treasurer's Report, consisting of five pages designated Reports A (2 pages), B (3 pages), and C (1 page).

With respect to Report A, Former Financial Administrator Skiba noted that the February 2011 report reflected a \$2.4MM positive cash flow excluding construction expenditures.

Minutes of the 3/17/11 Meeting

With respect to Report B, Former Financial Administrator Skiba explained that Report B showed that the Operations and Maintenance Account was fully funded and the Operations and Maintenance Reserve Account and Depreciation Account were overfunded by more than \$1.4MM, with total funds for the month at \$81MM.

With respect to Report C, Former Financial Administrator Skiba explained that Report C reflected \$81MM of cash and investments and noted that Reports A and C reconciled with each other.

Commissioner Furstenau moved to accept the February 2011 Treasurer's Report.
Seconded by Commissioner Saverino and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Administration Committee – Reported by Commissioner Crawford

Commissioner Crawford reported that the Administration Committee discussed all items listed on the Agenda and noted that recommendations for restructuring the Commission's By-Laws will be ongoing. Next, Commissioner Crawford reported that the Agenda would be more topically organized via the Chairman's authority under the By-laws to change the order of business on a case by case basis. Commissioner Crawford also reported that all resolutions and ordinances would be considered by and listed under a specific Committee. After that, Commissioner Crawford stated that the Committee discussed the possibility of going paperless for future Board meetings and will be looking into the Commission's IT capabilities. Lastly, Commissioner Crawford reported that the Committee discussed the General Manager's spending authority, noting that it was the consensus of the Committee that, subject to reviewing the results of a survey of all Commission customers concerning managerial check writing authority, disbursements in excess of \$20,000.00 should require prior Board approval except for payroll and payroll-related disbursements.

Engineering & Construction Committee – Reported by Commissioner Loftus

Commissioner Loftus reported that the Engineering & Construction Committee reviewed and recommended for approval the Resolutions listed on the Engineering & Construction Committee Agenda. With regards to the potential conflict along the Great Western Trail, Commissioner Loftus noted that the Committee requested that staff provide a detailed history for full Committee review to determine a fair resolution.

After Commissioner Loftus noted that the Contract PSC-4/08 reduction in retention was specifically listed on the Engineering & Construction Committee Agenda and by reference on the regular Commission Agenda, Commissioner Loftus moved to reduce the Contract PSC-4/08 retainage from 10% of the Contract Price to 2% of the Contract Price. Seconded by Commissioner Murphy and unanimously approved by a Roll Call Vote:

Minutes of the 3/17/11 Meeting

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

Nays: None

Absent: D. Russo

To avoid redundancy, Chairman Zay changed the order of business to move consideration of Resolution Nos. R-13-11, R-14-11, and R-15-11 under the report of the Engineering & Construction Committee as those resolutions were initially considered by that Committee.

Commissioner Loftus moved to adopt Resolution Nos. R-13-11, R-14-11, and R-15-11 in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Furstenau.

With regards to Resolution No. R-13-11, Commissioner Janc questioned the Commission's current annual costs for landscaping maintenance services. Acting General Manager McGhee explained that the current annual cost was approximately \$25,000 - \$30,000 per year but that Resolution No. R-13-11 related to landscape conversion services. Acting General Manager McGhee additionally explained that the proposed landscape conversion services project involves converting approximately 7.6 acres of turf located behind the DuPage Pumping Station to native plantings and no-mow turf which should significantly reduce periodic landscape maintenance costs for the 7.6 acre area, reduce pollutants associated with regular mowing, reduce site water run-off, improve bio-diversity, and enhance air quality among other benefits. In addition, Acting General Manager McGhee noted that the installing contractor will be responsible for establishment monitoring and native planting maintenance (stewardship) for a three-year period.

With regards to Resolution Nos. R-14-11 and R-15-11, Commissioner Suess asked for a brief explanation. Acting General Manager McGhee explained that Resolution Nos. R-14-11 and R-15-11 go hand-in-hand and relate to the Commission's electrical service at the DuPage Pumping Station. Acting General Manager McGhee added that Resolution No. R-14-11 would approve and ratify the execution of a new, short-term Pricing Schedule with Exelon Energy Company pending negotiations for a long-term supply, and Resolution No. R-15-11 would conditionally approve and authorize the execution of a new long-term supply agreement with Exelon Energy Company subject to negotiation of acceptable terms, pricing, and length of service.

After Chairman Zay noted that Exelon looked to be the best deal, the motion was unanimously approved by a Roll Call Vote:

Omnibus Vote

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

Minutes of the 3/17/11 Meeting

Nays: None

Absent: D. Russo

Item 1: Resolution No. R-13-11: A Resolution Awarding a Contract for Landscape Conversion Services—"Omnibus Vote"

Item 2: Resolution No. R-14-11: A Resolution Approving, Ratifying, and Accepting a New Pricing Schedule to the Electricity Sales Agreement with Exelon Energy Company—"Omnibus Vote"

Item 3: Resolution No. R-15-11: A Resolution Approving and Authorizing the Execution of a New Master Electricity Sales Agreement and Pricing Schedule with Exelon Energy Company—"Omnibus Vote"

Finance Committee – Reported by Commissioner Suess

Commissioner Suess reported that the Finance Committee reviewed the items listed on the Finance Committee Agenda and, specifically, the retention of a financial services provider, the extension/refinancing of the \$40MM Certificate of Debt, and the Tentative Draft Budget for Fiscal Year 2011-2012.

With regards to retaining a financial services provider, Commissioner Suess noted that the Finance Committee recommended that Baker Tilly be retained to handle the day-to-day financial operations for a one-year period until the Board selects, retains, and transitions a qualified and experienced Financial Administrator.

With regards to the extension/refinancing of the \$40MM Certificate of Debt issued to Northern Trust, Commissioner Suess stated that Northern Trust is interested in, and can accommodate, refinancing the entire \$70MM in Certificates of Debt. Commissioner Suess noted that the Finance Committee recommended that the Board consider (1) refinancing and combining both Certificates of Debt into one; (2) obtaining a 60 day extension with Northern Trust to allow more time to consider the Commission's options; and (3) soliciting proposals for the services of a financial advisor to provide an analysis of the Commission's debt and options for paying down the debt.

Commissioner Suess moved to retain the services of Baker Tilly as Financial Services Provider at a cost not-to-exceed \$281,664 subject to negotiation of acceptable legal terms. Seconded by Commissioner Murphy and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: D. Russo

Minutes of the 3/17/11 Meeting

Acting General Manager McGhee then gave a brief presentation regarding the Commission's Tentative Draft Budget for Fiscal Year 2011-2012, highlighting the proposed 10% rate increase, the proposed reinstatement of previously deferred projects (corrosion mitigation; standpipe safety; and valve stem replacement), the proposed reinstatement of tuition reimbursement for employees, and the proposed increase in personnel, including a second accountant and a Financial Administrator that reports directly to the Board. After confirming with the Staff Attorney there was no legal reason the Financial Administrator could not report to the General Manager so long as the Financial Administrator performed the duties imposed by state statute, it was the consensus of the Board that the Financial Administrator should report directly to the General Manager.

After concluding the presentation, Chairman Zay suggested scheduling a special meeting prior to the regular April meeting to allow for a more detailed discussion of the Draft Budget for Fiscal Year 2011-2012. Chairman Zay also requested that the Commissioners (i) email the Chairman as to their availability for a special meeting and (ii) submit to staff all of their questions in advance of the special meeting so that staff will have time to prepare a full explanation. At which point, the Commissioners requested that staff provide them with a copy of Acting General Manager McGhee's PowerPoint presentation together with a copy of the detailed budget for the current year.

ACCOUNTS PAYABLE

Commissioner Furstenau moved to approve the Accounts Payable in the amount of \$5,327,924.36 subject to submission of all contractually required documentation, for invoices that have been received. Seconded by Commissioner Suess and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: D. Russo

Commissioner Suess moved to approve the Accounts Payable in the amount of \$1,063,600.00, subject to submission of all contractually required documentation, for invoices that have not yet been received but have been estimated. Seconded by Commissioner Pruyn and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: D. Russo

CHAIRMAN'S REPORT

Chairman Zay reminded the Commissioners of the urgency in selecting the Treasurer and requested that all recommendations and resumes be submitted by March 31st and that staff provide the Commissioners with copies of the resumes received to date.

MAJORITY OMNIBUS VOTE AGENDA

Commissioner Pruyn moved to approve Ordinance No. O-3-11: An Ordinance Transferring Appropriations Within Certain Funds for the Fiscal Year Commencing May 1, 2010 and Ending April 30, 2011. Seconded by Commissioner Janc and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: D. Russo

OLD BUSINESS

Commissioner Furstenau asked that the request made by the City of Naperville for the Commission to pay for the cost of relocating the Commission's Transmission Main at 75th Street and Washington Street be placed on the April Agenda for reconsideration and discussion.

NEW BUSINESS

None

EXECUTIVE SESSION

None

Before adjourning the meeting, Commissioner Furstenau thanked Acting General Manager McGhee for his service during the Commission's financial shortfall. Chairman Zay echoed Commissioner Furstenau's comments and thanked staff as a whole for their continued team effort, true professionalism, and hard work.

Commissioner Murphy moved to adjourn the meeting at 8:37 P.M. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.