



DuPage Water Commission

600 E. Butterfield Road, Elmhurst, IL 60126-4642
(630) 834-0100 Fax: (630) 834-0120

NOTICE IS HEREBY GIVEN THAT THE RESCHEDULED OCTOBER 2005 FINANCE COMMITTEE MEETING OF THE DUPAGE WATER COMMISSION WILL BE HELD AT 7:00 P.M. ON THURSDAY, OCTOBER 13, 2005, AT ITS OFFICES LISTED BELOW. THE AGENDA FOR THE RESCHEDULED OCTOBER 2005 REGULAR COMMITTEE MEETING IS AS FOLLOWS:

AGENDA

**FINANCE COMMITTEE
THURSDAY, OCTOBER 13, 2005
7:00 P.M.**

**600 EAST BUTTERFIELD ROAD
ELMHURST, IL 60126**

COMMITTEE MEMBERS

A. Poole, Chair
T. Feltes
G. Mathews
J. Vrdolyak

- I. Roll Call
- II. Approval of Minutes for Committee Meeting of September 8, 2005
- III. Treasurer's Report – September, 2005
- IV. Financial Statements – September, 2005
- V. Accounts Payable
- VI. Resolution No. R-59-05: A Resolution Adopting Villa Park Bank Resolutions for Facsimile Signatures
- VII. Resolution No. R-61-05: A Resolution Approving Participation in a Settlement with Arthur J. Gallagher & Co. Related to the Receipt of Contingent Commissions
- VIII. Ordinance No. O-10-05: An Ordinance Permanently Waiving the Capital Risk Factor Rate Provisions of the Subsequent Customer Contracts
- IX. Insurance Renewal
- X. Other
- XI. Adjournment

**MINUTES OF A MEETING OF THE
FINANCE COMMITTEE
OF THE DuPAGE WATER COMMISSION
HELD ON SEPTEMBER 8, 2005**

The meeting was called to order at 7:00 P.M. at the offices of the DuPage Water Commission, 600 E. Butterfield Rd., Elmhurst, Illinois 60126. Committee members in attendance: Committee Chairman A. Poole, Commissioner T. Feltes and Commissioner G. Mathews. Commissioner J. Vrdolyak was absent. Also in attendance: Commissioner E Chaplin, Treasurer R. Thorn, General Manager R. Martin and Financial Administrator M. Richter.

MINUTES OF MEETING – AUGUST 11, 2005

Motion by Commissioner Mathews seconded by Commissioner Feltes, to approve the minutes of the August 11, 2005 Finance Committee meeting. This motion carried unanimously.

TREASURER'S REPORT – AUGUST 2005

Treasurer Thorn presented the August 2005 Treasurer's Report for Committee review. There was a motion by Commissioner Feltes, seconded by Commissioner Mathews, to recommend acceptance of the report by the full Commission at its meeting of September 8, 2005. The motion carried unanimously.

FINANCIAL STATEMENTS – AUGUST 2005

The Committee reviewed the August 2005 financial statements. After a brief discussion, the Committee accepted the financial statements for August 2005.

ACCOUNTS PAYABLE

The Committee reviewed the Accounts Payable in the amount of \$1,328,519.04. There was a motion by Commissioner Mathews, seconded by Commissioner Feltes to recommend approval of the Accounts Payable at the September 8, 2005 Commission meeting.

CAPITAL RISK FACTOR CREDIT

The Capital Risk Factor payments from July 22, 2003 through December 31, 2003 were discussed as to whether to provide credits back to the customers. It was agreed to credit these payments back to the customers. There was a motion by Commissioner Mathews, seconded by Commissioner Feltes, to recommend approval at the September 8, 2005 Commission meeting.

2005 AUDITED FINANCIALS

Financial Administrator Richter discussed the findings in the audited financial statements. He indicated that he was hiring temporary staff to assist in the implementation of the general ledger and fixed asset systems which would cause an over-budget condition in the category of contracted services. The Committee agreed with the need for such temporary accounting services.

ADJOURNMENT

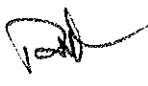
With no further business to come before the Committee, the meeting was adjourned at 7:25 P.M.



DuPage Water Commission

MEMORANDUM

TO: Robert Martin, General Manager

FROM: R. Max Richter, Financial Administrator 

DATE: October 7, 2005

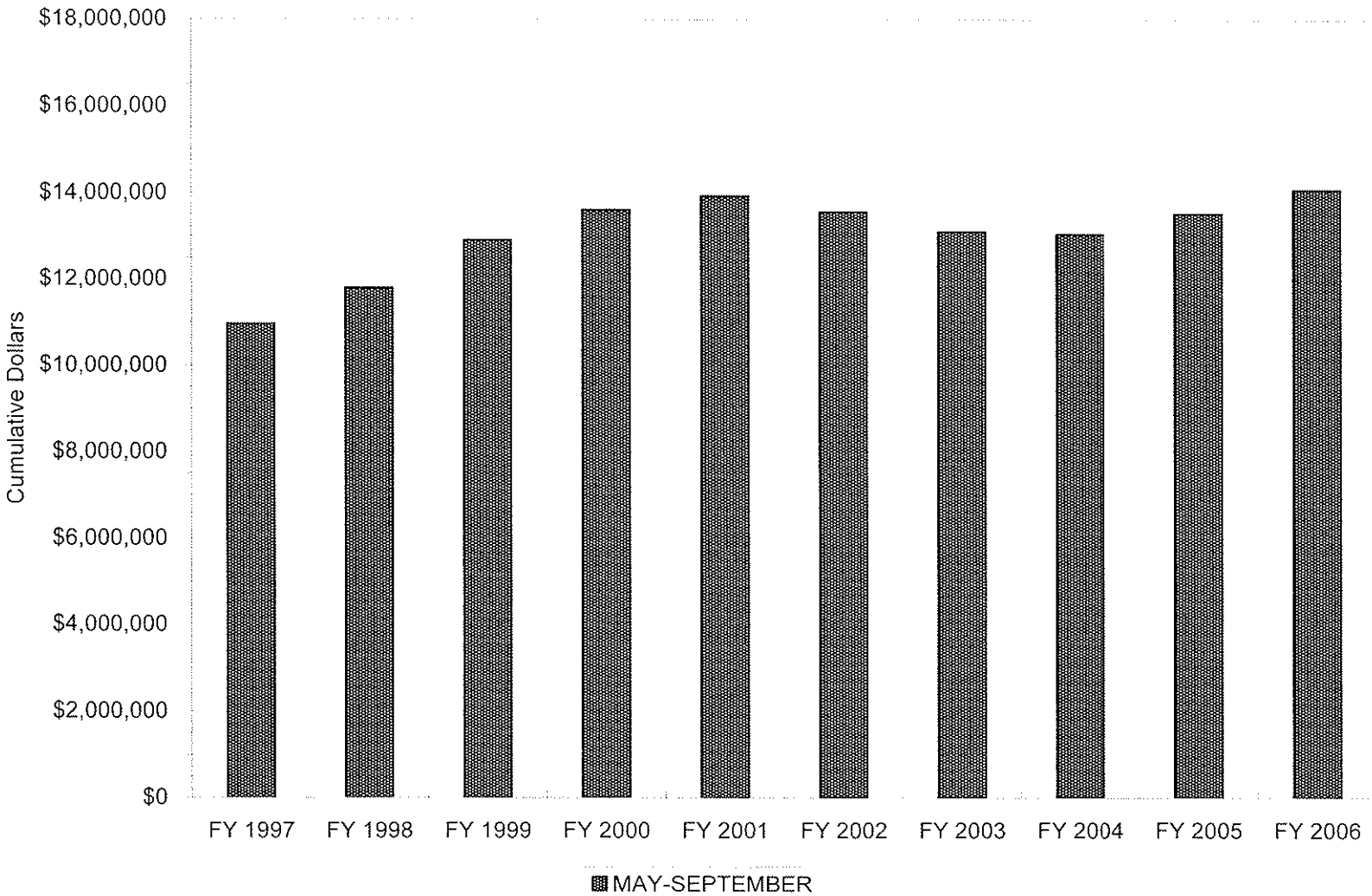
SUBJECT: Financial Report – September, 2005

- Water sales for the fiscal year are over budget by \$ 893,679 (3.7%) because of warm and dry weather. Correspondingly, water purchases from Chicago were over budget by \$372,787 (1.5%).
- September sales tax collections (July sales) were \$328,133 (11.5 %) more than the same period last fiscal year.
- The over budget condition in investment income is due to higher than budgeted investment yields.
- Commission's investment portfolio had a market value of \$146.6 million on September 30. The original purchase price of the portfolio was \$147.6 million. The portfolio was earning approximately 3.80 % based on market yield and on 3.30 % based original purchase price.

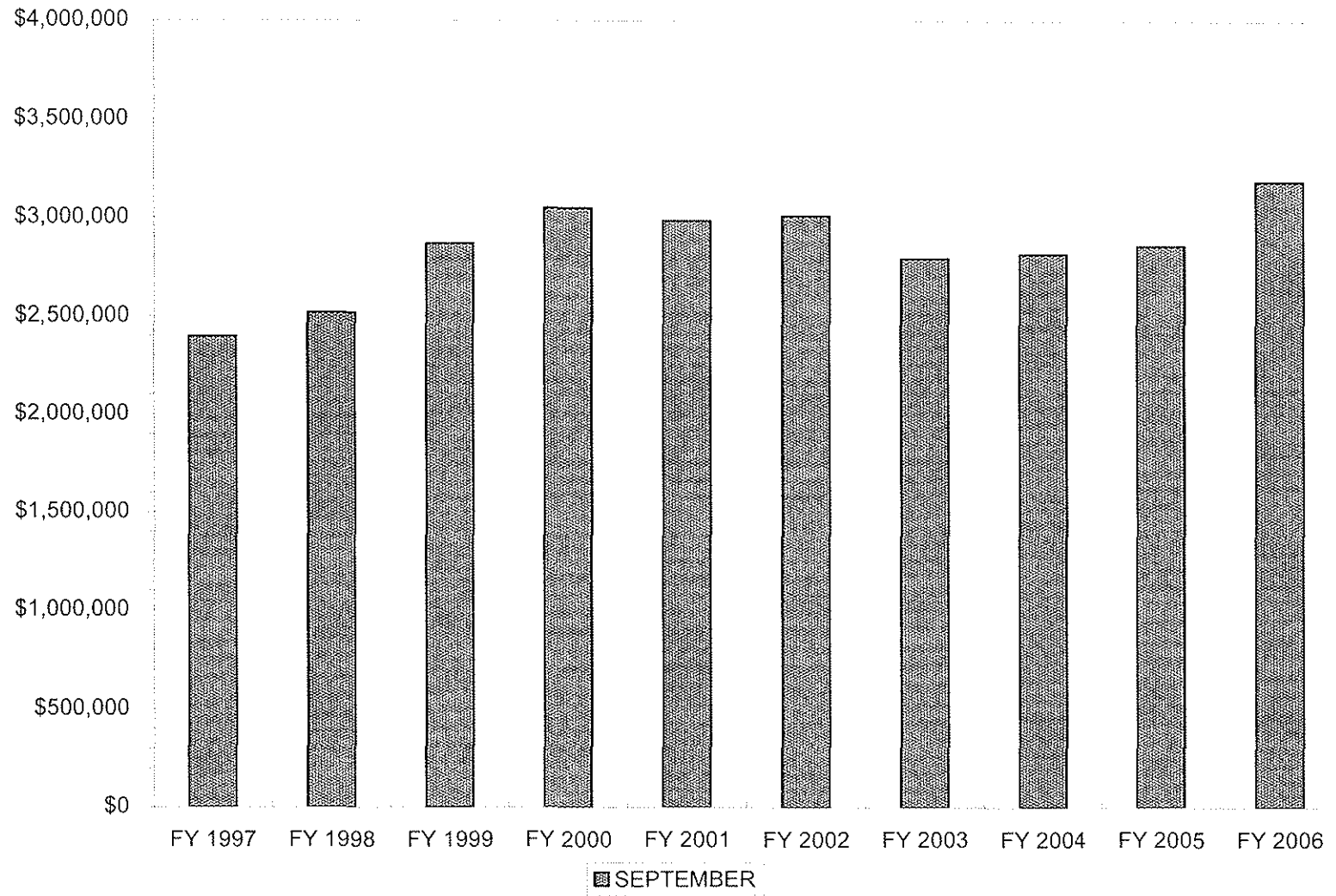
cc: Chairman and Commissioners

Financial Report – 2005.09

**DuPage Water Commission
Sales Tax Collections - Year to Date**



**DuPage Water Commission
Sales Tax Collected - Current Month**



	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
WATER SERVICE	48,740,828.00	4,600,089.34	0.00	24,567,253.46	0.00	24,173,574.54	50.40
TAXES	33,834,395.00	3,184,418.57	0.00	14,082,100.43	0.00	19,752,294.57	41.62
OTHER INCOME	3,625,300.00	383,903.47	0.00	1,923,678.50	0.00	1,701,621.50	53.06
TOTAL REVENUES	86,200,523.00	8,168,411.38	0.00	40,573,032.39	0.00	45,627,490.61	47.07
<u>EXPENDITURE SUMMARY</u>							
<u>ADMINISTRATION</u>							
PERSONNEL SERVICES	3,384,809.00	238,487.60	0.00	1,245,583.21	0.00	2,139,225.79	36.80
CONTRACT SERVICES	915,137.00	64,331.26	0.00	208,771.77	0.00	706,365.23	22.81
INSURANCE	971,497.00 (2.00)		0.00	455,957.99	0.00	515,539.01	46.93
OPERATIONAL SUPPORT SRVS	672,375.00	27,000.71	0.00	176,117.50	0.00	496,257.50	26.19
WATER OPERATION	53,638,628.00	4,764,970.08	0.00	25,526,198.11	0.00	28,112,429.89	47.59
BOND INTEREST	8,760,389.00	735,381.71	0.00	3,687,166.86	0.00	5,073,222.14	42.09
CAPITAL	7,705,025.00	547,444.75	0.00	2,843,055.18	0.00	4,861,969.82	36.90
WORK IN PROGRESS	(459,800.00)	302,019.82	0.00	5,065,001.79	0.00	(5,524,801.79)	1,101.57-
TOTAL ADMINISTRATION	75,588,060.00	6,679,633.93	0.00	39,207,852.41	0.00	36,380,207.59	51.87
TOTAL EXPENDITURES	75,588,060.00	6,679,633.93	0.00	39,207,852.41	0.00	36,380,207.59	51.87
REVENUE OVER/ (UNDER) EXPENDITURES	10,612,463.00	1,488,777.45	0.00	1,365,179.98	0.00	9,247,283.02	12.86

DU PAGE WATER COMMISSION
INVESTMENTS
(Unaudited)
September 30, 2005


FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/05	BID PRICE 09/30/05
Water Fund Depository Accounts (WF-1210)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 5,513,196.62	\$ 5,513,196.62	\$ -	\$ 5,513,196.62	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	1,073,866.87	1,073,866.87	-	1,073,866.87	-	100.000
				3.296%	3.296%	\$ 6,587,063.49	\$ 6,587,063.49	\$ -	\$ 6,587,063.49	\$ -	
Water Fund Oper. & Maint. Acct. (WF-1211)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 409,418.02	\$ 409,418.02	\$ -	\$ 409,418.02	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	6,475,245.43	6,475,245.43	-	6,475,245.43	-	100.000
				3.657%	3.657%	\$ 6,884,663.45	\$ 6,884,663.45	\$ -	\$ 6,884,663.45	\$ -	
Revenue Bond Interest Account (WF-1212)											
One Group Government Money Market	0.822%	09/30/05	10/01/05	0.822%	0.822%	\$ 443.00	\$ 443.00	\$ -	\$ 443.00	\$ 1.28	100.000
U. S. Treas. Notes (JP Morgan)	1.625%	05/26/05	10/31/05	2.539%	2.910%	502,000.00	501,215.63	1,215.78	499,999.85	3,398.96	99.844
U. S. Treas. Notes (JP Morgan)	1.625%	06/09/05	10/31/05	2.487%	2.910%	533,000.00	532,167.19	999.38	531,167.81	3,608.85	99.844
U. S. Treas. Notes (JP Morgan)	1.625%	07/20/05	10/31/05	2.509%	2.910%	500,000.00	499,218.75	488.28	498,730.47	3,385.42	99.844
U. S. Treas. Notes (JP Morgan)	1.625%	09/06/05	10/31/05	1.861%	2.910%	499,000.00	498,220.31	(584.77)	498,805.08	3,378.65	99.844
U. S. Treas. Notes (JP Morgan)	1.625%	09/19/05	10/31/05	1.467%	2.910%	498,000.00	497,221.88	(855.93)	498,077.81	3,371.88	99.844
				2.177%	2.910%	\$ 2,532,443.00	\$ 2,528,486.76	\$ 1,262.74	\$ 2,527,224.02	\$ 17,145.04	
Revenue Bond Principal (WF-1213)											
One Group Government Money Market	0.822%	09/30/05	10/01/05	0.822%	0.822%	\$ 593.95	\$ 593.95	\$ -	\$ 593.95	\$ 0.60	100.000
U. S. Treas. Notes (JP Morgan)	2.250%	05/26/05	04/30/06	3.156%	3.910%	694,000.00	687,060.00	(1,219.92)	688,279.92	6,506.25	99.000
U. S. Treas. Notes (JP Morgan)	2.250%	06/09/05	04/30/06	3.181%	3.910%	724,000.00	716,760.00	(1,357.50)	718,117.50	6,787.50	99.000
U. S. Treas. Notes (JP Morgan)	2.250%	07/20/05	04/30/06	3.407%	3.910%	693,000.00	686,070.00	(812.11)	686,882.11	6,496.88	99.000
U. S. Treas. Notes (JP Morgan)	2.250%	09/06/05	04/30/06	3.354%	3.910%	689,000.00	682,110.00	(2,072.38)	684,182.38	6,459.38	99.000
U. S. Treas. Notes (JP Morgan)	2.250%	09/19/05	04/30/06	3.453%	3.910%	688,000.00	681,120.00	(1,935.00)	683,055.00	6,450.00	99.000
				3.308%	3.909%	\$ 3,488,593.95	\$ 3,453,713.95	\$ (7,396.91)	\$ 3,461,110.86	\$ 32,700.61	
Revenue Bond Debt Svc. Reserve (WF-1214)											
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
Water Fund Oper. & Maint. Res. (WF-1215)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 1,263,204.92	\$ 1,263,204.92	\$ -	\$ 1,263,204.92	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	4,993,905.28	4,993,905.28	-	4,993,905.28	-	100.000
F.H.L.B (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.353%	5,000,000.00	4,933,500.00	(56,400.00)	4,989,900.00	61,138.89	98.670
				3.421%	3.927%	\$ 11,257,110.20	\$ 11,190,610.20	\$ (56,400.00)	\$ 11,247,010.20	\$ 61,138.89	
Water Fund Depreciation Account (WF-1216)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 2,580,461.06	\$ 2,580,461.06	\$ -	\$ 2,580,461.06	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	3,387,240.66	3,387,240.66	-	3,387,240.66	-	100.000
				3.484%	3.484%	\$ 5,967,701.72	\$ 5,967,701.72	\$ -	\$ 5,967,701.72	\$ -	

DU PAGE WATER COMMISSION
INVESTMENTS
(Unaudited)
September 30, 2005

FUND SOURCE	COUPON RATE	PURCHASE DATE	MATURITY DATE	PURCHASED TO YIELD	MARKET YIELD	PAR VALUE	MARKET	AMORTIZED DISCOUNT (PREMIUM)	PURCHASE PRICE	ACCRUED INTEREST 09/30/05	BID PRICE 09/30/05
Water Fund General Account (WF-1217)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 848,975.92	\$ 848,975.92	\$ -	\$ 848,975.92	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	5,192,457.03	5,192,457.03	-	5,192,457.03	-	100.000
F.H.L.B. (RBC D. Rauscher)	2.375%	01/14/05	02/15/06	3.110%	4.179%	2,500,000.00	2,483,500.00	3,166.32	2,480,333.68	7,421.88	99.340
F.H.L.M.C. (RBC D. Rauscher)	5.500%	07/30/04	07/15/06	2.934%	4.160%	10,000,000.00	10,100,000.00	(384,400.00)	10,484,400.00	114,583.33	101.000
F.H.L.M.C. (RBC D. Rauscher)	3.125%	10/07/04	09/22/06	3.034%	4.478%	10,000,000.00	9,872,000.00	(145,000.00)	10,017,000.00	6,944.44	98.720
F.H.L.B (JP Morgan)	3.100%	11/09/04	11/08/06	3.205%	4.353%	5,000,000.00	4,933,500.00	(56,400.00)	4,989,900.00	61,138.89	98.670
F.H.L.B. STEP-UP (JP Morgan)	3.000%	11/16/04	02/16/07	3.750%	4.703%	10,000,000.00	9,957,000.00	(43,000.00)	10,000,000.00	37,500.00	99.570
				3.280%	4.305%	\$ 43,541,432.95	\$ 43,387,432.95	\$ (625,633.68)	\$ 44,013,066.63	\$ 227,588.54	
Water Fund General Account (WF-1218)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ -	\$ -	\$ -	\$ -	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	-	-	-	-	-	100.000
				N/A	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	
Sales Tax Funds (WF-1230)											
Illinois Funds-Money Market	3.220%	09/30/05	10/01/05	3.220%	3.220%	\$ 4,481,542.50	\$ 4,481,542.50	\$ -	\$ 4,481,542.50	\$ -	100.000
Illinois Funds-Prime Fund	3.685%	09/30/05	10/01/05	3.685%	3.685%	4,136,445.77	4,136,445.77	-	4,136,445.77	-	100.000
Cert. of Deposit (Suburban Bank & Trust)	2.324%	10/15/04	10/14/05	2.324%	2.324%	6,000,000.00	6,000,000.00	-	6,000,000.00	133,709.59	100.000
Cert. of Deposit (West Suburban Bank)	2.324%	10/15/04	10/15/05	2.324%	2.324%	64,900.00	64,900.00	-	64,900.00	1,446.29	100.000
F.H.L.M.C. (William Blair)	2.125%	02/17/05	11/15/05	3.105%	3.410%	5,000,000.00	4,990,625.00	26,335.00	4,964,290.00	39,843.75	99.813
Cert. of Deposit (Oak Brook Bank)	3.135%	01/14/05	01/13/06	3.135%	3.135%	6,000,000.00	6,000,000.00	-	6,000,000.00	133,473.70	100.000
F.H.L.M.C. (William Blair)	5.250%	02/17/05	01/15/06	3.224%	3.720%	5,000,000.00	5,020,312.50	(69,937.50)	5,090,250.00	54,687.50	100.406
F.H.L.B (JP Morgan)	2.500%	01/14/05	03/13/06	3.119%	3.970%	2,500,000.00	2,480,468.75	(2,231.25)	2,482,700.00	2,951.39	99.219
Cert. of Deposit (Mid America Bank)	3.700%	04/15/05	04/15/06	3.700%	3.700%	6,000,000.00	6,000,000.00	-	6,000,000.00	102,180.82	100.000
F.H.L.B (JP Morgan)	3.170%	01/28/05	04/28/06	3.829%	4.152%	2,450,000.00	2,436,525.00	(13,475.00)	2,450,000.00	13,375.64	99.450
Cert. of Deposit (Winfield Community Bank)	3.720%	06/16/05	06/15/06	3.720%	3.720%	2,500,000.00	2,500,000.00	-	2,500,000.00	27,008.22	100.000
F.H.L.B. (RBC D. Rauscher)	2.820%	01/14/05	06/23/06	3.262%	4.223%	2,500,000.00	2,475,250.00	(9,525.23)	2,484,775.23	18,995.83	99.010
Cert. of Deposit (West Suburban Bank)	3.826%	07/15/05	07/17/06	3.826%	3.826%	5,935,100.00	5,935,100.00	-	5,935,100.00	47,906.40	100.000
F.H.L.B (William Blair)	2.950%	01/14/05	09/14/06	3.346%	4.325%	2,500,000.00	2,468,500.00	(15,525.00)	2,484,025.00	3,277.78	98.740
				3.307%	3.520%	\$ 55,067,988.27	\$ 54,989,669.52	\$ (84,358.98)	\$ 55,074,028.50	\$ 578,856.91	
2001 G. O. Bonds Debt Service (WF-1243)											
ABN AMRO Government Money Market	3.518%	09/30/05	10/01/05	3.518%	3.518%	\$ 15,191.42	\$ 15,191.42	\$ -	\$ 15,191.42	\$ 41.75	100.000
U. S. Treas. Notes (LaSalle Bank)	5.625%	03/02/05	02/15/06	3.088%	3.780%	11,272,000.00	11,342,450.00	(197,260.00)	11,539,710.00	79,256.25	100.625
				3.089%	3.780%	\$ 11,287,191.42	\$ 11,357,641.42	\$ (197,260.00)	\$ 11,554,901.42	\$ 79,298.00	
TOTAL ALL FUNDS				3.295%	3.798%	\$146,614,188.45	\$146,346,983.46	\$ (969,786.83)	\$147,316,770.29	\$ 996,727.99	
September 30, 2005	90 DAY US TREASURY YIELD			3.500%							

DATE: October 7, 2005

REQUEST FOR BOARD ACTION

AGENDA SECTION	Committee Reports—Finance	ORIGINATING DEPARTMENT	Finance
ITEM	Property and Liability Insurance	APPROVAL	
<p>Account Numbers: 01-60-6411 & 01-60-6421</p> <p>The Commission's property and liability insurance policies expire on November 1, 2005. Pursuant to Resolution No. R-43-05, the Commission retained Nugent Consulting Group to provide insurance and risk management consulting services in connection with re-bidding insurance brokers for the placement of the Commission's 2005-2006 property and liability insurance coverages. Nugent Consulting analyzed the proposals received and recommended the proposal of Arthur J. Gallagher Risk Management Services, Inc. (<i>copy attached</i>) as being the most favorable to the interests of the Commission (least cost for amount of coverage provided) <i>and within budget</i>.</p>			
<p>MOTION: To purchase property and liability insurance coverage in accordance with the September 23, 2005, Insurance Proposal prepared by Arthur J. Gallagher Risk Management Services, Inc., for a total premium of \$604,034.</p>			



NUGENT CONSULTING GROUP
INSURANCE AND RISK MANAGEMENT CONSULTING

September 29, 2005

Mr. Max Richter
DuPage Water Commission
600 East Butterfield Road
Elmhurst, IL 60126-4642

Re: Insurance Proposal Analysis

Dear Max:

The purpose of this letter is to summarize the proposals received for the November 1, 2005 insurance renewal.

The RFP was originally sent to Arthur J. Gallagher & Company (the incumbent broker), Mesirow Financial, the IRMA pool and the MICA Pool. Mesirow backed out after a week and Brown & Brown was added in their place. Gallagher was the only firm that provided a proposal for all lines of coverage. Brown & Brown proposed the General Liability and Crime only. MICA and IRMA both declined to offer a proposal. Although the response is disappointing the results are very good.

Total insurance costs for the lines of coverage requested in the RFP will decrease \$96,000, or 14%. Property coverage will move to Affiliated and is significantly broadened. Finally, Gallagher will no longer receive commission and instead be compensated on a flat fee. This has saved approximately \$26,000 (a part of the \$96,000 reduction).

Finally, my service proposal contemplated evaluating several proposals. I will reduce my fee from \$9,000 to \$7,000.

I look forward to discussing the proposals with you.

Sincerely,

Mike Nugent

Michael D. Nugent

**DU PAGE WATER COMMISSION
2005 RENEWAL COST COMPARISON**

Coverage	Current Premiums	Gallagher	Brown & Brown
General Liability	\$ 75,949	\$ 53,497	\$ 68,932
Automobile	\$ 21,881	\$ 21,285	No Quote
Crime	\$ 8,300	\$ 7,470	\$ 1,500
Excess Liability	\$ 155,851	\$ 118,320	No Quote
Property	\$ 433,079	\$ 332,917	No Quote
TRIA	\$ -	\$ 12,000	No Quote
NTRIA	\$ -	\$ 8,000	No Quote
Inspection Fee	\$ 5,000	\$ 10,000	No Quote
UST	\$ 545	\$ 545	No Quote
Brokerage Fee	\$ -	\$ 40,000	\$ 25,000
Total	\$ 700,605	\$ 604,034	N/A

PROPERTY SPECIFICATIONS			
#	ITEM	DESCRIPTION	GALLAGHER
P1	Limit	\$240,000,000	\$500,000,000
P2	Blanket or occurrence	Each occurrence	Occurrence
P3	Valuation	Replacement Cost	Y
P4	Buildings	Included in P1 Limit	Y
P5	Contents, inventory and personal property	Included in P1 Limit	Y
P6	Business Interruption limit including boiler & Machinery	\$25,000,000	\$500,000,000
P7	Extra Expense limit (including EDP, boiler)	\$5,000,000	Y
P8	Improvements	Included in P1 Limit	Y
P9	Theft	Included in P1 Limit	Y
P10	Errors and omissions (including boiler)	\$1,000,000	\$2,500,000
P11	Unscheduled locations	\$1,000,000	\$2,500,000
P12	Water in process	\$5,000,000	Y
P13	Deductible	\$50,000	Y
P14	Perils	All Risk or Special	Y
P15	Boiler & machinery	\$100,000,000	\$200,000,000
P16	Outdoor equipment	Included in P1 Limit	Y
P17	Equipment used to service building	Included in P1 Limit	Y
P18	All Heating and AC equipment	Included in P1 Limit	Y
P19	Agreed amount endorsement / waiver of coinsurance		Y
P20	Construction materials for building improvements	Included in P1 Limit	Y
P21	Temporary structures	\$1,000,000	Y
P22	Computers	\$5,841,323	Y
P23	Software	\$250,000	\$500,000
P24	Data Recovery	\$500,000	Y
P25	Media (including boiler)	\$100,000	Y
P26	Newly acquired property (including boiler)	\$2,000,000	Y
P27	Property in the course of construction	\$2,000,000	Y
P28	Pollution cleanup	\$250,000	\$100,000
P29	Any property in transit	\$1,000,000	Y

P30	Temporary locations	\$1,000,000	Y
PROPERTY SPECIFICATIONS			
#	ITEM	DESCRIPTION	GALLAGHER
P31	Leased property	Included in P1 Limit	Y
P32	Property of others	\$250,000	Y
P33	Burglary	\$250,000	Y
P34	Outdoor signs	Included in P1 Limit	Y
P35	Outdoor trees and shrubs	\$10,000	\$100,000
P36	Outdoor fences	\$10,000	Y
P37	Owned watercraft	Included in P1 Limit	N
P38	Non-owned watercraft	52 Feet limit	N
P39	Expediting Expense	\$250,000	Y
P40	Personal effects of others	\$10,000	Y
P41	Debris removal	25% of loss	Y
P42	Increased cost of construction - building ordinance	\$1,000,000	\$5,000,000
P43	Preservation of property	60 Days	Y
P44	Demolition of undamaged portion of a building	Value of undamaged portion	\$5,000,000
P45	Accounts receivables	\$5,000,000	\$10,000,000
P46	Fine arts	\$1,120,500	\$2,500,000
P47	Fire department service charge	\$25,000	\$100,000
P48	Inventory and appraisal	\$15,000	N
P49	Money and securities	\$25,000	N
P50	Hacking or computer virus	\$25,000	N
P51	Valuable papers and records	\$500,000	Y
P52	Amonia contamination	\$100,000	\$250,000
P53	Mechanical breakdown	\$250,000	\$200,000,000
P54	Consequential damages	\$250,000	Y
P55	Hazardous substances	\$100,000	\$250,000
P56	Water Damage	\$100,000	Y
P57	Contingent business interruption (including boiler)	\$10,000,000	\$25,000,000
P58	Certified Terror	\$240,000,000	Y
P59	Non-certified terror	\$240,000,000	Y

P60	Utility service interruption - physical damage (Inc. off premises)	\$1,000,000	Y
PROPERTY SPECIFICATIONS			
#	ITEM	DESCRIPTION	GALLAGHER
P61	Utility service interruption - time element (Inc. off premises)	\$1,000,000	Y
P62	Ingress / egress including civil authority	\$1,000,000	Y
P63	Earth movement and volcanic action (aggregate)	\$60,000,000	\$100,000,000
P64	Flood and water damage	\$60,000,000	\$100,000,000
P65	Sewer Back up	\$2,500,000	\$100,000,000
P66	Expediting Expense	\$250,000	Y
P67	Vehicle changes are automatically covered/no reporting required		N
P68	Arson Reward	\$7,500	N
P69	Communication equipment	\$100,000	Y
P70	Underground Property	\$65,000,000	Y
P71	Ground maintenance equipment	Included in P1 Limit	Y
P72	Contractors equipment	\$150,000	Y
P73	Mobile equipment deductible	\$1,000	\$10,000
P74	Fine arts deductible	\$1,000	\$10,000
P75	Computer equipment deductible	\$1,000	\$10,000
P76	Hired auto physical damage	\$50,000	Y
P77	Auto physical damage - deductible	\$500	\$1,000
P78	Auto physical damage valuation	Actual Cash Value	Y
P79	Boiler & machinery demolition and increased cost of construction	Included	Y
P80	Boiler off premises service interruption	\$5,000,000	Y
P81	Boiler & machinery off premises service interruption spoilage	\$250,000	\$100,000
P82	Flood and earth movement deductible	\$250,000	\$100,000
P83	Underground property deductible	\$1,000,000	\$500,000
P84	Time element valuation	Actual loss sustained	Y
P85	Insurer name	Affiliated	

LIABILITY SPECIFICATIONS

{1 BOX ON EACH LINE MUST BE MARKET}

#	ITEM	Specification	GALLAGHER	B&B
L1	General aggregate	\$3,000,000	Y	Y
L2	Each occurrence	\$1,000,000	Y	Y
L3	Products and completed operations aggregate	\$3,000,000	Y	Y
L4	Personal and advertising injury	\$1,000,000	Y	Y
L5	Self-insured retention each occurrence	\$5,000	Y	Y
L6	Bodily Injury including mental anguish	Included	Y	N
L7	Property damage	Included	Y	Y
L8	Personal injury	Included	Y	Y
L9	Contractual liability	Covered contracts	Y	Y
L10	Fire damage liability	\$1,000,000 / Fire	Y	N
L11	Professional liability each error or omission	\$1,000,000	Y	N
L12	Professional liability aggregate	\$3,000,000	Y	N
L13	Auto liability	\$1,000,000	Y	Y
L14	Public officials liability	3,000,000 Agg	Y	N
L15	Non- monetary liability	\$5,000 per incident	Y	N
L16	Employee benefits liability - each wrongful act	\$1,000,000	Y	Y
L17	Employee benefits liability - aggregate	\$3,000,000	Y	Y
L18	Employment practices - each wrongful act	\$1,000,000	Y	N
L19	Employment practices - aggregate	\$3,000,000	Y	N
L20	Covered damages includes back pay	Included	Y	N
L21	Libel, slander, disparagement or invasion of privacy	Included	Y	Y
L22	Fellow employee coverage	Included	N	Y
L23	Employees and volunteers are named insureds	Included	Y	N
L24	Territory	Worldwide	Y	Y
L25	Appeal bonds	Included	N	Y
L26	Pre and post judgment interest	Included	Y	Y
L27	Coverage form - ex EBL, EPL, public officials, professional	Occurrence	Y	Y

LIABILITY SPECIFICATIONS		{1 BOX ON EACH LINE MUST BE MARKET}		
#	ITEM	DESCRIPTION	GALLAGHER	
L28	Retro date for EPL	10/01/01	n/a	N
L29	EPL includes discrimination	Included	Y	N
L30	EPL includes wrongful termination	Included	Y	N
L31	EPL includes harassment	Included	Y	N
L32	EPL includes retaliatory actions	Included	Y	N
L33	EPL includes wrongful or excessive discipline	Included	Y	N
L34	EPL includes wrongful hiring, supervision, dismissal	Included	Y	N
L35	EPL includes failure to promote	Included	Y	N
L36	EPL includes pre-termination counseling	Included	Y	N
L37	Separation of insureds	Included	N	Y
L38	Auto Liability applies to any auto	Included	Y	Y
L39	Hired auto	Included	Y	Y
L40	Non-owned auto	Included	Y	Y
L41	Underinsured / uninsured motorists	Included	Y	Y
L42	Auto medical payments	\$10,000	\$5,000	N
L43	Failure to supply	Included	Y	Y
L44	Extended bodily injury	Included	Y	N
L45	Extended personal injury	Included	Y	N
L46	Inverse condemnation	Included	Y	N
L47	Vehicle changes are automatically covered	not reportable	N	N
L48	Water Contamination	Policy limit	Y	N
L49	Sewer back up	Included	Y	N
L50	Defense cost in addition to limit	Included	Y	Y
L51	Railroad Protective	Included	Y	N
L52	Property in care, custody and control	Policy limit	Y	N
L53	Diminution of property values	Included	Y	N
L54	Punitive damages of allowed by law	Included	Y	Y
L55	Consent to settle	Included	N	N
L56	Duty to defend	Included	Y	Y

LIABILITY SPECIFICATIONS		{1 BOX ON EACH LINE MUST BE MARKET}		
#	ITEM	DESCRIPTION	COVERED	NOT COVERED
L57	Host liquor liability	Policy limit	Y	Y
L58	Pollution to potable water	Policy limit	Y	N
L59	Owned and non-owned watercraft	Policy limit	Y	Y
L60	Pollution from hostile fire	Policy limit	Y	Y
L61	Pollution from pesticide / herbicide applications	Policy limit	Y	Y
L62	Pollution from propane or natural gas	Policy limit	Y	N
L63	Pollution from Chlorine treatments	Policy limit	Y	N
L64	Pollution from products exposure	Policy limit	Y	N
L65	Pollution from disinfectant release	Policy limit	Y	N
L66	Pollution from use of chemicals for water treatment	Policy limit	Y	Y
L67	Pollution from handling of chemicals for water treatment	Policy limit	Y	Y
L68	Pollution from storage of chemicals for water treatment	Policy limit	Y	N
L69	Pollution from discharge of chemicals for water treatment	Policy limit	Y	Y
L70	Pollution from dispersal of chemicals for water treatment	Policy limit	Y	Y
L71	Pollution from release of chemicals for water treatment	Policy limit	Y	Y
L72	Pollution from escape of chemicals for water treatment	Policy limit	Y	Y
L73	Dams	Policy limit	N	N
L74	Retention, detention, reservoirs covered	Policy limit	Y	N
L75	Professional liability includes water testing E&O	Policy limit	Y	N
L76	Canals and Levees	Policy limit	Y	N
L77	Auto coverage includes pollution	Included	Y	Y
L78	Auto liability deductible	\$0	Y	Y

CRIME SPECIFICATIONS

{1 BOX ON EACH LINE MUST BE MARKET}

#	ITEM	DESCRIPTION	GALLAGHER	B&B
C1	Public employee dishonesty	\$500,000	Y	Y
C2	Faithful performance	\$500,000	Y	Y
C3	Forgery	\$500,000	Y	Y
C4	Alteration	\$500,000	Y	Y
C5	Theft	\$500,000	Y	Y
C6	Disappearance	\$500,000	Y	Y
C7	Destruction	\$500,000	Y	Y
C8	Computer fraud	\$500,000	Y	Y
C9	Deductible	\$1,000	Y	\$5,000

UNDERGROUND STORAGE TANK SPECIFICATIONS			
#	ITEM	DESCRIPTION	COVERED
U1	Each incident limit	\$1,000,000	Y
U2	Aggregate limit	\$1,000,000	Y
U3	Deductible	\$5,000	Y
U4	1,000 Gallon tank at 600 Butterfield Road		Y

EXCESS SPECIFICATIONS			
#	ITEM	DESCRIPTION	GALLAGHER
E1	Excess of general liability	\$20,000,000	Y
E2	Excess of auto liability	\$20,000,000	Y
E3	Excess Employers Liability	\$20,000,000	N
E4	Excess of public officials liability	\$20,000,000	Y
E5	Excess of employee benefits liability	\$20,000,000	Y
E6	Excess of employment practices liability	\$20,000,000	Y
E7	Excess of professional liability	\$20,000,000	Y
E8	Follow form all primary terms	\$20,000,000	Y



Arthur J. Gallagher Risk Management Services, Inc.

DuPage Water Commission



Proposal of Insurance

Date Presented: September 23, 2005

Presented by:

Rick Stokluska

Walt Larkin

Arthur J. Gallagher Risk Management Services, Inc.

The Gallagher Centre

Two Pierce Place

Itasca, IL 60143

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DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

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INTRODUCTION

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Introduction

- **Important Disclosures**
- **Executive Summary**
- **Arthur J. Gallagher Risk Management Services, Inc.
Service Team**
- **Client Commitment**

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Important Disclosures

The proposal is an outline of the coverages proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, or conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

The information contained in this proposal is based on the historical loss experience and exposures provided to Arthur J. Gallagher Risk Management Services, Inc. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

One of the core values highlighted in *The Gallagher Way* states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. On request, each client's Gallagher representative can describe the compensation arrangements Gallagher and its subsidiaries and affiliates receive in relation to the coverages placed for that client.

In general, Gallagher may be compensated as follows:

1. Gallagher companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of policies handled for a client's account. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. Gallagher companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Some of these facilities may be owned, in whole or in part, by Gallagher companies. If such a facility was utilized in the placement of a client's account, it may have earned and retained customary brokerage commission or fees for its work.
4. In placing, renewing, consulting on or servicing any retail insurance policy, Gallagher companies no longer participate in contingent commission agreements with insurance companies that provide for additional compensation if underwriting, profitability, volume and retention goals are achieved.

For more information on Gallagher's compensation arrangements, please visit www.ajg.com/compensation.

DUPAGE WATER COMMISSION

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Arthur J. Gallagher & Co.

Arthur J. Gallagher & Co. is one of the largest and fastest growing brokers and risk management service providers in the insurance industry. Since 1927, our company has been helping business and industry manage risk by performing the traditional insurance broker's function of planning and placing insurance.

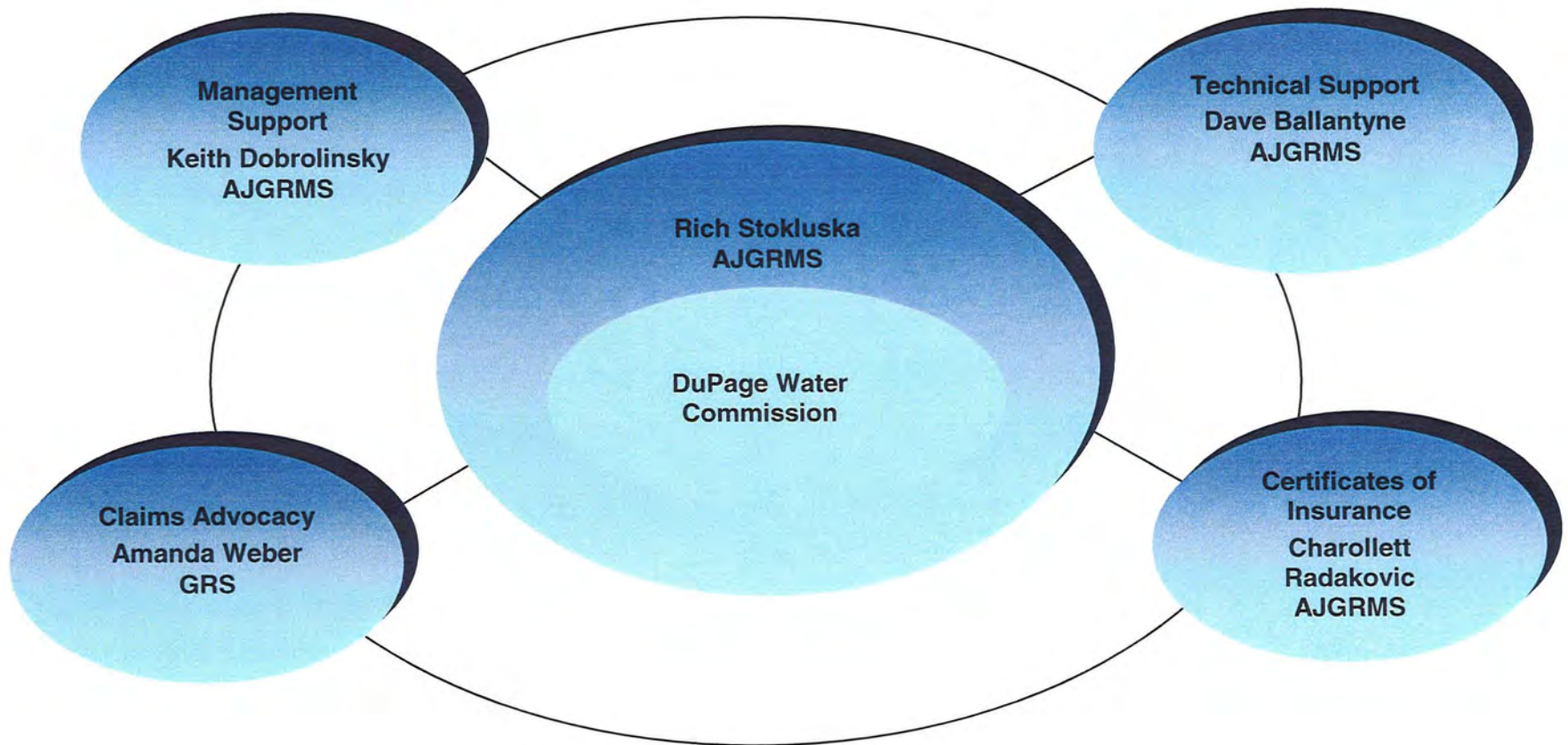
Basic to our success is a commitment to meeting each client's particular needs. This commitment has enabled the company to grow from a two-person organization to our present ranking as the **third largest insurance broker in North America and the fourth in the world.**

The expansion of our company into a nationwide organization has been dramatic. We were **true pioneers in the concept of risk management. We created the first self-insurance service organization**, which was set up to administer all lines of coverage – Property, Workers' Compensation, Auto, General, and Professional Liability. This followed our early recognition of the changing needs of Risk Managers and has been accelerated by a rapidly changing environment.

Today Arthur J. Gallagher & Co. has over 250 production offices throughout the U.S. and the world. Additionally, we have access to the important London Market through Arthur J. Gallagher – UK and the third market in Bermuda via Arthur J. Gallagher Bermuda, Ltd.

DUPAGE WATER COMMISSION
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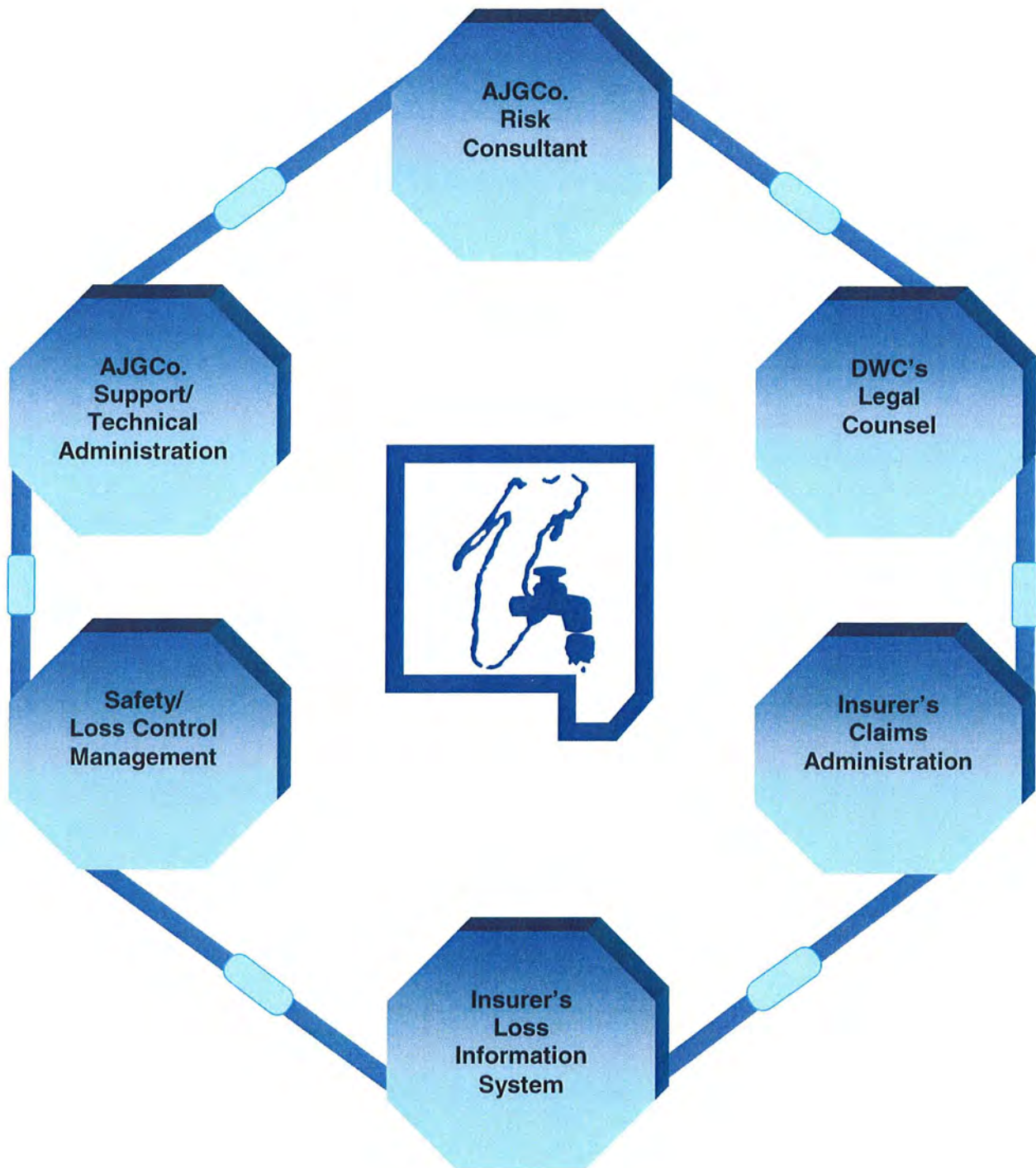
Arthur J. Gallagher Risk Management Services, Inc. Service Team



DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Integrated Approach



DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Arthur J. Gallagher & Co.
Client Commitment ... The Gallagher Way

Managing our client's risks is our highest commitment.

We try to anticipate our client's needs in advance.

We seek to understand the client's business, not just our own.

We always recommend that which is in the client's best interest, even if it diminishes our revenues.

We lead our clients to ever more effective risk management techniques.

We seek long-term relationships, not quick profits.

Getting the order is only the beginning of our commitment, not the end.

We never promise what we cannot produce.

Honesty and integrity are paramount. If we make a mistake, we admit it, and we make it right.

Every client, large or small, has full access to all of our expertise and capability.

PROGRAM SERVICES

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Program Services

- **Risk Management Services**
- **Brokerage and Administrative Services**
- **Specialized Coverages and Services**
- **Coverage Descriptions**

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Risk Management Services

- Utilizing our understanding of public agency needs
- Properly developing programs through market comparison
- Adapting programs to our client's needs, not adapting client's needs to programs
- A leader in product development:
 - Premier Public Entity Package Program
 - Commercial Package Program
 - Bermuda Captive Program
- A leader in services offered:
 - Information management
 - Claims management
 - Risk control
 - Actuarial services
 - Property appraising
- A client-driven approach

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Brokerage Services

Arthur J. Gallagher Risk Management Services, Inc. receives from DuPage Water Commission annual compensation for providing risk management and related services.

The services that Arthur J. Gallagher Risk Management Services, Inc. provides to DuPage Water Commission include, but are not limited to:

- Provide pricing and coverage options, and provide input into various decision scenarios.
- Review all policies and endorsements on the DuPage Water Commission's behalf prior to delivery of contracts.
- Analyze insurance market trends and report to the DuPage Water Commission in advance of any trends that will affect pricing and coverage available.
- Serve as liaison between DuPage Water Commission and the insurers.
- Coordinate claims questions from the DuPage Water Commission with the insurance company claims office.
- Provide assistance in the Loss Prevention Program at the direction of the financial administrator.
- Clarify coverage questions from the DuPage Water Commission.
- Issue Certificate of Insurance forms on behalf of the DuPage Water Commission.
- Coordinate the renewal process each year – develop and compile data into a comprehensive review and prepare formal proposal outlining all terms and options.
- Complete a formal Market Study soliciting and negotiating quotations with various carriers.
- Prepare a formal proposal for the DuPage Water Commission outlining the renewal terms and options.
- Field all questions during the year from the DuPage Water Commission.

The services previously detailed are not meant to be an all-inclusive of services provided by Arthur J. Gallagher Risk Management Services, Inc. We are, in summary, the "insurance person" for the DuPage Water Commission.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Specialized Resources and Services

In addition to our previously mentioned risk management services, Arthur J. Gallagher Risk Management Services, Inc. has direct access to numerous sources for specialized resources and services. They include:

- Actuarial Services
- Appraisal Services – Gallagher Bassett Services, Inc.
- Substance Abuse Program Design and Support
- Disaster Recovery Planning Expertise
- Fraud Investigation Unit – Gallagher Bassett Services, Inc.
- Employee Hiring Practices, including:
 - Preplacement physicals
 - Background screening
 - MVR checks
 - Criminal record checks
 - Prior insurance claims screening
- Security Consulting
- Computer Integrity Audits
- Ergonomic Evaluations and Seminars
- Preferred Provider Organization (PPO) Programs/Employee Benefit Programs
- Estate Planning and Executive Benefit Programs

INSURANCE SUMMARY

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Insurance Summary

- **Market Review**
- **Proposed Carrier Ratings**
- **Summary of Insurance Coverages**

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Market Review

Obtaining a comprehensive and competitively priced program of insurance in the marketplace requires more than access to the market. Past experience and credibility with markets are the foundation of a successful campaign for your company. Complete and accurate submissions, with detailed specifications, are essential. Gallagher companies made a complete and personal presentation to each company contacted.

Insurance Carrier	Coverages	Best's Rating 2005	Surplus Lines (Yes/No)	Carrier's Position (Quoted/Declined and Reason)
American Alternative Insurance Corp.	GL, AL, Crime, Excess Liability	A XV	No	Quoted Renewal
Scottsdale Insurance Co.	GL, Auto, POL, EPL	A+ XV	Yes	Declined – Pricing
Zurich	GL, Auto, POL, EPL	A+ XV	No	Declined – Territory
Illinois National Insurance Co.	UST	A+ XV	No	Quoted
Travelers Insurance Co.	Property/Boiler	A+ XV	No	Declined – Pricing and cannot provide coverage for underground pipes
RSUI	Property	A X	No	Declined – Pricing/Capacity
Affiliated FM	Property	A+ XV	No	Quoted – Broad and aggressive terms
Allianz	Property	A XV	No	Non-Renewal Treaty Change. No underground pipes
Lexington	Umbrella	A+ XV	Yes	Quoted
Ace/Westchester	Excess Liability	A+ XV	Yes	Quoted

Note: If a company is indicated as a surplus lines company, the placement does not benefit from state guarantee funds in the event of carrier insolvency.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Proposed Carrier Ratings and Admitted Status

Proposed Carriers	A.M. Best's Rating 2005	Admitted/Non-Admitted
American Alternative Insurance Corp.	A XV	Admitted
Illinois National Insurance Co.	A+ XV	Admitted
Lexington	A+ XV	Non-Admitted
ACE/Westchester	A+ X	Non-Admitted
Affiliated FM	A XV	Admitted

If the above indicates coverage is placed with a non-admitted carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

Guide to Best Ratings Rating Levels and Categories

Level	Category	Level	Category	Level	Category
A++, A+	Superior	B, B-	Fair	D	Poor
A, A-	Excellent	C++, C+	Marginal	E	Under Regulatory Supervision
B++, B+	Very Good	C, C-	Weak	F	In Liquidation
				S	Rating Suspended

Financial Size Categories

(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)

FSC I		Up to	1,000	FSC IX	250,000	to	500,000
FSC II	1,000	to	2,000	FSC X	500,000	to	750,000
FSC III	2,000	to	5,000	FSC XI	750,000	to	1,000,000
FSC IV	5,000	to	10,000	FSC XII	1,000,000	to	1,250,000
FSC V	10,000	to	25,000	FSC XIII	1,250,000	to	1,500,000
FSC VI	25,000	to	50,000	FSC XIV	1,500,000	to	2,000,000
FSC VII	50,000	to	100,000	FSC XV	2,000,000	or more	
FSC VIII	100,000	to	250,000				

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Gallagher companies use A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose policies we propose to deliver. The rating of the carrier and the year of publication of that rating are indicated. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Insurance Summary

General Liability

Carrier:	American Alternative Insurance Corporation (Member of the American Re Group of Companies)		
Form:	Proprietary/Occurrence		
Coverage/Limits:	Bodily Injury and Property Damage	\$1,000,000	Per occurrence
		\$3,000,000	Aggregate
	Personal Injury/Advertising Injury	\$1,000,000	Per person
		\$3,000,000	Aggregate
	Professional Liability ⁽¹⁾	\$1,000,000	Per error or omission
		\$3,000,000	Aggregate
	Wrongful Acts ⁽²⁾	\$1,000,000	Per Wrongful Act
		\$3,000,000	Aggregate
	Employment Practices Liability	\$1,000,000	Per error or omission
		\$3,000,000	Aggregate
	Employee Benefit Liability	\$1,000,000	Per Wrongful Act
		\$3,000,000	Aggregate
	Fire Damage Limit	\$1,000,000	Per fire
	Medical Payments	\$10,000	Per accident
	Nonmonetary Liability	\$5,000	Per incident
	Pre-termination Counseling	\$2,500	Per incident
The limit of insurance and aggregate limit applies separately to each coverage part unless multiple coverage parts are involved in the same occurrence.			
Deductible:	\$5,000 General Liability, Wrongful Acts, Employment Practices Liability per occurrence		
Rating Basis:	Flat rate/not subject to audit		
Exclusions:	Mold/Fungus		
	Per Specimen Form (available upon request)		

⁽¹⁾ Professional Liability only applies to water and wastewater operations.

⁽²⁾ Wrongful Acts is synonymous with Directors' & Officers' Liability and Public Officials' Errors and Omissions Liability. Wrongful Acts protects the personal assets of board members and employees of nonprofit, for profit, and public entities.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Policy Notes:

- Duty to defend policy
- Defense costs outside the limit of liability
- Prior Acts coverage **is not available**
- Coverage for acts of terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at no additional premium charge

Special

Coverage:

(Subject to
policy terms)

Limited Pollution Liability arising out of:

- Products hazard
- Potable water
- Propane or natural gas
- Pest abatement or spraying
- Weed abatement or spraying
- Hostile fire
- Explosion, lightning, windstorm, vandalism, or malicious mischief, collapse, riot and civil commotion, flood, earthquake, collision, upset or overturn of mobile equipment
- Use, handling, storage, discharge, dispersal, release, or escape of any chemical used in the water treatment process

Coverage Overview: (Subject to policy terms)

- | | |
|---------------------------------|--|
| • Advertising Injury | • Negligent Training/Supervision |
| • Backpay Awards | • Nonmonetary |
| • Broad Named Insured | • Nonowned Aircraft |
| • Canals and Levees | • Nonowned Watercraft |
| • Civil Rights | • Outside Directorship |
| • Contractual | • Owned Watercraft |
| • Defense Outside Limit | • Personal Injury |
| • Diminution of Property Values | • Pollution/Limited |
| • Discrimination | • Pre-Judgment Interest |
| • Disinfectants' Release | • Premises/Operations |
| • Duty to Defend | • Pre-Termination Counseling |
| • Employee Benefits | • Products/Completed Operations |
| • Employment Practices | • Professional E&O for Water Testing |
| • Extended Bodily Injury | • Professional Liability (water and sewer) |
| • Extended Personal Injury | • Public Officials' |
| • Failure to Supply | • Railroad Protective |
| • Fire Legal Liability | • Sewer Backup |
| • Inverse Condemnation | • Sexual Harassment |
| • Liquor | • Water Contamination |
| • Marital Estates and Trusts | • Water Testing Errors and Omissions |
| • Medical Payments | • Wrongful Acts |

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Automobile

Carrier:	American Alternative Insurance Corporation (Member of the American Re Group of Companies)		
Form:	ISO Based Policy		
Coverage/Limits:	Owned Automobile		\$1,000,000
	Hired/Nonowned Automobile		\$1,000,000
	Uninsured/Underinsured Motorist		\$1,000,000
	Medical Payments		\$5,000
	Comprehensive (ACV)		Covered
	Collision (ACV)		Covered
	Broad Form Pollution		Covered
Special Coverages:	Glass Repair/Replacement	Per State Requirements	
	Rental Reimbursement ⁽¹⁾		Not Covered
	Towing and Transportation		\$5,000
	Hired Physical Damage		\$50,000
Deductibles:	Liability		\$0
	Comprehensive		\$1,000
	Collision		\$1,000
Rating Basis:	Fleet Automatic (Changes will be processed with additional reserved premium)		
Policy Notes:	<ul style="list-style-type: none">• \$250 minimum premium• Coverage for Terrorism, subject to the Terrorism Risk Insurance Act of 2002, included at no additional charge.• Actual Cash Value for all vehicles• List of exclusions available upon request		

⁽¹⁾ Available for additional premium.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Insurance Summary

Crime

Carrier:	American Alternative Insurance Corporation (member of American Re Group of Companies)		
Form:	ISO Based Policy including Proprietary Wording		
	<ul style="list-style-type: none">• Separate limits apply to each coverage• Coverage extended to directors and authorized volunteers• A specimen policy is available upon request to review all exclusions		
Limits:	\$500,000	Public Employee Dishonesty, including Faithful Performance	
	\$500,000	Forgery or Alteration	
	\$500,000	Theft, Disappearance, and Destruction	
	\$100,000	Computer Fraud	
Deductible:	\$1,000	Each occurrence	

Policy Note:

Coverage for acts of terrorism, subject to the provisions of the Terrorism Risk Insurance Act of 2002, included at no additional premium charge.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Excess Liability (\$5,000,000)

Carrier: American Alternative Insurance Corporation
(Member of the American Re Group of Companies)

Form: AAIC Commercial following Form Excess

Coverage/Limit: \$5,000,000 Excess of Underlying Coverages/Limits

Rating Basis: Flat rate/not subject to audit

Underlying Coverage: The Umbrella Limit will be excess of the following Underlying Coverages/Limits:

Underlying Coverages	Underlying Limits
Bodily Injury and Property Damage	\$1,000,000/\$3,000,000
Personal Injury and Advertising Injury	\$1,000,000/\$3,000,000
Professional Liability	\$1,000,000/\$3,000,000
Wrongful Acts	\$1,000,000/\$3,000,000
Employment-Related Practices Liability	\$1,000,000/\$3,000,000
Employee Benefit Liability	\$1,000,000/\$3,000,000
Automobile Liability	\$1,000,000/\$3,000,000
Excess Employers' Liability Optional ⁽¹⁾	\$500,000/\$500,000/ \$500,000

Special Remarks: Coverage for acts of Terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at no additional premium charge.

Notable Exclusions: Mold/fungus is excluded

⁽¹⁾ Available for additional premium providing carrier has an A- IV rating or better. Written request prior to binding is required to activate coverage.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Umbrella Liability (\$15,000,000)

Carrier: Westchester Insurance Co.
Form: FM 101.0.302 (11/93)
Coverage/Limit: \$15,000,000 each occurrence and aggregate excess of \$5,000,000 excess of primary \$1,000,000
Rating Basis: Flat rate/except for acquisitions
Defense Costs: Outside of Limits
Underlying Coverage: The Umbrella Limit will be excess of the following Underlying Coverages/Limits:

Underlying Coverages	Underlying Limits
Bodily Injury and Property Damage	\$1,000,000/\$3,000,000
Personal Injury and Advertising Injury	\$1,000,000/\$3,000,000
Professional Liability	\$1,000,000/\$3,000,000
Wrongful Acts	\$1,000,000/\$3,000,000
Employment Practices Liability	\$1,000,000/\$3,000,000
Employee Benefit Liability	\$1,000,000/\$3,000,000
Automobile Liability	\$1,000,000 CSL
Excess Liability	\$5,000,000/\$5,000,000

Special Remarks:

- Coverage for acts of Terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at \$11,250 additional premium charge.
- 50% minimum earned premium
- Non-Drop Down endorsement
- Single Policy Aggregate
- Know Injury or Damage endorsement

Notable Exclusions:

- Fungus/Bacteria
- Pollution
- Care, Custody, and Control for both Real and Personal Property
- Asbestos
- Uninsured/Underinsured Motorists
- ERISA
- Failure to supply
- Others per Westchester Form
- Silica, Dust, and Particulars
- Lead Contamination
- Conditional Exclusion for Terrorism (relating to TRIA)
- Certified Acts of Terrorism (if purchased)
- Other Acts of Terrorism

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Umbrella Liability (\$15,000,000)

Carrier: Lexington Insurance Co.
Form: As expiring (LEX-OCC-UMB-1 ed. 7/94)
Coverage/Limit: \$15,000,000 each occurrence and aggregate excess of \$5,000,000 excess of primary \$1,000,000
Rating Basis: Flat rate/not subject to audit
Defense Costs: Outside of Limits
Underlying Coverage: The Umbrella Limit will be excess of the following Underlying Coverages/Limits:

Underlying Coverages	Underlying Limits
Bodily Injury and Property Damage	\$1,000,000/\$3,000,000
Personal Injury and Advertising Injury	\$1,000,000/\$3,000,000
Professional Liability	\$1,000,000/\$3,000,000
Wrongful Acts	\$1,000,000/\$3,000,000
Employment Practices Liability	\$1,000,000/\$3,000,000
Employee Benefit Liability	\$1,000,000/\$3,000,000
Automobile Liability	\$1,000,000 CSL
Excess Liability	\$5,000,000/\$5,000,000

Special Remarks:

- Coverage for acts of Terrorism, subject to provisions of the Terrorism Risk Insurance Act of 2002 (TRIA), included at no additional premium charge.
- 50% minimum earned premium
- Follow Form Employee Benefits Liability endorsement
- Follow Form Professional Liability endorsement
- Subcontractors Amendatory endorsement

Notable Exclusions:

- Mold/fungus
- Pollution
- Employment Practices Liability
- Asbestos
- Uninsured/Underinsured Motorists
- Failure to Supply
- War
- Others per Lexington Form
- Silica
- Spam
- Subsidence
- Securities and Financial Interest Exclusion
- Underlying Insurance must be A- VII rating or better

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Underground Storage Tank

Carrier:	Illinois National Insurance Co.
Form:	#81106 10/02 – Claims-Made and Reported Basis
Retro Date:	11/1/90
Limit:	\$1,000,000 each incident \$1,000,000 aggregate limit
Deductible:	\$5,000
Tank Covered:	1,000-gallon double walled fiberglass underground storage tank containing regular unleaded gasoline. Location: 600 East Butterfield Road, Elmhurst Installation date 1990
Policy Notes:	<ul style="list-style-type: none">• Premium is fully earned at policy inception• Coverage for terrorism, subject to the Terrorism Risk Insurance Act of 2002, is included in premium. Signing of TRIA election form due prior to binding.• Tank must be in compliance with local, state, or federal regulations. Acceptance of this policy warrants compliance.• Cross Liability exclusion added
Coverages Included:	<ul style="list-style-type: none">• Loading and Unloading• No notification needed for tank removal• No limitation or capacity• Corrective Action per EPA Regulation covered• All fines and penalties covered (except criminal)

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Insurance Summary
Property

Carrier: Affiliated FM Insurance Co

Term: 11/1/05 to 11/1/06

AM Best Rating:

Coverages:

- Real Property
- Personal Property
- Gross Earnings excluding Ordinary Payroll
- Extra Expense
- Contingent Business Interruption Direct suppliers & direct customers only. Underground Property
- Boiler & Machinery
- Others as more fully defined in the Company policy form and endorsements thereto

Perils: All Risks of Direct Physical Loss or Damage including Earth Movement, Flood, and Boiler & Machinery Perils, and as more fully described in the policy form and endorsements thereto.

Limits: \$500,000,000 per occurrence

Sublimits: The following Sublimits apply on a per occurrence basis, unless otherwise stated. Any Sublimit shown as an "annual aggregate" applies per occurrence and to all losses for that peril/coverage in the aggregate during the policy term.

• Earth Movement and Volcanic Action (Annual Aggregate)	\$100,000,000
• Flood and Water Damage (Annual Aggregate)	\$100,000,000
• Sewer Back-Up	Included
• Underground Property	Included
• Contingent Business Interruption - City of Chicago, Water Distribution System (See Notes Below)	\$25,000,000
• Extra Expense	\$5,000,000
• Water in Process	\$5,000,000
• Newly Acquired Property	\$2,000,000
• Unnamed Locations	\$2,500,000
• Property in the Course of Construction	\$500,000
• Building Ordinance including Demolition & ICC & Increased Time to Rebuild	\$5,000,000
• Pollutant Clean-Up and Removal (Annual Aggregate \$100,000)	\$50,000
• Debris Removal	Included
• Fire Department Service Charges	\$100,000

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

• Certified Terrorism (additional premium)	\$500,000,000
• Non-Certified Terrorism (Annual Aggregate) (additional premium)	\$100,000,000
• Service Interruption - Property Damage & Time Element	
• Combined (Water, Communication excluding overhead transmission lines, Power excluding overhead transmission lines)	\$1,000,000
• Ingress/Egress (1 mile radius limitation, 30 days limitation)	\$1,000,000
• Accounts Receivable	\$10,000,000
• Valuable Papers and Records	\$500,000
• Contractors Equipment	Per Schedule
• EDP Equipment	Included
• Preservation of Property	Included
• EDP Media	\$500,000
• EDP Extra Expense	\$5,000,000
• Transit	\$1,000,000
• Professional Fees	\$100,000
• Tress, Plants, Lawn limit \$1,000 per item	\$100,000
• Pavement and Roadways	\$250,000
• Installation Floater	\$50,000
• Fine Arts	\$2,500,000
• Errors & Omissions	\$500,000
• Fungus, Mold or Mildew	\$1,000,000
• Boiler & Machinery - Property Damage	\$200,000,000
• Boiler & Machinery - Extra Expense	\$5,000,000
• Boiler & Machinery - Expediting Expenses	\$250,000
• Boiler & Machinery - Ammonia Contamination	\$250,000
• Boiler & Machinery - Consequential Damage	\$250,000
• Boiler & Machinery - Hazardous Substances	\$250,000
• Boiler & Machinery - Off-Premises Service Interruption Spoilage	\$250,000

The above Extensions of Coverage sublimits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.

With respect to Installation Floater, Newly Acquired Property, Unnamed Location, the specific sublimit is the maximum amount payable in anyone occurrences regardless of the number of locations, coverages, or occurrence involved. These items cannot be combined with any other limits or sublimits in this policy.

With respect to Non-Certified Terrorism Coverage, each sublimit will apply as an aggregate limit during any one policy year for Property Damage and Business Interruption combined, and the Company's maximum liability for such coverage will not exceed such limit during the policy year

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

regardless of the number of locations, coverages, or occurrences involved. With respect to Certified Act of Terrorism Coverage, each sublimit will apply per occurrence. Non-Certified Terrorism Coverage applies only to locations within the United States and its territories. The applicable annual aggregate limit of liability will not exceed the following sublimits in the aggregate during any policy year.

\$100,000 for Unnamed Locations Coverage and Property Removed from Described Locations, for Property Damage and Business Interruption combined.

\$100,000 for Flood for Property Damage and Business Interruption combined when caused by or resulting from Terrorism.

These limits shall not include the Actual Cash Value portion of fire damage caused by a Certified Act of Terrorism.

Terrorism Risk Insurance Act of 2002: As respects the United States, its territories and possessions, and the Commonwealth of Puerto Rico, any recovery under this Policy for any insured loss or damage from acts of terrorism, as covered under this Policy, may be partially reimbursed by the United States Government in accordance with the Terrorism Risk Insurance Act of 2002. Reimbursement by the United States Government will be under a formula established by Federal Law.

With respect to Business Interruption loss resulting from Terrorism, the period of interruption shall not exceed 12 months from the inception of the first physical damage caused by or resulting from Terrorism. This time limit for Business Interruption coverage shall not be considered additive to any other Business Interruption time limit or to any period of interruption applying to any coverage provided by any Business Interruption endorsements, and shall be subject to the sublimit of liability for Terrorism.

Extended Terrorism Coverage Endorsement

Section E., Perils Excluded, Group I, Item 2.f. is amended to:

- f. Terrorism, including action taken to prevent, defend against, respond to, or retaliate against Terrorism or suspected Terrorism, except to the extent provided in Section C, Extensions of Coverage, Item 17. Terrorism. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), then this Policy covers only to the extent the Actual Cash Value of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this Policy, or any extension or such coverage, or to any other coverages provided by this Policy.

Any act which satisfies the definition of Terrorism provided in Section H, Definitions, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this Policy.

If any act which satisfies the definition of Terrorism provided in Section H, Definitions also comes within the terms of the hostile or warlike action exclusion of this Policy in Section E, Group I, 2.a., the hostile or warlike action exclusion applies in place of this exclusion.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

If any act excluded herein involves nuclear reaction, nuclear radiation, or radioactive contamination, this exclusion applies in place of the nuclear hazard exclusion of this Policy, Section E, Group I, 1.

Section C., Extensions of Coverage, Item 17. Terrorism is amended to:

17. Terrorism:

This Policy covers physical loss or damage caused by or resulting from Terrorism, but only at scheduled locations specifically listed and described in the Insurance Provided paragraph of the Declarations section of this Policy and Unnamed Locations.

Any act which satisfies the definition of Terrorism provided in Section H, Definitions, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this Policy. Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.

This Additional Coverage does not cover loss or damage which also comes within the terms of the hostile or warlike action exclusion of this Policy, Section E, Group I, 2.a.

This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event, whether or not insured under this policy contributing concurrently or in any other sequence to the loss:

- a. the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b. it is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c. pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- d. action taken to prevent, defend against, respond to, or retaliate against Terrorism or suspected Terrorism.

Section G., General Conditions, Basis of Valuation, Item a. 11, is amended to:

On property that is damaged by fire and such fire is the result of Terrorism, the Actual Cash Value of the fire damage loss. Any remaining fire damage loss shall be adjusted according to the terms and conditions of Section G, General Conditions, Basis of Valuation, or this policy and shall be subject to the limit(s) of liability for Terrorism coverage as shown in the Declarations section of this policy for the Extension of Coverage for Terrorism.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Terrorism Coverage Change

Upon expiration of the coverages provided by endorsement and sublimited in the Declarations, **Extension of Coverage Sublimits**, Non-Certified Acts of Terrorism, and Certified Acts of Terrorism:

- A. The coverage and sublimits provided in the **Extension of Coverage Sublimits** will be replaced with the following:

Not Covered	A. Non-Certified Act of Terrorism Coverage
Not Covered	B. Certified Act of Terrorism Coverage
Not Covered	C. Terrorism for Locations Outside the United States
\$100,000	D. Terrorism except
Not Covered	E. Terrorism at the following scheduled locations

- B. The following deductible provision will be added to the Deductible Amount section in the Declarations and will apply to Terrorism:

Terrorism (per occurrence for all coverages provided):

For each occurrence, this company will not be liable for loss or damage to insured property unless this amount of loss or damage exceeds 1% of the combined value of property at the location where loss or damage occurs, in accordance with the valuation section of this policy and annual business interruption value as defined in the Business Interruption Endorsement attached to this policy at the time such loss or damage at the location where loss occurs. If coverage is provided for more than one location, this deductible percentage amount will be calculated for and applied separately to each location subject to a maximum deductible amount of \$1,000,000 per occurrence.

This deductible will not apply to any location(s) (if any) in the State of New York.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Deductibles:

The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:

1. \$100,000 Earth Movement per occurrence for each location for all coverages provided by the earth movement endorsement
2. \$100,000 Flood per occurrence for each location for all coverages provided by flood endorsement
3. \$10,000 Boiler and Machinery
4. Electronic Data Processing Equipment, Data, and Media Deductible:

 In the event of loss or damage to Electronic Data Processing (EDP), Data, and Media insured by this policy caused by the malicious introduction of a machine code or instruction, no coverage is provided unless the period of interruption exceeds 48 hours beginning from the time of insured loss. The company's liability commences only after, and does not include, the Waiting Period specified.

 If the period of interruption exceeds 48 hours, the insured loss will be calculated based upon the amount of insured loss in excess of Waiting Period and subject to a combined deductible for all coverages of \$10,000 per location.

 Any period in which business operations or services would have not been maintained, or any period in which goods would have not been produced will not be included as part of or serve to reduce the effect of any Waiting Period.
5. \$500,000 Underground Piping

Terms and Conditions:

- 25% Minimum Earned Premium
- All Fees fully earned at binding
- Provide a signed Statement of Values
- Acceptable Inspection and Compliance deemed necessary

SUMMARY

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Summary

- **Premium Summary**
- **Recommendations**
- **Authorization to Bind Coverage**

DuPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Cost Summary Premium Summary

Coverages	2003-2004 Premium	2004-2005 Premium	2005-2006 Renewal
General Liability	\$79,012	\$75,949	\$53,497
Automobile ⁽¹⁾	21,640	21,881	21,285
Crime	Included	8,300	7,470
Excess Liability (\$5,000,000 excess	44,180	49,551	36,382
Property ⁽²⁾	632,929	433,079	332,917
Certified Terrorism Option	Included	Included	12,000
Non-Certified Terrorism Option	Included	Included	8,000
Inspection Fee	None	5,000	10,000
Excess Liability (\$15,000,000 excess	106,300	102,500	81,938
Excess Liability (SLT)	Included	3,800	N/A
Underground Storage Tank ⁽⁴⁾	545	545	545
Brokerage Fee	Included	Included	40,000
Total	\$884,606	\$700,605	\$604,034

Notes and Highlights:

- Premiums for the above policies are due and payable as billed, in full or as insurance company installments. Premiums may be financed, subject to acceptance by an approved finance company. Note: Following acceptance, completion (and signature) of a premium finance agreement with the specified down payment is required.
- Quote is valid until November 1, 2005.

⁽¹⁾ \$250 minimum earned premium.

⁽²⁾ 25% minimum earned premium at inception.

⁽³⁾ 50% minimum earned premium at inception.

⁽⁴⁾ Premium fully earned at inception.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Client Authorization to Bind Coverage
PLEASE SELECT ONE OF THE FOLLOWING BINDING OPTIONS:

☐ **OPTION 1:**

After careful consideration of your proposal dated September 23, 2005, for coverage period November 1, 2005 to November 1, 2006, we, DuPage Water Commission, accept the proposed or Option # _____ for our insurance program. DuPage Water Commission states that it is understood and agreed:

- That this proposal provides only a summary of the details; the policies will contain the actual coverages.
- That the values, schedules, and other data contained in this proposal are from DuPage Water Commission's records.
- That DuPage Water Commission acknowledges and confirms that it is our responsibility to see such data is maintained accurately and has been offered to Gallagher in the placement of the above-noted coverage(s) for us.

There are, however, the following exceptions/changes or additional coverages that DuPage Water Commission would like to state at this time or ask Gallagher to quote separate from this proposal:

☐ **OPTION 2:**

DuPage Water Commission would like Gallagher to issue confirming correspondence outlining decisions that DuPage Water Commission made regarding this proposal meeting/discussion. Upon receipt of Gallagher's document, DuPage Water Commission will reply on or prior to the effective date if there are discrepancies to this correspondence. No reply from DuPage Water Commission on or prior to effective date means that DuPage Water Commission will accept the terms outlined in the Gallagher correspondence and Gallagher will bind coverage.

☐ **OPTION 3:**

DuPage Water Commission will send Gallagher correspondence on or prior to effective date that documents our decisions. DuPage Water Commission understands that Gallagher must have this correspondence from DuPage Water Commission before coverage can be bound.

Client Representative Name (PRINT)

Client Signature

Date

Gallagher will promptly provide DuPage Water Commission with a binder(s) or confirmation of insurance and invoice(s) for coverage/services agreed to and set in writing.

Gallagher or Broker Representative (PRINT)

Broker Signature

Date

Arthur J. Gallagher Risk Management Services, Inc.

All Standard Policy Terms, Conditions and Exclusions Apply

CERTIFICATE OF INSURANCE

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Certificate of Insurance

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

ACORD CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 09/21/05
PRODUCER 1-630-773-3800 Arthur J. Gallagher Risk Management Services, Inc. Two Pierce Place Itasca, IL 60143 Michele Moore 630-285-3931		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED Arthur J. Gallagher Risk Management Services, Inc. The Gallagher Centre Two Pierce Place Itasca, IL 60143		
INSURERS AFFORDING COVERAGE		NAIC #
INSURER A: Indian Harbor Ins Co		36940
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPIOPAGG \$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? INCL EXCL If yes, describe under SPECIAL PROVISIONS below				WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A		OTHER Errors & Omissions (Claims-Made)	ELU08901505	05/01/05	06/01/06	Limit of Liability 20,000,000 Retention 5,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS						

CERTIFICATE HOLDER DuPage Water Commission 600 E. Butterfield Rd. Elmhurst, IL 60126 USA	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE
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ACORD 25 (2001/08) katloh
3410338

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DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ACORD 25 (2001/08)

COVERAGE DESCRIPTION

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Coverage Description

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Coverage Descriptions

The descriptions enclosed are intended to provide a brief explanation of some of the principal coverages offered in the insurance marketplace. The definitions, terms, and conditions of the policy determine the actual coverage provided by a particular policy. **There may be coverages described herein that are not provided in this proposal but may be available upon request.**

Institute and other industry related sources may differ from the definitions in your Insurance Policies. Your insurance coverage will be determined by the language of the policy, and not by the definitions set out above.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Property/Inland Marine **(Coverage Descriptions)**

Property Insurance

Insures your interest in described property you own or for which you are responsible. May include buildings, leasehold improvements, and personal property (excluding automobile). Coverage may be extended to include fencing, property owned by others, or off premises. Property policies require insurable interest.

Business Income

Insures profits that would have been earned and continuing expenses after a loss at an insured location. Will also cover limited extraordinary expenses you incur to continue operations. Due diligence and dispatch must be exercised to resume normal operations.

Increased Cost of Construction

Covers the additional cost of reconstructing a damaged or destroyed building where ordinance requires rebuilding with more expensive materials, services, or techniques.

Demolition Cost

Covers the cost of demolition excluded by a demolition clause. It may be endorsed to property insurance for an additional premium.

Extra Expense

Covers extra expenses incurred by a business so it can remain in operation following a property loss.

Contingent Business Interruption

Covers the loss of earnings of an insured because of a loss to another business, which is one of the insured's major suppliers or customers.

Selling Price Clause/Market Value Clause

A provision that may be used in certain property insurance forms, which obligates an insurer to pay the established market price of destroyed or damaged stock rather than its cost to the insured. This coverage is only available to manufacturers with finished products, not to wholesalers or retailers.

Inland Marine

Various types of equipment may not be covered under the contents portion of your policy because of their mobile nature. Examples are tools, cameras, fine arts, musical equipment, EDP, etc., when taken off premises.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Valuable Papers

Covers the cost to reconstruct damaged or destroyed valuable papers and records.

Electronic Data Processing

Covers computer equipment, data systems, information storage media, and operating expenses incurred after an insured loss.

Outdoor Sign

Insures scheduled freestanding outdoor signs normally excluded from property insurance policies.

Accounts Receivable

This policy provides protection for sums due you from your customers should you become unable to collect as a direct result of loss of, or damage to, your accounts receivable records.

Insures the labor cost to recreate damaged or lost accounts receivable records, increased collection costs, interest and uncollectible balances, less allowance for bad debts, after damage to records at the insured location. Do not confuse with credit insurance.

Transit/Cargo

Covers damage or theft of your property (excluding automobiles) while in transit within the United States or Canada. Can be extended to include contingent interest on FOB shipments. You cannot depend on common carriers for recovery of losses since they are not liable for acts of God and often use released value bills of lading.

Employee Tools

Covers employees' tools and is normally written subject to coinsurance or a maximum dollar value per employee. Employees must furnish a list of tools to you, which can be used to properly settle a claim.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Boiler & Machinery (Coverage Descriptions)

Property Damage

Insures damage to scheduled boiler and machinery equipment, damage to buildings and contents caused by insured accidents, and expediting expenses incurred to recover after a loss. Necessary because standard property policies exclude explosion of steam boilers, mechanical breakdown, and artificially generated current when no fire ensues.

Expediting Expenses

Covers expenses incurred in order to speed up repair or replacement so as to reduce the amount of loss by a peril covered in a policy.

Water Damage

Covers certain specified causes of water damage, e.g., damage caused by water leakage, overflow of heating or air-conditioning systems, or plumbing.

Ammonia Contamination

Covers contamination of insured property by ammonia as a result of an accident to an object.

Consequential Damage

Covers a loss not directly caused by a peril insured against, such as spoilage of frozen foods caused by fire damage to the refrigeration equipment.

Hazardous Expense

Coverage for direct damage to buildings and personal property that are covered Property and are contaminated by a Hazardous Substance as a result of an "accident" to an "object."

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Crime **(Coverage Descriptions)**

Blanket Crime – Employee Dishonesty

This insures against loss resulting from the dishonest acts of your employees. Regarding any employee benefit plans you might have, coverage is necessary to comply with certain provisions of the Employee Retirement Security Act (ERISA). To recover your loss, you must know who took the property and under what circumstances. You must prove an employee caused the loss and be willing to prosecute. Losses that can only be demonstrated by inventory accounting calculations are not insured.

Forgery & Alteration

Insures against loss caused by forgery or alteration of outgoing checks or financial instruments. Does not cover loss sustained because of acceptance of forged checks written by others.

Money & Securities

Covers theft, disappearance, and destruction of money or securities on your premises or in the custody of a messenger. Required because standard property policies limit or exclude coverage for money and securities.

Loss Inside Premises. Virtual all-risk protection for money and securities on premises, including safe burglary, robbery, theft, destruction and disappearance.

Loss Outside Premises. Same broad protection for money and securities while off premises.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Comprehensive General Liability
(Coverage Descriptions)

Premises Operations

Covers liability arising out of the existence, operation, and maintenance of your business and premises.

Products/Completed Operations

Covers liability for bodily injury and property damage arising out of products sold, manufactured, handled, or distributed, or operations that are complete.

Independent Contractors

Protects you from loss due to liability arising from operations of subcontractors who perform work for you under your direction.

Contractual Liability Coverage

Contractual Liability coverage is provided for bodily injury and property damage arising out of liability assumed under an oral or written contract.

Premises Medical Payments Coverage

This coverage is available regardless of negligence for an injury sustained on your premises.

Fire Legal Liability Coverage Real Property

Protects the insured against liability incurred when his negligent actions result in the destruction of property, which is in his care, custody, or control.

Host Liquor Law Liability Coverage

The liquor law liability exclusion has been amended to extend Host Liquor Law Liability coverage to the named insured.

Broad Form Property Damage Liability Coverage

Extends coverage by limiting the policy exclusions pertaining to the property of others under the care, custody, or control of the named insured, and the exclusion pertaining to the work performed by or on behalf of the named insured.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Incidental Medical Malpractice Liability Coverage

Coverage is provided for an insured not engaged in the health care business, but whose employees are involved in the rendering of certain types of medical professional services. For instance, an insured has a doctor- and nurse-staffed infirmary in his factory for the treatment of employment-related injuries.

Nonowned Watercraft Liability Coverage (under 26 feet in length)

Coverage is extended to watercraft under 26 feet in length, provided such watercraft is not owned by the named insured and is not being used to carry persons or property for a charge. This coverage is particularly useful for those insureds who rent or lease watercraft or may have employees who use their own watercraft for business purposes, i.e., salesmen.

Limited Worldwide Liability Coverage

Policy territory definition is amended to cover liability rising out of the activities of the named insured and his employees while temporarily outside the United States of America, its territories or possessions, or Canada, provided the original suit for damages is brought within the United States of America, its territories or possessions, or Canada.

Employees as Additional Insureds

Coverage is extended to all employees as additional insureds. Coverage is also extended to the spouse of a partner, if the named insured is a partnership. Your employees are protected while they are working for you within the scope of their duties.

Extended Bodily Injury Coverage

Coverage is provided for an intentional act by or at the direction of the insured, which results in bodily injury, if such injury arises solely from the use of reasonable force for the purpose of protection of persons or property.

Newly Acquired Organizations (90 days)

Coverage is automatically extended for up to 90 days to the named insured for a newly acquired or formed organization over which the named insured maintains ownership or majority interest.

Explosion, Collapse, and Underground

Provides coverage for property damage arising from explosion, collapse, and underground operation as a result of work performed by you.

Personal Injury Liability

Covers injury arising out of false arrest, libel, slander, violation of an individual's right of privacy, wrongful entry or eviction, or defamation of character.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Advertising Liability

Covers injury arising out of libel or slander, violation of the right to privacy, misappropriation of advertising ideas, or infringement of copyright, title, or slogan committed in the course of advertising goods, products, or services.

Vendors Liability

Gives product liability coverage to the vendors distributing or selling the named insured's product and eliminates the need for the vendor to purchase separate products liability coverage.

Employee Benefits Liability

This protects against suits alleging damage because of handling of employee benefits. As an example, this coverage would protect the insured if an employee, by error, is not added to the group health plan.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Comprehensive Automobile Liability
(Coverage Descriptions)

Owned Automobiles

Covers liability arising out of the ownership, maintenance, or use of automobiles.

Nonowned Auto

Covers the liability for the use of nonowned automobiles in your business. An example would be an employee using his own car on an errand for you.

Hired Auto

Covers the liability for the use of auto you hire for business use. Physical Damage coverage is available.

Personal Injury Protection

Coverage is included for vehicle passengers under no-fault law provisions where applicable.

Uninsured/Underinsured Motorist

Protects insureds who are not contributorily negligent against bodily injury caused by negligent uninsured.

Drive-Other-Car Coverage

Extends Liability, Medical Payments, Uninsured Motorists, and Physical Damage coverages on the automobile policy to provide coverage for the use of automobiles an individual may hire, borrow, or own in the event there is no personal automobile coverage in force.

Automobile Medical Payments

Will pay emergency medical expenses for passengers of your vehicle, or you or your family while pedestrians. Benefits are payable without regard to legal liability.

Comprehensive

Pays for loss or damage to automobile from perils other than collision. Car telephones, mobile radios, and radar detection units are not insured unless specifically declared and listed on the policy.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Specified Perils

Pays for loss caused by fire, theft, wind, hail, earthquake, explosion, flood, vandalism, and the sinking, burning, collision, or derailment of any conveyance transporting the covered auto.

Collision

Pays for loss or damage to automobiles from collision with another object or upset.

Rental Reimbursement

Provides coverage for a rental vehicle while your vehicle is being repaired as a result of a collision loss, for a specified amount per day up to a specified number of days.

Garage Liability

Insures liability to third parties arising out of garage or garage-type operations. This insurance will protect for the use of nonowned and hired autos in your garage operations.

Garagekeepers' Liability

Covers legal liability for damage to vehicles owned by others while left in your care, custody, or control. Coverage may be extended to permit you to make "goodwill payments" for damages not caused by your negligence.

DUPAGE WATER COMMISSION
2005-2006 Risk Management Proposal

Workers' Compensation
(Coverage Descriptions)

Coverage "A" – Statutory Workers' Compensation

Covers injury to employees arising out of and during their employment to the extent required by state statute.

Coverage "B" – Employers' Liability

Provides for payment if those sums (not exceeding the coverage limit), which you are found legally obligated to pay because of bodily injury, sickness, or disease are not otherwise compensable under Statutory Workers' Compensation insurance.

Voluntary Compensation Endorsement

Covers your employees not otherwise included in the scope of Workers' Compensation laws, such as sponsorship of athletic activities.

Broad Form Other States Endorsement

Provides coverage of your employees while traveling in states that are not listed in your Workers' Compensation policy Declarations (excludes monopolistic states).

United States Longshoremen & Harborworkers' Act Endorsement

Provides coverage for your employees working on or near water as provided by the United States Longshoremen & Harborworkers' Act.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Umbrella Liability (Coverage Descriptions)

- Umbrella policies provide “excess” coverage in the event of a liability claim that is large enough to exhaust the limits of your scheduled underlying policies or primary coverage in excess of the Self-Insured Retention.
- This type of liability insurance, which is an “umbrella” of blanket catastrophe excess liability protection, will accomplish three purposes for your business:
 - Excess coverage over other liability insurance carried by you; we call this the “underlying insurance.”
 - Coverage of liability exposures, except a few specifically excluded exposures, subject to a large deductible.
 - Automatic replacement coverage for underlying liability policies which are reduced or exhausted by loss.
- Umbrella liability insurance can also be provided as personal protection for executive officers of corporate business and partners of a partnership.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Coverage Descriptions

Directors' & Officers' Liability – Claims-Made Coverage

Protects directors and officers from liability claims arising out of alleged errors in judgment, breaches of duty, and wrongful acts related to their organizational activities.

The simplest way to describe D&O is that it is a boardroom malpractice policy, an errors and omissions policy for officers and directors. It provides protection from the risk of suits that can result from every day business decisions.

Suits may allege wrongful terminations, insufficient supervision, waste of corporate assets, breach of contract, misrepresentations, or securities violation, just to name a few. Regardless of validity, officers and directors must defend themselves against these allegations. This process can be frightening, time consuming, and very expensive.

D&O policies are Claims-Made, and cover suits against the individual directors and officers. Coverage for the entity is only provided for non-profits, and in certain cases, for an additional premium to for-profit entities for their securities law's violations.

Any past or present director or duly elected or appointed officer: Coverage may also apply automatically to all newly created directors or officers after the inception date of the policy.

Estates, heirs, legal representatives, or assigns of deceased directors or officers.

Legal representatives, or assigns of directors or officers in the event of their incompetence, insolvency, or bankruptcy.

Fiduciary Liability – Claims-Made Coverage

The enactment of the Employee Retirement Income Security Act of 1975, better known as ERISA, mandated that trustees of employee benefit plans be required to act in the best interests of both the employers and all the participants in the plans.

ERISA requires that fiduciaries act as a "prudent man" would act, and it is up to the courts to determine how a prudent man should respond in a given situation ... a scary thought given today's legal climate.

This means that trustees or fiduciaries (broadly defined as anyone with discretionary authority over a plan's assets or administration) can be held personally liable. With an employee's personal assets at stake, it is vital that any organization with an employee benefit program purchase Fiduciary Liability protection.

Fiduciary Liability is Claims-Made coverage, and covers the entity and its directors, officers, and employees who are fiduciaries. These are written as duty-to-defend policies.

DUPAGE WATER COMMISSION

2005-2006 Risk Management Proposal

Payment of all sums the insured is legally obligated to pay because of any breach of fiduciary duty, or because of any breach of fiduciary duty by any other person for whom the insured is legally responsible and arising solely out of the insured's capacity as a fiduciary (as defined in the Employee Retirement Income Security Act of 1974). Employee Benefit Liability may also be included in the insuring clause or by extension endorsement.

Errors & Omissions

Covers legal liability for errors or omissions you make. Coverage is on a "Claims-Made" basis.

Employment-Related Practices Liability

Employment is an intensely personal and emotional issue and an employer's actions are highly subject to legal scrutiny. Employment law has changed significantly in recent years, and the evolving employer/employee relationship has created a complicated and perilous legal climate for businesses.

Until recently, the insurance industry never fully addressed the liabilities as a result of employment practices. For the most part, wrongful termination or discrimination exposures are not intended to be covered by a General Liability policy. General Liability policies are designed to cover bodily injury claims and not protect from financial loss. In addition, general liability carriers generally view wrongful termination as an intentional act. Similarly, umbrella policies are not designed to respond to wrongful termination and discrimination suits, and while Directors' & Officers' policies may protect directors and officers, the corporation itself is left unprotected.

Employment Practices Liability policies are designed to fill in these gaps and provides coverage for the entity and the directors, officers, and employees of the company. Coverage is typically provided for wrongful termination, breach of employment contract, failure to employ or promote, discrimination, misrepresentation, defamation, and emotional distress. The coverage is written on a duty to defend basis.

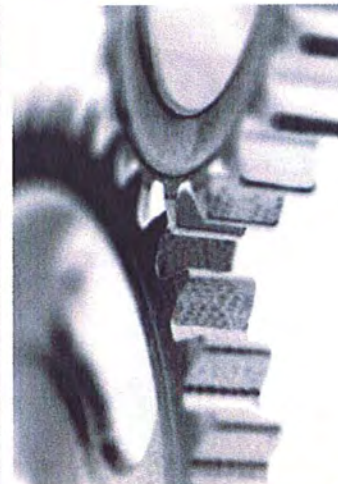
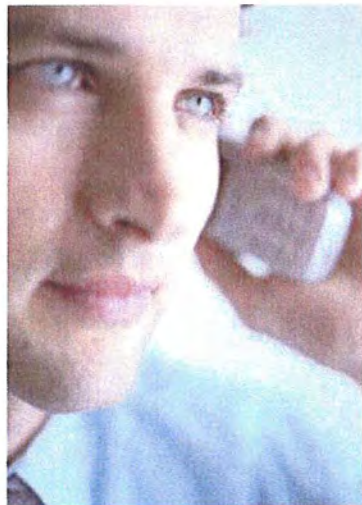
DISCLAIMER: These definitions are derived from the Insurance Risk Management Institute or other industry related sources, and may differ from those in your Insurance Policies. Your insurance coverage will be determined by the language of the policy, and not by the definitions set out above.

GALLAGHER INSIGHT

Insight

Gallagher *Insight*

See Your World With
INSIGHT



For more information go to www.ajg.com/ask4insight

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Work Together, Smarter

What is Gallagher Insight?

Gallagher is proud to announce its latest Client Services innovation. As the name implies, Gallagher Insight offers participating clients new "Insight" into managing their company's risk.

At Gallagher, we strongly believe in the concept of creating a more informed client—a client empowered to make informed decisions about their company's insurance and risk management needs.

Your World with Insight

Gallagher Insight provides an excellent way for risk managers to manage and organize their risk management program. Insight is intended to be adapted to the way you do your business with the functionality, navigation, and security completely personalized to your business needs.

Insight completely supports user personalization and delegation to allow people with different roles in the company to have access to specific information about the risk management program.

How it Works

Gallagher Insight uses a powerful portal framework to deliver secure personalized pages and functionality to clients. Gallagher Insight delivers these unique experiences using something called a community. A community is a set of one or more dynamic web pages that can be permissioned to one or more users both inside and outside the client's company. These Communities are the core building blocks of presenting any risk management program in an organized fashion. Any Community can contain an unlimited number of web services or tools that deliver different functionality based on business need. For example, a Community might contain a dynamic listing of the Gallagher Account Team, Inforce Policy Schedule, Document Library or a Calendar.

Insight Professional Service Package

Insight creates a central place to collect, manage, report and collaborate on all the critical pieces of information surrounding your account. Now, for the first time you'll be able to see a clear picture of an entire risk management portfolio through a single interface, using tools with which you are already familiar.

Insight allows you and the members of your account team to work together – sharing documents, identifying and assigning work tasks and exchanging information.

Insight Professional Service Package

GI Basic



My Account Team

My Account Team tool is designed to allow client users to see and interact with detailed contact information about all the members of their account team.



Document Library

My Document Library allows all the members of an account team to organize, store, retrieve and distribute important documents relating to a particular account, all from a single secure document repository.



Insight Explorer

Insight Explorer helps clients see and manage their Gallagher Insight profile information and allows clients to manage their personal & company information.



i-Worksheets

The i-Worksheets functionality combined with the Document Library functionality allows team members to present detailed insurance schedules on a web page using commonly used tools like MS Excel™.



i-Quick Links

The i-Quick Links functionality allows Gallagher team members to present commonly used industry links through the Gallagher Insight Portal.



Inforce Policies

The Inforce Policies tools allow members of the account team to view and manage basic high level policy information surrounding the account.



Insight Professional Service Package

GI Plus

In addition to the i-tools listed in GI Basic, we offer premium collaborative tools for our Clients who need more functionality:



Service Calendar

The Client Service Calendar provides all members of the account team with a shared calendar designed to increase awareness and overall accountability around critical milestones, dates and other time sensitive issues.



Project/Task Lists

This collaborative *i*-tool displays individual tasks in task and To Do lists for projects; shows the work to be done, the status of the task, and its due date. As work progresses on a task, the user assigned to it can inform other users of progress by changing the task status. E-mail notification can be sent to keep all team members on task.



Service Requests

The Service Request functionality enables customers to request various types of service via Gallagher Insight; benefits include request tracking and customizable routing capabilities.



Industry News

The Industry News tool delivers the most current up-to-the-minute industry news and information right to the desktop of participating clients. It's your window to what's happening in the insurance industry and beyond.



i-Gateway

The *i*-Gateway functionality allows Gallagher team members to present third-party Web sites through the Gallagher Insight Portal. *I*-Gateway greatly simplifies the job of managing information in carrier or other third-party Web sites such as TPA claims, CertsNow, etc.



To take advantage of these great tools, contact your Arthur J. Gallagher Producer.

Insight Professional Service Package

GI Pool/Captive Basic



Program News

Program News designed to give Pool/Captive Members upcoming calendar of events and special announcements.



Program History/ Membership

Provides a chronological history of the Pool/Captive to allow newer members to see the Progress and listing of members.



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Gallagher *Insight*

See Your World With Insight



Managing the Gallagher Way

We provide a full range of property/casualty and employee benefits products and services to clients of all sizes. Let ajg.com be your guide to our solutions expertise and resources

Learn more about Gallagher *Insight*:

- ☐ Request a Brochure
- ☐ Register for an online demonstration
- ☐ Visit us at: www.ajg.com/ask4insight
- ☐ Contact us at: See below contact information

Ready to open a Gallagher *Insight* account?

- ☐ Complete a Client Profile
- ☐ Submit a signed Usage Agreement
- ☐ Complete User Profiles for each user
- ☐ Contact your Insight Coordinator:

Lynne Erickson
Technology Integration Coordinator
Direct line: 630-694-5047
e-mail: lynne_erickson@ajg.com






DuPage Water Commission

MEMORANDUM

TO: Finance Committee

FROM: R. Max Richter 
Financial Administrator

DATE: October 7, 2005

SUBJECT: A/P History Report
A/P Regular Open Item Register

The following is a summary of the Historical Check Report and Accounts Payables for the October 13, 2005 Commission meeting as requested by the Finance Committee.

A/P History Check Report (1)	\$6,838,194.52
A/P Regular Open Item Register	<u>\$51,231.06</u>
Total	\$6,889,425.58

(1) Previously authorized



DuPage Water Commission

MEMORANDUM

TO: Finance Committee

FROM: R. Max Richter
Financial Administrator

DATE: October 6, 2005

SUBJECT: Financial System Update

A handwritten signature in black ink, appearing to read 'R. Richter', is placed to the right of the 'FROM' line.

During the week of September 19, the Commission implemented the general ledger portion of the Invision software. Monthly historical data for fiscal years of 2004 and 2005 was loaded for assets, liabilities and equity, as well as revenue and expenses. Balances for the fiscal year beginning 2004 were entered and balanced to the existing general ledger as well as the audited financial statements for the same period. The balances for the fiscal years ending 2004 and 2005 were compared and balanced to the respective audited financial statements.

The general ledger contains the financial reports and budget preparation. Additional work is required for the financial reports of the Commission. In the interim, standard reports from the system will be utilized, as well as, reports developed by down loading data from the general ledger.


I will be updating the committee on a monthly basis on the status of the financial reporting system.



DuPage Water Commission

MEMORANDUM

TO: Finance Committee

FROM: R. Max Richter
Financial Administrator 

CC: Chairman and Commissioners

DATE: October 7, 2005

SUBJECT: Investment in Illinois Prime Fund

BACKGROUND

Pursuant to Resolution No. R-60-00, adopted October 12, 2000, the Commission's Investment Policy was amended to allow the Commission to invest in the Illinois Prime Fund. At the time, the Illinois Public Fund was a newly created money market fund run by the State Treasurer.

The October 12, 2000, Investment Policy amendment did not contain a maximum investment limit. However, the Finance Committee determined it would monitor and "administratively" limit the Commission's initial investments in this fund because of its newness. For the next several months, the Finance Committee tracked the allocation of the Commission's investment portfolio via the Fund Balance portion of the monthly Treasurer's Report.

At the December 14, 2000, Finance Committee meeting, the Committee reviewed the monthly (November 2000) Treasurer's Report and, specifically, the mix of Commission unrestricted investments. Based upon that review, the Finance Committee directed staff to double the Commission's investment in the Illinois Prime Fund. In accordance with this directive, staff transferred \$17.5 million to the higher yielding Illinois Prime Fund, bringing the Commission's investment in the Fund to 23% of the total unrestricted investment portfolio.

Since then, the Commission's investment in the Illinois Prime Fund never accounted for more than 25% of the Commission's total unrestricted investment portfolio until April 2001. In April 2001, the investment in the Illinois Prime Fund represented 25.3% of the Commission's total unrestricted investment portfolio. After that, the highest percentage invested in the Illinois Prime Fund was 46.4% in June 2004. The last time the percentage exceeded 25% of the total unrestricted investment portfolio was in December 2004, when it reached 33.5%.

ISSUE

Staff recently discovered that, for reasons currently unknown, the Finance Committee's December 14, 2000, directive was also adopted by motion of the Board. Standing alone, the motion could arguably be construed as imposing a continuing investment limit of 25% rather than a one-time directive or guideline as interpreted by staff. Once the potential discrepancy was discovered, the Commission's Staff Attorney was consulted and it appears the following facts are relevant to this investment limit:

- The October 12, 2000, Investment Policy amendment, which was adopted by Board resolution, did not contain any investment limit for the Illinois Prime Fund, whether permanent or temporary.
- After the October 12, 2000, Investment Policy amendment, no Board resolution has ever been adopted imposing such a limit.
- To amend a legislative determination such as the October 12, 2000, Investment Policy amendment, Board action of equal or greater force is required (motions can be amended by motions, resolutions, or ordinances; resolutions can be amended by resolutions or ordinances; and ordinances can only be amended by ordinances).
- Based upon the discussions and recommendations of the Finance Committee leading up to the October 12, 2000, Investment Policy amendment, the Board's December 14, 2000, motion can fairly be read as adopting the one-time directive or guideline recommended by the Finance Committee. See the relevant meeting excerpts attached to this memorandum.
- Even assuming the October 12, 2000, Investment Policy amendment imposed a continuing limit on investments in the Illinois Prime Fund, and even assuming the December 14, 2000, motion could effectively amend Resolution No. R-60-00 (the October 12, 2000, Investment Policy amendment), the subsequent motions of the Board accepting each month's Treasurer's Report effectively ratified and approved every deviation from that limit.

Should the Board determine that future investments in Illinois Prime Fund be limited to 25% of the Commission's total unrestricted investment portfolio, the Commission's Investment Policy should be amended accordingly, by resolution duly adopted.

Relevant Meeting Excerpts

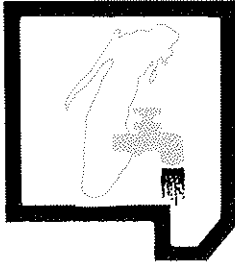
- **September 14, 2000, Finance Committee Minutes:** Staff reported the State Treasurer is establishing a new fund in which units of local government can invest in US Agency obligations and commercial paper. This fund is allowed under ILCS 235/2-6. Staff is recommending participation in this fund. The Committee recommended that the attorney be directed to draft appropriate resolutions or other documents to allow the Commission to participate, however, that participation will initially be listed administratively by the Finance Committee.
- **September 14, 2000, Board Minutes—Finance Committee Report:** The Committee recommends drafting a resolution to allow the Commission to participate in the Illinois Funds Prime Fund, a money market fund run by the State Treasurer. Initially investments to this fund will be administratively limited by the Committee.
- **October 12, 2000, Finance Committee Minutes:** The Committee reviewed Resolution R-60-00, A Resolution Amending the Investment Policy of the DuPage Water Commission. This resolution allows staff to invest Commission funds in a new investment pool established by the State Treasurer, which invest in US Agency obligations and commercial paper. This fund is allowed under ILCS 235/2-6. Staff is to initially invest no more than \$20 million in this pool. After 90 days, staff is to report the results of this new investment to the Committee. After discussing the resolution, the Committee recommended approval of Resolution R-60-00 by the full Commission at its meeting of October 12, 2000.
- **October 12, 2000, Board Minutes—Finance Committee Report:** The Committee also reviewed and recommends approval of Resolution R-60-00 that will allow the Commission to participate in the Illinois Funds Prime Fund, a money market fund run by the State Treasurer.
- **December 14, 2000, Finance Committee Minutes:** The Committee reviewed the November Treasurer's Report. The mix of Illinois Funds investments was reviewed. After discussion, the November Treasurer's Report was recommended for acceptance by the full Commission at its meeting of December 14, 2000. As a result of this discussion, Commissioner Kouba moved, with second by Commissioner Poole, to recommend that 25% of the Commission's investment portfolio be placed in the Illinois Funds Prime Fund. Said motion will be presented to the full Commission at its meeting on December 14, 2000.
- **December 14, 2000, Board Minutes—Finance Committee Report:** The Committee reviewed the Commission's investment portfolio, recommending that the amount allocable to the Illinois Funds Prime Fund be increased.

Commissioner Kouba moved to authorize the Financial Administrator to invest up to a maximum amount of 25% of the Commission's unrestricted investment portfolio in the Illinois Funds Prime Fund. Seconded by Commissioner Poole and unanimously approved by a Roll Call Vote:

Ayes: R. Benson, A. Crane, M. DeLonay, J. Devlin, G. Kouba, B. Krajewski, J. Liljegren, W. Mueller, N. Pollock, A. Poole and R. Thorn

Nays: None

- **January 5, 2001, Summary of Action Since Previous Meeting:** In accordance with the Commission directive of December 14th, \$17.5 million of the Commission's investment portfolio was transferred to the higher yielding Illinois Funds Prime Fund on December 17th. The directive called for up to 25% of the portfolio to be so invested. Presently, 23% of the portfolio is invested in the Prime Fund.



DU PAGE WATER COMMISSION

600 E. BUTTERFIELD ROAD • ELMHURST, IL • 60126-4642

(630) 834-0100 • FAX: (630) 834-0120

September 13, 2005

SEE ATTACHED LIST

Dear _____ :

Enclosed is a copy of the audited Annual Financial Report for the fiscal year ending April 30, 2005 for the DuPage Water Commission. If you have any questions, please feel free to contact me.

Very truly yours,

R. Max Richter
Financial Administrator

/vpb
Enclosure

cc: Chairman and Commissioners

Accounting/Correspondence/YEAR END AUDIT REPORT.DOC

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Moody's Investor Service
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New York, NY 10007

Governmental Accounting
Standards Board
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Norwalk, Connecticut 06856-
5116

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FT Interactive Data
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100 Williams Street
New York, NY 10038

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