

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DUPAGE WATER COMMISSION
HELD ON THURSDAY, JULY 19, 2012
600 EAST BUTTERFIELD ROAD
ELMHURST, ILLINOIS**

The meeting was called to order at 6:23 P.M.

Committee members in attendance: P. Suess, J. Pruyn, and D. Russo

Committee members absent: C. Janc

Also in attendance: J. Spatz, T. McGhee, C. Peterson and S. Lux of Baker Tilly

Minutes

Commissioner Russo moved to approve the Regular Committee Meeting of May 17, 2012, June 21, 2012 and the Executive Session Minutes of the May 17, 2012 Finance Committee Meeting. Seconded by Commissioner Pruyn and unanimously approved by a Voice Vote.

All voted aye. Motion carried

Approval of Reconciliations

Mr. Lux noted that the reconciliations had been signed off on.

Treasurer's Report – June 2012

Mr. Lux provided the Committee with a summary of the June Treasurer's Report.

Mr. Lux noted that the principal and interest payments were paid to West Suburban Bank in June that amounted to \$4M of principal and \$0.2M was for interest.

He also noted that additional funds had been invested in municipal bonds based upon PFM's recommendation. Current portfolio weighted market yield is at 43 basis points compared to Illinois market funds, which had a recent average of 8 basis points.

Commissioner Pruyn asked what was driving the negative cash flow from operations for the first two months of July. Mr. Lux stated that cash received from sales tax, which is used to cover some operating activity, was shown as cash flows from noncapital financing activities not in operating section of the cash flow statement. In addition, currently larger water bills are being paid prior to the receipt of the corresponding cash from customers.

Mr. Lux noted all targeted and required cash balances had been met and debt levels were down to approximately \$95M.

Financial Statements – June 2012

Financial Administrator Peterson provided the Committee with a summary of the June Financial Statements.

Commissioner Suess asked about the balance in the Sales Tax Subaccount on page 5. Mr. Lux noted that the balance on that page was reduced by customer deposits and retainage amounts payable related to construction projects.

Commissioner Suess noted revenue versus expenses remained positive.

Resolution R-28-12

Financial Administrator Peterson stated that this resolution has been revised for the transfer of up to \$4M in funds from the Sales Tax Subaccount to the General Account. Mr. Lux noted that the larger water bills are increasing the reserves needed per the bond ordinance. General Manager Spatz noted that the water bill is expected to increase even further for July activity. General Manager Spatz stated that requirements in reserve accounts will continue to increase over the next few years due to projected rate increases.

Commissioner Pruyn asked if the remaining balance after the transfer would be sufficient. Financial Administrator Peterson responded that the account balance would more that meet expected capital project spending in the current year and cover other retainage and other construction deposits.

Ordinance O-9-12

Financial Administrator Peterson stated that the public hearing for the Appropriation budget was later that evening.

Commissioner Pruyn asked if the water purchased account would be sufficient to cover costs associated with the higher water usage in recent months. General Manager Spatz noted that the Appropriation budget included was 135% of management's budget. The amount appropriated for water purchases was \$104M.

Election of Interest Period under Northern Trust Certificate of Debt

Financial Administrator Peterson stated that the Libor rate for one month is 0.25% which is similar to last month.

The committee members agreed to reset the interest period to one month.

Status of the 2012 Audit

Financial Administrator Peterson stated that the audit has been completed, a draft copy was presented to the Finance Committee in July and then the final copy will be presented to the board in August.

Financial Administrator Peterson also restated that in this year's audit three of four comments have been implemented from last year's audit with the fourth comment being greater use of the Incode system. Mr. Lux detailed the few entries that were made by the Commission after the presentation of April's results.

Accounts Payable

Financial Administrator Peterson presented the Accounts Payable to the committee members.

June 9, 2012 to July 11, 2012	\$ 8,593,861.63
<u>Estimated</u>	<u>\$ 1,168,367.34</u>
Total	\$ 9,762,228.97

Other

Financial Administrator Peterson asked if any members of the committee had comments on the draft RFP for a Financial Advisor given to them at last month's meeting. Commissioner Suess requested additional language be added regarding compliance with state and local ethics ordinances.

She then presented a schedule regarding a timeline for the search process. The request included the publishing of the RFP by the end of week of July 23rd. Commissioner Russo wanted to clarify that the potential Financial Advisor would not be the entity issuing the debt, but monitoring the process.

General Manager Spatz noted that many banks are approaching the Commission with various refunding options.

Commissioner Suess started the discussion regarding the process for looking for a new Treasurer. General Manager Spatz noted that the previous Treasurer Mr. Nicholas Narducci had resigned to Chairman Jim Zay. Chairman Zay accepted the resignation.

The Commission is now accepting resumes for the position.

Adjournment

The meeting concluded at 7:34 P.M.