

**MINUTES OF A MEETING OF THE
DuPAGE WATER COMMISSION
HELD ON THURSDAY OCTOBER 20, 2011
600 E. BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

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

Commissioners in attendance: L. Crawford, T. Cullerton, R. Furstenau (via teleconference), C. Janc, D. Loftus, W. Murphy, J. Pruyn, D. Russo, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Commissioners Absent: F. Saverino

Also in attendance: N. Narducci, J. Spatz, M. Crowley, C. Johnson, T. McGhee, C. Bostick, J. Schori, J. Nesbitt, M. Weed, E. Kazmierczak, F. Frelka, S. Lux of Baker Tilly, and Former Financial Administrator R. Skiba.

Chairman Zay presented Richard H. Skiba, Jr. with a Resolution of Commendation and a Plaque honoring him for his service to the Commission, including his role in re-establishing the Commission's financial foundation. Mr. Skiba complimented the Commissioners, noting how proud he was with their leadership in getting the Commission back on track so quickly and how it had been an honor to serve the DuPage Water Commission.

Commissioner Pruyn moved to adopt Resolution No. R-43-11: A Resolution of Commendation for Richard H. Skiba, Jr. 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, D. Russo, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: F. Saverino

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Commissioner Russo moved to approve the Minutes of the September 15, 2011 Regular Meeting of the DuPage Water Commission. Seconded by Commissioner Janc and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

At the suggestion of Chairman Zay, Commissioner Janc moved to change the order of business at the meeting to defer the discussion on future water rates to the Chairman's

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Report. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

TREASURER REPORT

Financial Consultant Lux presented the September 2011 Treasurer's Report, consisting of five pages.

Financial Consultant Lux highlighted the \$63.9MM of cash and investments reflected on page 1. Financial Consultant Lux also pointed out the schedule of investments on pages 2 and 3; the \$2.6MM in net cash from operating activities reflected in the summary statement of cash flows on page 4; and the \$11.5MM of unrestricted cash on hand as well as the full funding of the Operations and Maintenance, Operations and Maintenance Reserve, and Depreciation Accounts shown on page 5.

Commissioner Murphy moved to accept the September 2011 Treasurer's Report. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

COMMITTEE REPORTS

Finance Committee – Reported by Commissioner Suess

Commissioner Suess reported that the Finance Committee reviewed and recommended for approval the action items listed on the Finance Committee Agenda. Commissioner Suess also noted that 1) the Financial Administrator's job description was in the process of being developed for full review by the Board once it had been completed; 2) a three-month interest period would be elected for the interest period commencing November 1, 2011 under the Certificate of Debt with Northern Trust Bank, which would increase the interest rate from approximately 1.7% to 1.9%; 3) the Commission was currently collecting proposals for an investment manager to oversee the investment of Commission funds; and 4) Treasurer Narducci would be looking at the structure of the Commission's banking relationships for improvement going forward. Commissioner Suess concluded his report by noting that he would be recusing himself from any discussion or vote related to the purchase of Property and Liability Insurance because the vendor is a sister company to his employer and he is a minor shareholder in the publicly-traded parent company of the vendor.

Commissioner Russo moved to suspend the purchasing procedures of the Commission's By-Laws and to purchase property and liability insurance coverage, for a total premium of \$427,576.00, as proposed by Marsh USA and outlined by Nugent Consulting Group. Seconded by Commissioner Pruyun and unanimously approved by a Roll Call Vote:

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

Nays: None

Recused: P. Suess

Absent: F. Saverino

Administration Committee – Reported by Commissioner Crawford

Commissioner Crawford reported that the Administration Committee reviewed and recommended for approval the Resolution listed on the Administration Committee Agenda.

Commissioner Crawford also reported that the Administration Committee continued its discussion regarding the possibility of going paperless for future Board meetings and she encouraged members to opt out of receiving paper materials after confirming with staff that the hyperlinks to bookmarked meeting materials located on the Commission's public website were being emailed to all Commissioners.

With respect to progressing to a more sophisticated electronic board meeting system such as IQM2 or Board Docs, Commissioner Crawford reported the consensus of the Administration Committee was to defer the matter until the next budget discussion but, in the meantime, purchase one Commission iPad so that individual Commissioners could take turns getting a feel for how to use the device.

Commissioner Crawford concluded her report by noting that staff was in the process of reviewing the Commission By-Laws for recommended changes, which review would be ongoing the next several months.

With no further discussion, Commissioner Crawford moved to adopt Resolution No. R-42-11: A Resolution Releasing Certain Executive Session Meeting Minutes at the October 20, 2011, DuPage Water Commission Meeting. 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, D. Russo, M. Scheck, P. Suess, J. B. Webb, and J. Zay

Nays: None

Absent: F. Saverino

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. After Commissioner Loftus pointed out that the Status of Operations Report reflected that water usage through September was down from 2010, but that peak maximum day demand was higher, Commissioner Loftus moved to adopt item numbers 2 and 3 under the Engineering & Construction Report section of the Agenda in a single group pursuant to the Omnibus Vote Procedures. Seconded by Commissioner Scheck and unanimously approved by a Roll Call Vote:

Engineering & Construction Omnibus Vote

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

Nays: None

Absent: F. Saverino

Item 2. Resolution No. R-41-11: A Resolution Approving and Ratifying Certain Work Authorization Orders Under Quick Response Contract QR-9/11 at the October 20, 2011, DuPage Water Commission Meeting—“Engineering & Construction Omnibus Vote”

Item 3. Resolution No. R-44-11: A Resolution Awarding a Contract for High Lift Pump Motor Re-Build at the DuPage Pumping Station—“Engineering & Construction Omnibus Vote”

ACCOUNTS PAYABLE

Commissioner Janc moved to approve the Accounts Payable in the amount of \$6,787,064.40, 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 Suess and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: F. Saverino

CHAIRMAN'S REPORT

Chairman Zay asked General Manager Spatz to report on the City of Chicago's proposed water rate increases. General Manager Spatz reported that Chicago's budget hearing would be the following day and that the Water Department would be proposing a 4-year (90% increase) water rate plan with a 25% increase effective January 1, 2012 and an additional 15% increase per year for years 2013, 2014, and 2015. General Manager Spatz also noted that he had been meeting with the Commissioners individually to review the Commission's proposed water rate model and suggested calling a special meeting for full Board discussion.

Chairman Zay reported that he had sent a letter to Chicago Mayor Rahm Emanuel requesting a meeting to discuss the City's infrastructure needs and how funds from the rate increases would be used. Chairman Zay also noted that during a conversation he had with Commissioner Murphy, they both agreed that it would be a good idea to call a meeting of all customers to present and explain the Commission's proposed water rate model. General Manager Spatz added that the meeting would allow customers to better prepare their budgets by getting them as much information in advance as possible. Commissioner Russo echoed General Manager Spatz's comments and thanked him for his excellent presentation.

Chairman Zay asked Staff Attorney Crowley to review the steps needed for Board action regarding adoption of a 4-year rate. Staff Attorney Crowley explained that the Charter Customers would need to be notified 21 days in advance that a hearing of the Charter Customers would be held on the Commission's proposed rate increase for Operations and Maintenance Costs and that, to avoid repeating the notice and hearing process, the highest O&M rate anticipated should be included in the notice, adding that the O&M rate could always be adjusted downward. Commissioner Pruyn confirmed that the Charter Customer Hearing would need to take place before the Board voted on any increase, with Staff Attorney Crowley commenting that the hearing could be held on the same night as the Board voted on an increase that was equal to or less than the rate stated in the notice to Charter Customers.

Commissioner Loftus expressed his support for making the Commission's rate increase concurrent with Chicago's to avoid playing catch up later down the road. Chairman Zay agreed, noting that the Commission could not afford to absorb the cost of Chicago's rate increase for four months and that delaying a Commission rate increase would only result in a much larger increase in May.

Commissioner Furstenau asked whether, and General Manager Spatz confirmed that, the rate model included the elimination of the sales tax in 2016. Commissioner Furstenau expressed his disagreement with Chicago, noting that it shouldn't be the responsibility of DuPage County to pay a portion of correcting the City's infrastructure problems. Chairman Zay reminded the Commissioners that Chicago had been a good partner to the Commission, especially with the cost sharing on the Lexington Pump Station generator project. Commissioner Furstenau requested that staff prepare a one-

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page outline of everything Chicago had helped the Commission with in the last ten years.

OMNIBUS VOTE REQUIRING MAJORITY VOTE

None

OMNIBUS VOTE REQUIRING SUPER-MAJORITY OR SPECIAL MAJORITY VOTE

None

NEW BUSINESS

None

OLD BUSINESS

General Manager Spatz informed the Board that the Commission entered into an Electrical Contract with Exelon Energy Company for a two-year period commencing upon expiration of the Commission's current contract and at a rate that was 12.8% lower than the Commission's current rate, equating to a savings of approximately \$280,000 per year.

EXECUTIVE SESSION

Commissioner Murphy moved to go into Executive Session to discuss to discuss matters related to personnel pursuant to 5 ILCS 120/2(c)(1) and (2). Seconded by Commissioner Russo and unanimously approved by a Roll Call Vote:

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

Nays: None

Absent: F. Saverino

The Board went into Executive Session at 8:05 P.M.

Commissioner Russo moved to come out of Executive Session at 8:55 P.M. Seconded by Commissioner Pruy and unanimously approved by a Voice Vote.

All voted aye. Motion carried.

Commissioner Furstenau moved to adjourn the meeting at 8:56 P.M. Seconded by Commissioner Russo and unanimously approved by a Voice Vote.

All voted aye. Motion carried.