



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
279th MEETING OF THE BOARD OF DIRECTORS
Thursday, October 7, 2021
9:30 a.m.
via Microsoft Teams**

The board meeting can be live-streamed at <https://dcwater.com/watch-boardmeetings>

- I. **Call to Order (Chairman Tommy Wells)**
- II. **Roll Call (Linda Manley, Board Secretary)**
- III. **Approval of September 2, 2021 Meeting Minutes**
- IV. **Chairman’s Overview**
- V. **Committee Reports**
 1. **Governance Committee (Joe Leonard)**
 2. **Human Resources and Labor Relations Committee (Adriana Hochberg)**
 3. **Environmental Quality and Operations Committee (Adam Ortiz)**
 4. **Finance and Budget Committee (Anthony Giancola)**
- VI. **Issues of General Interest**
- VII. **CEO/General Manager’s Report (David Gadis)**
- VIII. **Contract Summary (FYI)**
- IX. **Consent Items (Joint Use)**
 1. **Approval of Amendments to the By-Laws of the Board to Transfer Responsibility for General Manager’s Employment Terms and Performance Oversight from Human Resources & Labor Relations Committee to Executive Committee and Revise the Means for Public Access to Open Meetings -Resolution No. 21-78 (Recommended by the Governance Committee 09/8/2021)**
 2. **Approval to Execute Contract No. 10129 – Cigna Corporation- Resolution No. 21-79 (Recommended by the Human Resources and Labor Relations Committee 09/08/2021)**

3. Approval to Execute Contract Nos. 10088-10100, IT Professional Services, 22nd Century Technologies, Inc., Advance Digital Systems, Inc., Ampucus, Inc., Layermark, Inc., Networking for Future, Inc., Peak Technology Solutions, Inc. Powersolv, Inc., Sankar, Inc., Tripoint Solutions, LLC., Vigilant Technologies, LLC., vTech Solution, Inc., Wipro, LLC -Resolution No. 21-80 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
4. Approval to Execute Contract No. 10121, Electric Motor and Contracting Co. (EMC)- Resolution No. 21-81 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
5. Approval to Execute Option Year 4 of Contract No. 16-PR-DFM-77, BFPE International Inc.,- Resolution No. 21-82 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
6. Approval to Publish Proposed Amendments to Local Limits and Non-Wastewater Flow Rules in 21 DCMR Chapter 15- Resolution No. 21-83 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
7. Approval of Revised Statement of Financial Policies and Debt Policy and Guidelines- Resolution No. 21-84 (Recommended by the Finance and Budget Committee 09/23/2021)
8. Approval to Extend the Rolling Owner Controlled Insurance Program 4 Services (ROCIP IV, AON Risk Insurance Services (AON)- Resolution No. 21-85 (Recommended by the Finance and Budget Committee 09/23/2021)
9. Approval of Green Bond Framework- Resolution No. 21-86 (Recommended by the Finance and Budget Committee 09/23/2021)

X. Consent Items Non-Joint Use

1. Approval to Execute Change Order No. 1 of Contract No. 190030, Anchor Construction Corporation- Resolution No. 21-87 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
2. Approval to Execute Change Order No. 2 of Contract No. 170170, Capitol Paving of D.C., Inc.- Resolution No. 21-88 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)
3. Approval to Execute Contract No. DCFA #512, Rummel, Klepper, and Kahl - Resolution No. 21-89 (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

XI. Executive Session

XII. Adjournment (Chairman Tommy Wells)

1 The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(2); legal, confidential or privileged matters under D.C. Official Code §

2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.

Upcoming Committee Meetings – via Microsoft Teams

- Environmental Quality and Operations Committee – Thursday, October 21, 2021 @ 9:30 a.m.
- Audit Committee- Thursday, October 28, 2021 @ 9:30 a.m.
- Finance and Budget Committee – Thursday, October 28, 2021 @ 11:00 a.m.
- DC Retail Water and Sewer Rates Committee – Tuesday, October 26, 2021 @ 9:30 a.m.



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Governance Committee

Wednesday, September 8, 2021

9:00 a.m.

MEETING MINUTES

Committee Members

Lavinia Baxter, Chairperson
Rachna Bhatt, District of Columbia
Joe Leonard, District of Columbia
Tommy Wells (Chairman of Board)

D.C. Water Staff

David L. Gadis, CEO/General Manager
Marc Battle, Chief Legal Officer, EVP Government & Legal Affairs
Thomas Kuczynski, President Blue Drop
Korey Gray, Director of Compliance & Business Development
Gregory Hope, Deputy General Counsel
Linda Manley, Board Secretary

Call to Order

Chairperson Baxter called the meeting to order at 9:00 a.m. The meeting was held via Microsoft Teams.

Roll Call

Board Secretary Linda Manley conducted a roll call of the Committee members and staff present.

Agenda Item #2 – Blue Drop FY 21 Quarter 3 Update

Thomas Kuczynski, President, Blue Drop, presented Blue Drop FY21 3rd Quarter Update:

Strategic Priorities

He reported that Blue Drop has a 62,000-ton target for Bloom Sales for FY'21, which is forty percent (40%) higher than FY'21 actuals of 44,750 tons. Blue Drop recorded total annual sales of 44,000 tons which is below its target. Mr. Kuczynski explained that precipitation and higher average temperatures over winter and first half of spring contributed to a shortfall. Mr. Kuczynski reported that Blue Drop is on target to meet FY'21 savings target of \$2M for Blue Plains.

HQO Events

Mr. Kuczynski reported that Blue Drop continues to drive interest in HQO as a venue for events, averaging fifty (50) inquiries per month since April 2021.

Blue Drop held five (5) paid events and two (2) non-profit events since DC Water reopened its Headquarters facility in June 2021 for use by the public. He also reported that Blue Drop has scheduled nine (9) events through the end of the calendar year and a second wedding is scheduled for September 2022, with an additional five (5) couples reviewing contracts for the 2022 and 2023 calendar years.

Renewable Energy Credits Update

Mr. Kuczynski reported that Blue Drop has a \$1,000,000 target for Renewable Energy Credits for FY'21. He reported that Blue Drop collected revenue from renewable energy credits from Blue Plains through of December 2020 at \$1,066,451 and processed \$1.3 million in sales in FY'21.

Cell Tower Update

Mr. Kuczynski reported that Blue Drop has a \$178,000 target for Cell Towers for FY'21 and collected revenue from Cell Towers through December 2020 at \$130,000 and \$211,211 in FY'21. He noted AT&T cell tower at Blue Plains significantly contributed to profits from cell tower implementation.

Further, Blue Drop is working with T-Mobile on two (2) potential locations for cell towers. He anticipates Blue Drop will collect \$30,000 in revenue per site per year.

IP UPDATE

Mr. Kuczynski provided an update on Intellectual Property (IP) activity:

He reported that Blue Drop re-negotiated is inDense licensing agreement with ARA Consultants and made a counter proposal to Ovivo for renewing the Digestivor Agreement.

He explained that Blue Drop signed a marketing agreement with Layermark to market DC Water's mobile work management applications for hydrants, catch basins and valve applications in October 2021.

Finally, Blue Drop has a \$500,000 target for IP for FY'21 and has collected revenue from IP at \$362,000 in FY'21.

Activity Books

Mr. Kuczynski reported that Blue Drop sold 250 copies of its first edition of Wendy the Water Drop's children's book series, *Wendy's Wonderful World of Water*. Blue Drop distributed 200 free copies to local non-profits, schools, and libraries. Blue Drop also sold fifty (50) items of branded merchandise with overall net sales of \$6,500, ten percent (10%) of all sales are to be donated to the SPLASH program. Blue Drop's second edition of the children's book series is scheduled to be released in October 2021.

Blue Drop sold its first license for use of the children's book series to the City of Roseville, CA to use as a teaching aide in the public schools.

- In response to Chairperson Baxter's inquiry, Mr. Kuczynski explained that Blue Drop did not set a goal for licensing agreements, however, Blue Drop has a target for unit sales at \$1,000. Blue Drop has met twenty-five percent (25%) of that target following the release of the first edition in October 2020.
- In response to Chairperson Baxter's inquiry, Mr. Kuczynski explained that Blue Drop is discussing several potential marketing partnerships focused on direct software sales.
- In response to Committee Member Leonard's inquiry, Mr. Kuczynski agreed to offer the Bloom product at a discounted rate to non-profit organizations.

Agenda Item #1 – FY21 Program Update - Business Development Plan Implementation

Korey Gray, Director of Compliance & Business Development, provided a refresher of the Business Development Plan for the Committee.

Program Administration

The Business Development Plan (BD Plan) was originally adopted by the Board in 1999 to establish a process for Certified Business Enterprise (CBE) utilization. The Business Development Plan was revised and approved by the Board in June 2020 for implementation in October 2020. Like the District's program, the Plan gives CBEs, specifically District-based CBEs, the opportunity to compete for construction, goods and services and Architecture and Engineering (A&E) project awards through the application of preference points.

Mr. Gray explained that after reviewing the original plan, DC Water created standard operating procedures (SOP), adding an oversight and monitoring component, and conforming to changes implemented in the EPA program.

Mr. Gray outlined the good faith efforts review process requirement to include standards that DC Water and its contractors must adhere to maintain the contracts awarded for projects: 1) identifying portions of work for Disadvantaged and Women Business Enterprises (DBE/WBE); 2) working with strategic partners to encourage better participation and capacity building, and 3) information sharing.

Business Diversity and Inclusion Advisory Council

Mr. Gray thanked Chairperson Baxter for her advice and oversight of the development of the Advisory Council, and acknowledgment Committee Member Leonard's participation support as a member. He explained the purpose of the council is to educate, provide guidance and recommendations to DC Water on matters concerning the development of strategies, policies, and operations procedures to expand and improve recruitment, retention and contracting for certified firms in the user jurisdiction.

Mr. Gray explained that the Advisory Council is structured with three (3) committees: capacity building, engagement and outreach and procurement best practices.

Certified Firm Achievement

Mr. Gray reported on Large Discretionary Contract Awards, by category – which include Large Goods and Services, Architecture and Engineering (A&E) and Construction.

Mr. Gray reported that A&E projects, with a standing goal of 28% for DBE and 4% for WBE.

In FY 21, DC Water awarded a combined twenty (21) in new contracts to certified firms. The details of the Large Discretionary Award totals are:

- There were two (2) Large A&E contract awards. A&E projects, with a standing goal of 28% for DBE and 4% for WBE, with an average participation rate of 31% or fourteen (14) DBEs, and 38% or four (4) WBEs, of which, one (1) is a certified Prime. Seven (7) CBEs participate on A&E projects.
- There were two (2) Large GI contract awards. GI projects, with a standing goal of 50% for CBEs, have an average participation rate of 60% or five (5) CBEs.
- There were eight (8) Large non-GI contract awards. Non-GI projects, with a standing goal of a 32% for DBEs and 6% for WBEs, have an average participation of 35% or twenty-six (26) for DBEs, and 7.3% or thirteen (13) for WBEs. Twelve (12) CBEs participate on non-GI projects.
- There were nine (9) Large Goods and Services contract awards, with a standing goal of 32% for DBE and 6% for WBEs, with an average participation rate of 85% for DBEs or twelve (12), of which eight (8) are DBE primes; and an average participation rate of 6% or thirteen (13) for WBEs. Eleven (11) CBEs participate on Goods and Services projects.

Chairperson Baxter commended Mr. Gray and his team on their improvement to their business practices and implementing Board recommendations.

In response to Committee Member Leonard's recommendation to consider the number of staffing available to meet the target to monitor every contract, Dan Bae, DC Water's Procurement Manager explained that David Gadis, DC Water's Chief Executive Officer approved the addition of two (2) new positions for use by the Compliance Team to achieve that goal for monitoring of every contract award.

In response to Chairperson Baxter's questions:

1. Mr. Gray explained that the Advisory Committee met twice in FY 2021; and provided feedback and guidance to enhance the mentorship program; developing the contractor's college to include change in classes offered and structure; and setting appropriate and effective goals to meet fiscal targets.
2. Mr. Gray explained that while the Council meetings are not open to the public, the community events are.

Agenda Item #3 – Amendment to DC Water Board By-Laws

Overview

Chairperson Baxter began by explaining the purpose of the proposed changes which are 1) to transfer responsibility for providing recommendation to the Board regarding the “terms, requirements and conditions of employment and performance review for the General Manager” from the Human Resources & Labor Relations Committee to the Executive Committee.

Gregory Hope, Deputy General Counsel began by identifying two (2) substantive changes to the Bylaws:

Article III (Meetings)

In Section 3.02(b) (Meetings to be Open to Public; Availability of Records), to include any other ways the public can attend a meeting to qualify as an open meeting as provided in D.C. Code 2-575(a) of the Open Meetings Amendment Act of 2010.

Mr. Hope described the manner in which meetings are deemed open to the public. Specifically, in accordance with Section 3.01(b): 1) the public is permitted to be physically present; 2) the news media, as defined by DC Code 16-4701, is permitted to be physically present; or 3) The meeting is televised.

He explained that during COVID-19, the D.C. Council enacted emergency and temporary legislation providing flexibility for public bodies to permit the public to attend meetings remotely to comply with the Open Meetings Act.

He further explained, effective July 25, 2021, the Mayor rescinded the declaration of public health emergency, and the Council amended the Open Meetings law to extend the remote public access option until November 5, 2021.

Lastly, Mr. Hope explained that Section 3.01(b) is revised to incorporate by reference any changes in the law.

Article V (Committees)

Mr. Hope described the way the Executive Committee, comprised of the Board, met for the last 2 years to provide recommendations to the Board regarding the terms, requirements and conditions of employment and performance review for the General Manager. The amendments to the By-Laws codify the change in committee responsibilities, moving that duty from the Human Resources & Labor Relations Committee to the Executive Committee.

Revised Section 5.01 (a)(i) to add the responsibility for making recommendations regarding “terms, requirements and conditions of employment and performance review for the General Manager” to the Executive Committee.

Revised Section 5.01(a)(v) to exclude from the Human Resources & Labor Relations Committee the responsibility for making recommendations regarding “actions required of or desired by the Board of Directors with respect to the terms, requirements, and conditions of the employment for the General Manager.

Committee Questions

1. In response to Chairperson Baxter's inquiry about definition of "televised", Mr. Hope explained that the word "televised" is not defined in the By-Laws or Open Meeting Act, but the method or means of televising a meeting could include utilizing a streaming service to satisfy that requirement. Linda Manley, Secretary to the Board, explained that a call-in number is available for individuals without access to view meetings online.
2. In response to Chairman Wells inquiry about the process for DC Water's Department of Government and Legal Affairs and the Board to make recommendations to the D.C. Council to be proactive in understanding the impact of COVID-19 on DC Water's business practices and remedies to build on lessons learned, to accommodate and maximize public participation rates hearings, community meetings, and committee and Board meetings. Marc Battle, DC Water's Chief Legal Officer and Executive Vice President recommended seeking permanent option to expand the option to televise meetings.

Chairperson Wells suggested DC Water to collaborate with an outside consultant to review and update the Board's By-Laws to meet 21st century business standards and best practices.

3. Committee Member Leonard suggested including ADA requirements to the revised By-Laws.

Recommendation

Chairperson Baxter asked for a consensus from the Committee Members to move the proposed By-Laws amendments to the full Board for approval at the October 7th Board meeting. The Committee members agreed.

5. Executive Session

There was no executive session.

6. Adjournment

There being no further business, Chairperson Baxter adjourned the meeting at 10:04 a.m.



**D.C WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS**

**HUMAN RESOURCES AND LABOR RELATIONS
COMMITTEE MEETING**

**September 8, 2021
via Microsoft Teams**

MEETING MINUTES

Members Present

Adriana Hochberg, Montgomery County, Chairperson
Jed Ross, District of Columbia
Lavinia Baxter, Prince George's County
Sarah Motsch, Fairfax County
Rev. Kendrick Curry, District of Columbia
Steven Shofar, Montgomery County
Tara Jackson, Prince George's County

Other Members Present

Tommy Wells, Chairman of the Board

Staff Present

David Gadis, CEO/General Manager
Marc Battle, EVP, Legal Affairs
Kishia Powell, EVP, Chief Operating Officer
Lisa Stone, Chief, People and Inclusion Officer, EVP, People and Talent
George Spears, Director of Labor and Labor Relations and Compliance
Chad Carter, Director Total Rewards
Ron Lewis, Benefits Manager
Linda Manley, Secretary to the Board

Union Presidents

Michelle Hunter, NAGE R3-06
Barbara Milton, AFGE 631
Kevin Poge, AFSCME 2091
Jonathan Shanks, AFGE 872
Calvert Wilson, AFGE 2553

1. Call to Order

Chairperson Adriana Hochberg called the meeting to order at 11:05 a.m. The meeting was conducted via Microsoft Teams.

2. Roll Call

Board Secretary Linda Manley conducted a roll call of the Committee members, DC Water staff and Union Presidents.

3. Union Topics

Chairperson Hochberg began the meeting by reading a statement reiterating the HR/Labor Relations Committees' role which includes policy and vision settings, strategic planning, and policy oversight. She noted that the Committee will not be involved in individual employee issues, grievances, and appeals that might modify or detract from the collective bargaining agreement. Chairperson Hochberg listed the agenda items that were removed and provided an explanation. Chairperson Hochberg asked the union representatives to consider the Committee's role before adding issues to the agenda moving forward.

Management to identify effective ways to communicate with employees:

Jonathan Shanks, AFGE 872 Union President, shared his concerns regarding employees being treated poorly and experiencing verbal abuse.

Lisa Stone, Chief People and Inclusion Officer, replied that she has had discussions with Mr. Shanks. She informed everyone that trainings were and are being conducted proactively and there are currently no open hostile workplace complaints and provide details on other measures management was undertaking to foster a positive work environment.

Chairperson Wells commended the union representatives for their leadership and strong contracts. He assures the union representatives that the Committee hears them but suggested that they review the protocol for the quarterly meetings. He reiterated the Committee's role and how they do not want to interject between management and the union representatives.

David Gadis, CEO, stated that staff has a good relationship with the union, and attempt to do everything they can to work with them. DC Water cares about employees, both union and non-union. Mr. Gadis stated that we want to continue to build a relationship and listen to issues that the unions have.

Barbara Milton, AFGE 631 and Jonathan Shanks expressed their concerns regarding the removal of the Unions agenda items without explanation.

Barbara Milton, President of AFGE 631, read a statement into the record on behalf of Michelle Hunter, President of NAGE Local R3-06, who was unable to attend the meeting. Ms. Hunter expressed her concerns related to the agenda of the meeting which consisted of only one issue. She had been informed that the Chairperson made the decision to remove other issues from the agenda and she was very concerned that this had occurred. Ms. Hunter stated that the Unions had followed the established process and first met with the General Manager to resolve issues. As usual unresolved issues were placed on the Committee's agenda by the unions. Ms. Hunter further stated that the bargaining agreement had and was functioning well and had improved the members' lives. She emphasized that the Unions deserved to be heard by the Committee, its Chairperson, the full Board, and Management.

4. Benefits Update
2022 Dental Plan Insurance Solicitation Presentation

Ron Lewis, Benefits Manager, presented the results of the Group Dental Services Request for Proposal (RFP). The Dental insurance contracts for Dental services were placed out for bid to seek the best value for DC Water and employees. Based on the responses to the RFP the selection committee (comprised of members from Benefits, Labor Relations and Procurement,) recommended Cigna as the vendor for these services effective 01/01/2022.

The winning proposal saves DC Water and employees over \$823,616 over five (5) years with minimal disruption. Due to Cigna being the vendor for DC Water's medical coverage for many of our employees, they have offered a medical coverage savings; 1% of premiums or \$100,000, whichever is less. Cigna's Dental customer service lines are open 24 hours and 7 days.

a) Action Item:

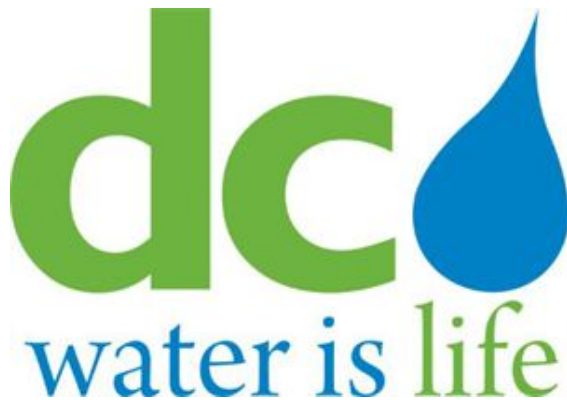
Contract No: 10129 - Requesting approval to execute a contract award for Dental Services for DC Water Employees (DPPO and DHMO) for a three-year base period and two option years in the amount of \$3,463,475.00. The Committee recommended the contract to the full Board for approval.

5. Executive Session

There was a motion to move into Executive Session by Ms. Hochberg to discuss personnel matters under D.C. Official Code § 2-575(b)(10). It was so moved and seconded, and motion carried. The meeting was cleared of non-Executive members and all public individuals. The Committee went into Executive Section at 12:02 p.m. and reconvened into open session at 1:30 p.m.

6. Adjournment

Chairperson Hochberg adjourned the meeting at 1:30 p.m.



**District of Columbia
Water and Sewer Authority**

Board of Directors

**Environmental Quality and Operations
Meeting**

Thursday, September 16, 2021

9:30 a.m.

MEETING SUMMARY

Committee Members

Adam Ortiz, Chairperson
Howard Gibbs
Ivan Frishberg
Jared McCarthy
Ellie Coddling

Other Board Member

Tommy Wells, Board Chairman

DC Water Staff Present

Marc Battle, Chief Legal Officer & EVP
Kishia Powell, Chief Operating Officer & EVP
Linda Manley, Secretary to the Board
Leonard Benson, SVP, CIP Project Delivery
Joel Grosser, Director of Procurement, Goods and Services
Paul Guttridge, Director, CIP Infrastructure Management
Dan Bae, VP, Procurement and Compliance
Korey Gray, Director, Compliance and Business Development
Rudy Gonzalez, Director of Procurement, Capital Programs
Marlee Franzen, Senior Manager, Water Operations
Anjuman Islam, Manager, Water Quality
Nicholas Passarelli, Director, Process Engineering
Elaine Wilson, Manager, Water Quality & Pretreatment
Hari Kurup, Director of IT Enterprise Solutions

I. CALL TO ORDER

Mr. Adam Ortiz called the meeting to order at 9:30 a.m. The meeting was conducted via teleconference.

II. ROLL CALL

Ms. Linda Manley, Secretary to the Board, DC Water, conducted a roll-call of the Committee members present for the meeting.

III. AWTP STATUS UPDATE

1. BPAWTP PERFORMANCE

Mr. Nicholas Passarelli, Director, Process Engineering, DC Water, briefed the Committee on the performance of the Blue Plains Advanced Wastewater Treatment Plant (BPAWTP). Mr. Passarelli reported that all performance parameters for August were excellent, and all permit requirements were met.

Mr. Passarelli highlighted the accomplishments of staff in the department of engineering and department of wastewater treatment who worked closely together to expedite repairs to the West Grit Chamber Effluent Channels at BPAWTP. The entire West Headworks and West Primary Facilities at the plant (approximately one third of the plant) would be at risk if these channels failed. The walls of the channels were severely corroded and in need of urgent repair due to high concentrations of H₂S gas and scouring flow velocities in the channels. To execute the repair work, an outage of the West Preliminary and Primary Treatment Facilities was required for an extended period. The required outage resulted in 40% reduction in the Preliminary and Primary treatment capacities and created a significant risk during high flow wet weather events. The work mostly took place in the Spring of 2021. Concrete restoration for the four effluent channels was completed in July 2021 and the West Headworks was restored and back to full operating capacity.

The quality of the plant effluent for the month was excellent, with all parameters well below the seven-day and monthly NPDES permit requirements. Through August 2021, a total of 1,696 million gallons (MG) of combined wet weather flow has been captured in the tunnel system for the calendar year to date. During August, 395 tons of screenings were captured and through the calendar year to date a total of 1,998 tons of residuals have been removed that would have otherwise been discharged to the Anacostia River.

Mr. Passarelli discussed electricity use and generation at BPAWTP. For August 2021, 28.9 MW was used at BPAWTP. The combined heat and power (CHP) system generated 5.8 MW and the solar panels generated 0.7 MW. The total electricity generation for the month was 23% of the total use at BPAWTP for the month.

Biosolids hauling during August 2021 averaged 435 wet tons per day and all 13,489 wet tons of biosolids produced during the month met Class A Exceptional Quality (EQ) requirements required by the EPA. Mr. Passarelli reported that Blue Drop marketed 5,642 wet tons of Bloom during August 2021. The remaining 7,847 wet tons not sold into the market were land applied through existing contracts with Blue Drop and WSSC. It was noted that through August 2021, approximately 42,000 wet tons of Bloom has been sold which exceeds the goal for 2020. The goal for 2021 is to sell 50,000 wet tons.

Mr. Passarelli reported that one significant industrial user permit was issued to Loudoun Water for the Broad Run Water Reclamation Facility centrate discharge. In addition, three temporary discharge authorization permits, and three waste hauler permits were issued during August. Mr. Passarelli reported that four anammox organisms were harvested and delivered to Santiago, Chile where an anammox process was being started up. This collaboration with Blue Drop is one in a series, with the goal being to help other treatment facilities start-up a similar treatment process.

The Committee requested pictures of the concrete repair of the West Grit Chamber Effluent Channels. Mr. Passarelli noted that additional photos will be shared with the Committee.

The Committee queried whether the repair of the West Grit Chamber Effluent Channels appeared on any assessments of risk for DC Water capital assets. Mr. Passarelli responded that the location in the channels where the defects were discovered is not a location that would typically be seen or assessed as part of routine inspections due to the high hazard location of the defect. Ms. Kishia Powell, Chief Operating Officer & EVP, DC Water added that the hazard was initially identified in 2019 at which point an additional assessment was recommended on an urgent need basis. Ms. Powell added that when such high-risk issues are identified, they should be included in DC Water's hazard mitigation planning and vulnerability assessment processes to ensure they are

included in the Capital Improvement Program (CIP) prioritization and ultimately planned as capital projects. Ms. Powell added that the repairs for the West Grit Chamber Effluent Channels were mentioned in the February 2021 highlights to the Board.

The Committee inquired about the digestate process in the production of Bloom – how often is 100% use of the product achieved and whether there are any by-products (solids or other) from the process that need to be disposed of or wasted. Mr. Passarelli responded that there are no solid by-products that need to be disposed of or hauled offsite in the production of Bloom. The liquid removed in the anaerobic digestion, called the filtrate, is removed and treated at BPAWTP in the anammox process to remove the high levels of ammonia. The gas that is generated is used in the combined heat and power (CHP) system. Mr. Passarelli added that Bloom that is not sold is land applied through existing contracts; none of it is transferred to landfill or disposed. It was added that, as the demand for Bloom varies with the season, there are arrangements in place for Bloom to be stored at various locations when it is not sold and when it is not favorable to land apply the product. A presentation is planned to the Committee at the next meeting to discuss Bloom and the associated program.

IV. PROPOSAL TO AMMEND REGULATIONS TO REVISE PRETREATMENT DISCHARGE STANDARDS AND NON-WASTEWATER FLOW REQUIREMENTS

Ms. Elaine Wilson, Manager, Water Quality & Pretreatment briefed the Committee on the proposal to amend the sewer discharge regulations and clarify non-wastewater flow requirements. The goal of the presentation was to seek the Committee's recommendation to the full board for approval to modify the Pretreatment Discharge Standards and Sewer Use Requirements. The EPA requires DC Water to evaluate and update the discharge standards by conducting a headworks analysis with every reissuance of the NPDES permit to ensure protection of DC Water facilities, resources and receiving waters from industrial discharges. DC Water is required to adopt the revised local limits and notify all contributing municipalities of the need to adopt the revised local limits within six months of acceptance of the headworks analysis by the EPA.

Ms. Wilson reported that DC Water conducted a local limits headworks analysis in 2019 and submitted the evaluation to EPA in February 2020. EPA provided comments on the headworks evaluation in July 2021. EPA accepted DC Water's revised headworks evaluation on August 3, 2021. As required by the NPDES permit, revised regulations must be adopted no later than February 3, 2022, to meet the six-month requirement.

The evaluation proposes more stringent limits for arsenic, molybdenum, silver, and cyanide. Further, the evaluation proposes less stringent limits for cadmium, mercury, and nickel. No changes in limits are proposed for copper, lead, zinc, petroleum, oil and grease and PCBs. In addition, a new limit is proposed for selenium. The limits for cadmium, mercury, and nickel are being increased to match the current WSSC limits so there is a regional limit with the additional capacity being held in reserve for those industrial users that may require additional loading. This approach will result in less burden to the industrial user while continuing to protect DC Water and the environment.

Ms. Wilson reported that the limits being proposed to be more stringent are primarily to protect the new anaerobic digestion treatment process and to expand DC Water's marketing of Class A Biosolids to states with stricter quality requirements. It is anticipated that all currently permitted industrial dischargers can meet the new discharge standards. Ms. Wilson noted that many non-permitted industrial/commercial dischargers will likely not be able to meet the proposed limit for

molybdenum. Cooling tower blowdown from office and multi-family residential buildings is a suspected major source of this pollutant. DC Water will need to roll out a comprehensive education campaign targeted to these dischargers and this pollutant source.

Ms. Wilson discussed the proposed changes noting that the changes include revised local limits for selected metals and cyanide as accepted by EPA and providing minor clarifications including the PCB method. In addition to the discharge standards, other sections in the standards are being revised including prohibition on solids having a linear dimension greater than one-half inch (limit was previously one inch), prohibition on waste from a marine holding tank to include waste from mobile vehicles and changes to the upper pH limit for continuous pH monitoring to 12.0 instead of 12.5. Clarifications to the non-wastewater flows section are also included. Cooling waters have been deleted from the list of flows prohibited from the sanitary sewer and MS4 sewer availability distance requirements are for permanent stormwater connections to make it clear that temporary connections can go to a combined sewer if available no matter the distance to the MS4 sewer.

Ms. Wilson noted that the next steps in the process are for the proposed amendments to the Discharge Standards and Non-Wastewater Flows Requirements regulations (21 DCMR § 1501) to be published for 30-day public comment period in October 2021. Following closure of the public comment period, comments will be presented to the Committee in November 2021 for final approval. It is hoped that the final notice of final rulemaking can be published in December 2021 to meet the EPA deadline of February 3, 2022.

No objections were noted by the Committee for the recommendation for adoption of the rulemaking.

V. CIP QUARTERLY UPDATE

Mr. Paul Guttridge, Director, CIP Infrastructure Management, DC Water, provided an update to the Committee on the Capital Improvement Program (CIP) Report for the 3rd Quarter of FY2021. Mr. Guttridge gave a high-level update on CIP spending for FY2021 as follows:

- Actual spending is projected to be \$384.9 million by the end of the fiscal year. The approved baseline disbursements ceiling is \$419.7 million.
- Targeted spending is below the Baseline Disbursements Ceiling

Mr. Guttridge reported that spending on five of the six service areas is projecting to be below baseline spending and spending on one service area is projecting to exceed baseline spending.

Mr. Guttridge briefly discussed Key Performance Indicators (KPIs) for the CIP. It was noted there are 33 total KPIs due in FY2021, to date 17 have been completed within 90-day threshold. There were 3 KPIs due in the 3rd quarter of FY2021. The projects associated with these KPIs were discussed along with the reasons why these were not completed within the threshold.

VI. IT PROFESSIONAL SERVICES

Mr. Hari Kurup, Director of IT Enterprise Solutions, DC Water, briefed the Committee on the status of RFPs released in April 2021 related to IT professional services for onsite and remote support of core IT technologies used throughout DC Water. Following the RFP process, DC Water is proposing to award 13 Indefinite Delivery Indefinite Quantity (IDIQ) contracts to firms to provide these services. The contracts are for a base period of three years plus two option years. The value for all work over the base period is \$20.1 million and \$13.4 million over the two-year option

period - the total amount of the base period plus option years is approximately \$33.5 million. It was noted there is no guarantee to spend for the firms or the contract amount, the contracts will be managed by the IT budget on an annual basis based on allocated budget.

Mr. Kurup discussed some of the key IT services that will be provided as part of the contracts

Mr. Kurup discussed why the services are being contracted, noting that the expertise requirement and technology life cycle for these services is often short term (approximately 18 months and 3 years respectively), therefore it makes sense to contract services instead of employing staff directly. He noted that market demand for these services is often very high and retention of qualified staff can be difficult due to competitive salaries available in the market.

Mr. Kurup noted that there was good DBE and WBE firm participation with the solicitation, noting that 11 of the 13 shortlisted proposed firms are DBE and WBE certified.

VII. ACTION ITEMS

JOINT USE

1. Contract Nos. 10088 – 10100 – IT Professional Services, Thirteen Firms
2. Contract No. 10121 – Rehabilitation of Various Process Assets, Electric Motor & Contracting
3. Contract No. 16-PR-DFM-77 – Fire Protection Systems, BFPE International

Mr. Joel Grosser, Director of Procurement, Goods and Services, DC Water, presented all joint use action items.

NON-JOINT USE

1. Contract No. 190030 – Lead Service Line Replacement, Anchor Construction Corporation
2. Contract No. 170170 – Public Space Restoration, Capitol Paving of DC, Inc.
3. Contract No. DCFA 512: Rock Creek Project B Green Infrastructure, Rummel, Klepper, and Kahl

Ms. Kishia Powell, Chief Operating Officer & EVP, DC Water, presented all non-joint use action items.

The Committee noted that only one responsive bid was received on Contract Contract No.: 170170 – Public Space Restoration, Capitol Paving of DC, Inc.

and queried how often this occurs and whether the lack of responsiveness and competition for the contract is a concern. Mr. Grosser noted that solicitations for the contract were requested numerous times, during previous solicitations, bids from other contractors were received, however they lacked proximity to the District of Columbia and the capabilities of the incumbent contractor. It was noted that procurement staff continue to conduct outreach in search of nearby qualified contractors to provide competition.

The Committee inquired about the areas covered by Rock Creek Project B. Mr. Carlton Ray, Director, DC Clean Rivers Project clarified that the project is for the construction of GI at six areas within the Piney Branch Sewershed. The six areas are Columbia Heights, Takoma DC, 16th St Heights, Grant Circle, Sherman Circle and Brightwood Park. As part of the project, 20 bioretention areas and approximately 46 permeable alleys (GI Facilities) will be constructed across the six areas.

Mr. Ray noted that GI project Rock Creek Project A was completed in 2018. As part of the project, GI was constructed at separate areas within the Piney Branch Sewershed. Sewage from the sewershed flows to Combined Sewer Overflow (CSO) 049. Flows from CSO 049 contribute approximately 85% of the CSOs into Rock Creek on an annual basis.

The Committee further inquired about the costs per acre to construct these GI projects and about the mechanisms used to determine the effectiveness of the projects. Mr. Ray noted that the information will be included in a presentation at the next Committee meeting.

The Committee recommended all Joint Use and Non-Joint Use Action Items to the full Board.

VIII. CONTRACTOR AVAILABILITY

Mr. Dan Bae, VP, Procurement and Compliance, DC Water, briefed the Committee on Contractor Availability. The presentation was in response to previous questions from the Committee about availability of Contractors for DC Water Capital Improvement Program (CIP) projects. The presentation included three parts – a discussion on the upcoming CIP work to be awarded, an assessment of contractor availability to deliver for upcoming work and a summary of ongoing procurement efforts and improvements to ensure opportunity and delivery on DC Water projects.

Mr. Leonard Benson, SVP, CIP Project Delivery discussed construction and construction management work to be awarded from FY2022 through FY2026 based on the board approved CIP. DC Water plans to spend approximately \$2.7 billion from FY2022 through FY2026 to improve infrastructure. This presents substantial opportunity for new and enhanced partnerships with Contractors. Mr. Benson noted that approximately 136 contracts are anticipated to be solicited during this period and noted the amounts anticipated to be spent by year and by service area in order to establish the types of contractors that will be needed and in which fiscal year. The different disciplines and anticipated skills required from the contractors were discussed.

Korey Gray, Director, Compliance and Business Development discussed efforts by DC Water to engage prospective certified contractors and prepare contractors for upcoming opportunities. It was noted that changes have been made to the business development plan and DC Water is starting to move away from preference points in procurement participation and move towards assigning more aggressive participation goals for procurement on projects. Mr. Gray added that efforts are underway to build capacity amongst prospective contractors, seven mentor-protegee programs have been established - three in architecture/engineering (A/E) and 4 in construction. These programs serve to upskill smaller contractors and position them to take on larger pieces of work with DC Water.

Mr. Gray noted that DC Water continue to work with strategic partners to help engage the prospective contractors. A new memorandum has been signed with the District Community Anchor Partnership (DCAP) to help prepare contractors and engage with them. DCAP is a program supported by the office of the District's Deputy Mayor. Through this partnership, seminars on the Lead-Free DC programs have been held. 30 contractors participated and ultimately 10 certified contractors responded to the solicitation for those projects. Mr. Gray added that DC Water is working to understand and remove barriers to contractor participation on projects. Efforts to review requirements in the solicitations and understand what may be prohibitive for contractor participation is ongoing. In addition, training seminars and the contractor's college training program are planned to continue once restrictions due to COVID are

eased. In FY2021, over 80 certified contractors are working on DC Water projects and the first certified D/WBE prime contractor was awarded work on an A/E project.

Rudy Gonzalez, Director of Procurement, Capital Programs discussed ongoing efforts to improve procurement processes to achieve intended outcomes. Mr. Gonzalez noted that the capital procurement department was established two years ago to consolidate procurement activities and apply industry leading practices in the procurement of services for CIP projects. It was noted that the goal of the department is to increase participation at all levels in procurement by establishing relationships with the consultant and contracting community and in so doing, achieve more competitive pricing for CIP projects. Standard Operating Procedures (SOPs) for procurement are being established to ensure strategic sourcing to better address DC Water's needs and to ensure an integrated capital procurement process is achieved. Full implementation of this process is expected by December 2021. Mr. Gonzalez noted the benefits of this process are beginning to be seen. DC Water is starting to see awards of contracts to multiple contractors where there were previously awards to the same groups of contractors. This increased competition in bidding has resulted in savings for DC Water.

The Committee commended the ongoing efforts by DC Water to increase equity in procurement of contractor services for DC Water projects.

IX. WATER OPERATIONS UPDATES

FIRE HYDRANTS

Ms. Marlee Franzen, Senior Manager, Water Operations, DC Water, briefed the Committee on the status of DC Water's fire hydrants. Ms. Franzen presented a map of public out-of-service fire hydrants and noted that there are no obvious areas of concern based on the distribution of out-of-service hydrants across the DC Water system. DC Water is below the 1% out-of-service service level established in the Memorandum of Understanding (MOU) between the District of Columbia Fire and Emergency Medical Services Department (DC FEMS) and DC Water.

Ms. Franzen noted that hydrants coded as temporarily out-of-service are generally distributed across the District. Any clusters of out-of-service hydrants are due to ongoing construction activity.

WATER QUALITY

Ms. Anjuman Islam, Director, Water Quality, DC Water, briefed the Committee on the status of EPA Drinking Water Regulated Monitoring for August 2021. Ms. Islam reported that there were two positive total coliform results from samples collected as part of the EPA total coliform sampling for the month and both samples were negative for E. coli. Ms. Islam noted that results for the Lead and Copper rule sampling remain low at 2.7 ppb for the 90th percentile for the first draw sample, which is below the action level of 15 ppb.

X. OTHER BUSINESS / EMERGING ISSUES

None.

XI. EXECUTIVE SESSION

No Executive Session Held.

XII. ADJOURNMENT

Meeting was adjourned at 11:01 a.m.

Follow-up Items

1. Director, DETS: The Committee requested that DC Water send information related to the Soapstone Valley Park Sewer Rehabilitation Project. **[Mentioned, 7/15/21 EQ & Ops Cmte Mtg]**
2. Director, DETS: The Committee requested that DC Water inform the Virginia members of the Committee of the issues on the Potomac Interceptor Project. **[Mentioned, 7/15/21 EQ & Ops Cmte Mtg]**
3. VP, Procurement and Compliance: The Committee asked what percentage of solicitations received one responsive bid in the last year. **[Mentioned, 9/15/21 EQ & Ops Cmte Mtg]**
4. VP, Wastewater Operations: The Committee requested additional pictures of the concrete repair of the West Grit Chamber Effluent Channels. **[Mentioned, 9/15/21 EQ & Ops Cmte Mtg]**
5. VP, Wastewater Operations: To present a presentation to the Committee at the October 21st meeting to discuss Bloom and the associated program. **[Mentioned, 9/15/21 EQ & Ops Cmte Mtg]**
6. VP, DC Clean Rivers: The Committee inquired about the costs per acre to construct the GI projects and the mechanisms used to determine the effectiveness of the projects. **[Mentioned, 9/15/21 EQ & Ops Cmte Mtg]**



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, September 23, 2021

9:30 a.m.

MEETING MINUTES VIA MICROSOFT TEAMS

Committee Members

Anthony Giancola, Chairperson
David Franco
Sarah Motsch
Jared McCarthy
Joe Leonard Jr.

DC Water Staff

Matthew T. Brown, CFO & EVP, Finance and Procurement
Marc Battle, Chief Legal Officer, & EVP
Kishia Powell, Chief Operating Officer, & EVP
Lola Oyeyemi, Director, Budget
Ivan Boykin, Director, Finance
Alfonzo Kilgore Stukes, Board Operations Specialist
Paul Guttridge, Director, CIP Infrastructure Management
Tanya DeLeon, Manager, Risk

Call to Order

Chairperson Anthony Giancola called the meeting to order at 9:30 a.m.

Roll Call

Alfonzo Kilgore Stukes, Board Operations Specialist conducted a roll call of the Committee members and Staff present.

August 2021 Financial Report

Ms. Lola Oyeyemi, Director, Budget, provided the monthly financial report by exception. As of the end of August 2021, with 92 percent of the fiscal year completed, operating revenues were \$656.4 million, or 89.5 percent of budget, operating expenditures were \$513.6 million, or 79.9 percent of budget, and capital disbursements were \$337.2 million, or 71.6 percent of budget.

Ms. Oyeyemi informed the Committee that the FY 2023 Budget cycle was kicked off on September 7th, 2021, with the budget focus, goals and highlights by Mr. David Gadis, CEO & General Manager, Mr. Matthew Brown, CFO & Executive Vice President, Finance and Procurement and herself. The proposed budget is anticipated to be presented to the Board early in 2022 with adoption anticipated in March 2022. She shared that end of year close out preparations were underway, including the FY 2021 Interim Financial Statement and Uniform Guidance Audit processes. She also reported that the Finance Team held a kickoff call for the upcoming Series 2022 Bond issuance estimated at \$400 million, tentatively scheduled for early 2022.

Ms. Oyeyemi explained that the total operating revenue receipts of \$656.4 million were \$29 million below the year-to-date budget, mainly because of shortfalls in the Residential Commercial, and Multi-Family category, due to declining consumption and delinquencies because of the pandemic.

However, total receipts in August were higher at \$74.0 million compared to the budgeted \$69.4 million.

Total operating expenditures were \$513.6 million or 79.9 percent of budget, which is \$40.3 million below budget. She noted that the current spending trends are consistent with prior reports, with areas of underspending in all categories, as a result of the imposed spending restrictions adopted by management to curtail and align expenses with reduced revenue. She reported vacancy rate of 11% with anticipated continuous recruitment.

Mr. Matthew Brown stated that debt service reserve fund of \$26.5 million was established for the 1998 bonds with reduced requirements as the bonds are retired. He noted that, between FY 2021 and FY 2022, approximately \$3 million can be released from the reserve fund. Traditionally, those funds have been applied to debt service to offset budgeted debt service. The current plan is to apply those funds to debt service payments in FY 2022 which will produce savings and the Board will have an opportunity to make a determination about how to spend these funds as part of the next budget cycle.

Committee Member David Franco inquired about continuous underspending in personnel expenses and if there is an anticipation for a future increase in personnel expenses, including the impact on service levels. In response, Ms. Oyeyemi noted that while there has been no significant impact on operations, current staff have been taking on more duties, and additional contracting support is being used to augment department staffing needs.

Chairperson Anthony Giancola expressed concern about the budgeted five percent vacancy for FY 2022 noting that, historically, vacancy rate has been between seven to ten percent. He questioned if the current vacancies are more with the frontline workers or on the administrative side. In response, Ms. Kisha Powell, COO and EVP, stated that the impact of vacancies to some of the internal services particularly in Facilities and Engineering departments have been reported in the KPIs reported to the Board, which has led to the reengagement of some vendors to provide the needed services. She reiterated the Authority's process during the start of the pandemic to recruit mission critical positions, including internal postings and recruitment which led to gaps in other areas due to promotions. Additionally, she noted the endeavors with People and Talent department for additional staff to review current vacancies in the pipeline for both frontline and administrative positions including the review of the timeline and trends for recruitment. Ms. Powell echoed Ms. Oyeyemi's statement on the operations impact, noting that several staff have stepped up to take on additional responsibilities so that we are not lacking in providing services to our customers and making sure that we are in compliance with our permit requirements for all operational activities, and internal service levels with fleet and safety requirements.

Ms. Oyeyemi went on to report that the total capital disbursements were at \$337.2 million or 71.6 percent of the FY 2021 budget, which is \$105 million below the year-to-date budget. She stated that the recommendation presented to the Board to roll forward funds for the procurement of some fleet equipment, contributed to the underspending in capital equipment. The Washington Aqueduct spending reflects payment to date with the last quarter invoice to be paid in the upcoming fiscal year.

Ms. Oyeyemi provided an update on the cash investments which comprise of the operating reserve of \$214.2 million, including the Rate Stabilization Fund (RSF) of \$90.2 million, and the remaining balances of the unrestricted (\$158.8 million) and restricted (\$59.2 million) reserve accounts. Ms. Oyeyemi highlighted that the delinquent accounts were at \$26.4 million for 10.0 percent of total customers at the end of August.

Capital Improvement Program (CIP) Quarterly Update

Mr. Paul Guttridge, Director, CIP Infrastructure Management, provided the FY 2021 Third Quarter CIP report. He stated that management projects capital disbursements of \$384.8 million by the end of the fiscal year compared to the approved budget baseline of \$419.7 million for capital construction projects, with anticipation to come in under the baseline by the end of the fiscal year.

Mr. Guttridge provided an overview of the actual and projected disbursements by service area. He explained that of the six service areas, five are projected to be underspent and one is expected to be overspent and provided explanations for the various project variances. Some of the highlighted projects include: Project FT – Water Main Rehab Phase 2 that is underspent by \$3.4 million due to delays in schedule coordination with the Clean Rivers project; Project HX - Small Diameter Water Main Rehab 16 underspent by \$3.4 million due to Florida Avenue DDOT related activities. Mr. Guttridge also noted that Project BW – Lead Free DC Project is \$2.9 million above the baseline due to the higher-than-expected participation by homeowners to replace their lead service lines under the voluntary program; Project JA- FY2020 - DWS Water Projects are \$2.0M over the baseline due to higher than anticipated water main breaks; and the DC Clean Rivers project is right on target with \$5.8 million below the project baseline.

Finally, Mr. Guttridge reviewed the significant contract actions anticipated and reviewed the Key Performance Indicators (KPIs) for the third quarter.

Financial Policies Revisions

Mr. Ivan Boykin, Director, Finance, reviewed the revised proposed Authority's financial policies with proposed actions to adopt new financial policies, to conform the debt service requirement in the Debt Policy and Guidelines to those in the revised Statement of Financial Policies, and to rescind Resolution #11-22, Pay-As-You-Go Capital Financial Policy. He stated that since the revised Statement of Financial Policies already includes provisions of the Resolution #11-22 the request to formalize the revised changes to the Statement of Financial Policies would help enable DC Water to stay current and maintain its S&P AAA bond rating.

Next, Mr. Boykin provided information about DC Water's financial metrics, demonstrating DC Water maintains 250 Days of Cash, which compares favorably to the selected peer group. He went on to review the various comments by the rating agencies and Board of Directors regarding the appropriate days of cash on hand and debt service coverage. CFO Matthew Brown expressed his agreement with the Board regarding the dual obligation of the Rate Stabilization Fund. Mr. Boykin stated that separate Committee actions will be required for the planned debt issuance in early 2022 for a revised Financial Plan and transfer of approximately \$40 million from the Rate Stabilization Fund to the Operating Cash Reserves balance to maintain 250 days of cash outside of the Rate Stabilization Fund. Mr. Boykin explained that the balances in the Rate Stabilization Fund show financial strength that has helped improved the bond rating and reduce borrowing costs for all our customers.

Mr. Boykin reviewed the financial metrics contained in the Trust Indenture and how those compare to the Board Policy and management targets for days of cash on hand, coverage ratios, debt service as a percent of revenue and RSF as a percent of revenue. He explained the scope and changes to the Financial Policy to revise the standard format, update the days of cash to 250

days outside RSF and maintain overall coverage of 1.60x; eliminate the stand-alone PAYGO policy and incorporate provisions into the Statement of Financial Policy; and conform the coverage in the Debt Policy & Guidelines to the revised Statement of Financial Policies. He further stated that the Financial Plan will include only the annual projected cash balances and planned PAYGO financing of capital projects. A financial performance report will be issued in the third quarter of each fiscal year on the year-to-date and a forecast of annual expenditures and revenues, including the identification of one-time revenues that would be used for one-time expenses.

Mr. Boykin stated that under the revised policy, the 250 Days of Cash in Operating Cash Reserves will comprise of the \$35 million in the Renewal and Replacement Fund, 60 Days of operating expenditures in the Operating Reserve Fund and additional cash to meet 250 day requirement. He explained that DC Water currently maintains a cash balance of \$185.0 million which is the equivalent of 207 Days of Cash and that an estimated \$40 million would need to be transferred from the RSF to Cash Balance to maintain 250 Days of Cash outside of the RSF. The current RSF balance is \$90.24 million and this is anticipated to be at \$37.24 million after the Board-approved withdrawals (\$2.5 million in FY 2021 and \$10.5 million in FY 2022) and proposed transfer of \$40 million to cash balance. He noted that the Finance and Budget Committee will be asked to approve transfer of funds from the Rate Stabilization Fund to the Operating Cash Reserves next month.

In response to Mr. Franco's inquiry on the current days of cash on hand, Mr. Boykin stated that the Bond Indenture requires 60 days, but DC Water keeps 330 days.

Rolling Owner Controlled Insurance Program (ROCIP) IV Program Extension

Ms. Tanya DeLeon, Risk Manager, presented an update on the ROCIP IV program and Committee's recommendation to the Board to approve Workers Compensation, General Liability and Excess Liability, with final extension premium for ROCIP IV from October 15, 2022, to October 15, 2023.

Ms. DeLeon provided background information on the ROCIP process, the benefits and the extraordinarily difficult insurance market conditions that DC Water is facing at this time. She noted that there have been no losses in ROCIP IV and no outstanding losses. Ms. DeLeon stated that insurer premium quotes were received in the middle of August 2021 with the goal of maintaining the various ROCIP protections and to extend ROCIP to accommodate outstanding projects anticipated to continue through 2023. Due to the enormous challenges faced in the insurers market, the request is to ask carriers to extend their relationships for 18 years that includes a 10-year completed operations coverage tail. Insurers have demanded that DC Water establish an agreement this year for an insurance policy that would pick up in 2023. Ms. DeLeon stated that a not to exceed amount of \$11.6 million was approved by the Board for the initial 5 year program and second extension and that \$739 thousand is needed to extend the program from October 15, 2022 to October 15, 2023.

Proposed Green Bond Framework

Mr. Matthew T. Brown, Chief Financial Officer & Executive Vice President, Finance and Procurement, requested Board approval to adopt a formal Green Bond Framework, to enhance

the Green Bond Report, and to publish a separate report that would highlight our leadership in Environmental, Social, and Governance (ESG) factors. He stated that ESG Report helps to tell a story of all the good work we are doing at DC Water.

Next, Mr. Brown explained the core components of the International Capital Market Association (ICMA) voluntary guidelines that are used as the standards to guide DC Water into creating the project categories for Green Bond Framework. These components include the use of proceeds, management of proceeds, project evaluation and selection, and reporting requirements.

DC Water will use the proceeds from the Green Bonds for our Clean Rivers program. The CEO may propose that the Board approve the use of Green Bonds for other Green Bonds related projects. Mr. Brown stated that the net proceeds of the issuance will be deposited in a segregated account and that all proceeds from Green Bonds will be allocated within three years to eligible project expenditures. Mr. Brown concluded by stating that DC Water will continue to publish a Green Bond report which will include the appropriate performance measures for the ESG factors associated with the project and that the balances will be tracked and audited by an external auditor each year.

Mr. David Franco asked about the Bond rate pricing of Conventional vs Green Bond. Mr. Brown stated that there has not been a difference between the two bonds. This is a trend that has been consistent across the market. Green Bonds have brought new investors to the market. Investors still demand for Green Bonds to be externally audited. Eventually there will be some pricing differential, but at this point there is none.

Chairperson Giancola recommended that management have the Legal Department review the written changes to the Green Bond Framework and get their approval.

Action Items

The Committee members agreed to move the following action items to the full Board:

- A. Recommendation for Approval of Revised Statement of Financial Policies
 - Statement of Financial Policies
 - Statement of Financial Policies – Redline
 - DC Water Debt Policy and Guidelines
- B. Recommendation for Approval to Extend ROCIP IV Insurance Services
- C. Recommendation for Approval of Proposed Green Bond Framework

Follow Up Items

1. Provide additional/routine report on the recruitment efforts to achieve lower vacancy rates and address concerns of continued staff shortages and deterioration of KPI's (key performance indicators – **Mr. Franco**)

Adjournment

Hearing no further business, Chairperson Anthony Giancola adjourned the meeting at 10:21 a.m.



CEO's Report

OCTOBER
2021



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING

Inside

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dc Highlights

Chairman Wells and members of the Board, it is my pleasure to present you with this detailed summary of the Authority's activities over the past month. As you will see, the COVID pandemic continues to occupy much of our time and attention as we navigate through the implications of a new federal directive for large employers and the end of the public health emergency in the District. Details of how those changes will impact our employees and customers are included below, along with other highlights and monthly reports from our Finance and Procurement; Shared Services; Customer Experience; and Operations and Engineering divisions.



High Performing Team

Authority Issues Mandatory Vaccination Guidelines

In response to President Biden's vaccination directive, and in support of employee health, safety and wellbeing, the Senior Executive Team (SET) crafted a thoughtful and strategic plan to encourage vaccinations and minimize potential staff attrition related to the requirement.

The plan, which was communicated to staff beginning on September 22, requires employees to share their vaccination status with the Authority by September 30, 2021. This will help identify departments with low vaccination rates and prepare for any operational challenges.

Effective November 1, 2021, all DC Water employees will be required to be fully vaccinated for COVID-19 or provide proof of a negative COVID test result on a weekly basis. The Labor Relations team is currently bargaining with union leadership over implementation of this requirement for represented employees.

We know that for a variety of reasons, some employees have doubts and fears about the vaccine. My team is making a concerted effort to address these fears and encourage every employee to protect themselves, their families, our colleagues, and the community we serve. These steps include:

- Extension of the \$100 vaccination incentive.
- Arranging for a Cigna Vaccine Webinar to dispel common myths and misperceptions about the vaccines and discuss the science behind them.
- Convenient, on-site vaccination clinics October 4-5, 2021.
- Connecting employees with free testing services, available in the District, Maryland, and Virginia.
- Links to expert vaccination analysis from the Centers for Disease Control, World Health Organization, the White House, and Johns Hopkins.
- Counseling services available through the Inova Employee Assistance Program.

Attention Team Blue!

dc COVID Vaccinations are Required for Authority Employees

In compliance with President Biden's directive, and in support of employee health, safety and wellbeing, DC Water is now requiring all employees to complete a COVID vaccination regimen or submit weekly, negative COVID test results. Those not in compliance will be subject to adverse employment action up to, and including, termination.

Here's what you need to do:

- 1** Provide confirmation of your vaccination status to your supervisor or People and Talent no later than September 30, 2021.
- 2** If you are unvaccinated, DC Water is hosting vaccination clinics on October 4-5, 2021.
- 3** If you are unvaccinated, be sure to receive your final COVID-19 vaccine dose no later than November 1, 2021.
- 4** Watch your email for more information and check the COVID Live Updates page on Pipeline for additional details.
- 5** If you haven't already, apply for your \$100 vaccination incentive by showing your vaccination card to your supervisor or Human Resources Business Partner.

MASK UP! SLEEVE UP!



dc Highlights



High Performing Team continued

2021 Tri-Association Conference

The 2021 Chesapeake Tri-Association Conference (Tri-Con) was held in early September, at the Powell Convention Center in Ocean City, Maryland. It was my pleasure to offer the keynote address at Wednesday's opening session, "Delivering Water Equity in Washington and Beyond," to highlight the many ways that DC Water delivers water equity to customers, employees, and community stakeholders. It was also an opportunity to introduce our new strategic plan, Blueprint 2.0, to our peers in the industry.

The technical offerings and break-out sessions featured five separate tracks to choose from: asset management, utility management, water system infrastructure, wastewater treatment and wastewater collection systems. A significant contingent of Authority staff attended the event and led some of the technical sessions.

DC Water expertise was showcased in several technical sessions. **Nichol Bell Sowell** (Manager, LA Management / Water Services) and **Hari Kurup** (Director, IT Enterprise Solutions / Information Technology) led a panel entitled, "DC Water's Blueprint for Mobility: Fire Hydrant Application Development and Deployment," and **Tamrat Bedane** (Supervisor, Asset Management / Water Services) offered a session called "DC Water's Asset Registry: Mapping Services Line and Sewer Lateral using Trimble Technology."

The Authority also captured two awards at Tri-Con. **David Gill** (Acting Director, Occupational Safety and Health / Shared Services) won the Burke Safety Award, which is presented to "a municipal or industrial wastewater facility for establishing and maintaining an active and effective safety program." **Greg Phillips** (Program Manager, Laboratory / Wastewater Treatment) was honored with the Laboratory Analyst Award, which is bestowed in recognition of "individuals for outstanding performance, professionalism and contributions to the water quality analysis profession."



Before the end of the Conference, **Gian Cossa** (Senior Management Analyst / Engineering and Technical Services) was installed as the incoming President of the Tri-Association Conference.

Finance Team Completes Re-Execution of WIFIA Loan

I am very pleased to report that the Finance team, led by **Matt Brown** (Chief Financial Officer and EVP / Finance and Procurement) and **Ivan Boykin** (Director, Finance / Finance and Procurement) have completed the re-execution of the Authority's WIFIA loan at an interest rate of 1.87%, versus the 2.33% rate of the original loan.

This achieved net present value savings of \$12.6 million and budget (cashflow) savings of \$18.8 million. The \$156.4 million loan is financing a wide range of projects across the district, including small diameter water line replacements, sewer improvements and projects at Blue Plains.





High Performing Team continued

Authority Prevails in Utility Discount Program Ruling

For several years DC Water has voluntarily participated in a Utility Discount Program (UDP) along with other primary participants, Pepco, and Washington Gas. The purpose of the UDP, which is managed by DOEE, is to provide a one-stop shop for the marketing and management of the various customer assistance programs offered by the utilities.

From the inception of the UDP, DC Water has shared equally in the costs to reimburse DOEE for the expenses it incurs in managing the UDP. In 2019, however, we requested from the other utilities and DOEE a reallocation of the costs to reflect the proportion of utility customers served by the various programs. This was important because, while DC Water was paying 33% of the non-fixed expenses, our customers represented only 13-15% of those served by the programs.

Despite several months of negotiations and various offers proposed by DC Water, we were not able to convince the other utilities and DOEE to agree to any reallocation of the costs. In response, when DOEE submitted its most recent budget to the PSC for approval, DC Water filed an objection to the cost allocation. As a result, the PSC ordered all the parties to file comments and reply to comments on the issue.

In September, the PSC issued a ruling supporting our arguments, reducing our cost share from 33% to 15%, and nearly doubling Pepco's share from 33% to 60%. While this victory doesn't represent a significant share of any utility's operating budget, it is a notable win for the Authority because it is now a more equitable cost share achieved over the objections of Pepco and Washington Gas.

I would like to spotlight the outstanding work of **Barbara Mitchell** (Assistant General Counsel / Government and Legal Affairs), and her colleagues from Legal Affairs and Customer Care who helped make our case before the UDP and assisted in developing our PSC filing.



The screenshot shows the Public Service Commission website for the District of Columbia. The header includes the logo with three stars and the tagline "Your Energy. Your Voice." A search bar is located on the right. Below the header is a navigation menu with links: ABOUT, EDOCKET SYSTEM, ORDERS/REPORTS/REGULATIONS, UTILITIES, CLEAN ENERGY, CONSUMERS' CORNER, NEWSROOM, and FILE A COMPLAINT. The main content area features a banner for the "STAY DC" program, which includes the logo and the tagline "Stronger Together by Assisting You". The banner image shows a stack of papers with a "PAST DUE" stamp. Below the banner is a caption: "Avoid potential utility disconnections with STAY DC, a new District government assistance program."

dc Highlights



Stakeholder Engagement

DC Water Cares

At the onset of the pandemic, DC Water prioritized public health and safety by suspending late fees and service disconnections, and reconnecting those whose service had been suspended. Today, we continue to put the wellbeing of our customers first as we move forward.

Even though the District's public health emergency ended in July, DC Water is phasing in collection activities and making every effort to encourage customers to take advantage of the many different assistance programs available.

The Authority resumed late fees on past due balances beginning September 1 but will not resume disconnections for past due balances until after December 1. In the meantime, we are hopeful that the vast majority of customers who have fallen behind on their bills will contact us to set up payment plans or discuss other options prior to December 1.

As you know, DC Water and the District offer a suite of different assistance programs to provide monthly discounts on water bills for income-eligible residents or emergency relief to help pay off past due balances for customers financially impacted by the pandemic. DC Water also created a new program to aid renters and tenants in multifamily dwellings – one of the first programs of its kind in the country.

At the same time, DC Water's arrears have increased significantly during the COVID crisis. We have a duty to continue to provide critical water and sewer services to the District and the region. Our budgets are based on ratepayer funding, and we need to ensure that those who can pay their bill, do so, and those who can't, get the help they need.

The Authority has resumed notifications to residential, multi-family and commercial customers regarding their past due accounts and the actions that may be taken by DC Water to collect on those. We have also launched the DC Water Cares campaign to publicize the assistance that is available. Our outreach includes dozens of presentations to community organizations; partnerships with District agencies and nonprofits that provide services to vulnerable populations; advertising; postings on NextDoor, dcwater.com and social media; and bill inserts and messages.

DC, let's get through this together.

Need help paying your water bill? We can help!

DCWATER.COM

dc water is life® | DC WATER CARES



Stakeholder Engagement continued

Equity Imperative Staff Engagement

On Wednesday, September 15, **Sheryl Ude** (Senior Advisor to the Chief Operating Officer / OCEO) and **Apera Nwora** (Senior Program Manager / Government and Legal Affairs) announced an upcoming series of equity engagement events at DC Water to promote awareness of the Authority's water equity imperative and related initiatives.

As the first event on September 23, the team arranged for the U.S. Water Alliance's first-ever artist-in-residence, **Benny Starr** to facilitate a listening session for staff to share their personal journey with respect to equity and environmental justice.

The equity engagement series is designed to orient staff to the topics of water equity and environmental justice and inspire them to get involved in the Authority's ongoing advocacy efforts.

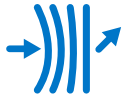


Community Outreach

COVID clipped our wings in 2020 and largely prevented our team from conducting the typical summer slate of community outreach events. This summer, however, I am happy to report that we were able to resume many of our outdoor outreach activities, which is a critical element of our customer engagement.

An annual highlight of that engagement is always the H Street Festival. On Saturday, September 18, a team of Authority Ambassadors, consisting of staff from the Office of Marketing and Communications, Revenue Assurance, Engineering and Technical Services, Facilities and Water Services were on hand to engage and educate the thousands of festival attendees. Of course, our beloved waterdrop mascot Wendy was a huge draw, along with the Quench Buggy which provided free tap water.





Resilience and Readiness

Water Services Completes Successful Line Stop Insertion, Large Diameter Valve Replacement

On Tuesday, September 6, the Department of Water Operations completed a line stop insertion and large diameter valve replacement in the 1st High Service pressure zone.

The line stop was inserted on a 31.5" steel water main on West Virginia Avenue, NE, near Florida Avenue. Valves were closed north of the line stop location to control water flow. Crews were deployed to obtain and monitor pressure readings from several locations in the Capitol Hill and Trinidad neighborhoods throughout the effort.

Personnel from the Department of Pumping and Sewer Operations were on hand during repairs as a precaution in case 1st High pumping from Bryant Street was necessary to maintain system pressure.

In addition to the public outreach on notifications, parking restrictions and traffic flow, such projects also require extensive internal coordination. I am very appreciative of the fine work of our Water operations team, as well as the excellent support provided by Pumping Operations, Clean Rivers, Marketing and Communications and Command Center staff.





Divisions

New to the CEO report are the addition of service level based key performance indicators for our operations clusters. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity impacts related to COVID-19 and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job despite the pandemic and continue to strive to meet a high bar of performance.

Financial Metrics

Metric	Target	May-21	June-21	July-21	Aug-21
Operating Cash Balance (millions \$)	185	215	213	196	214
Delinquent Account Receivables (%)†	3.00	4.42	4.45	4.51	4.55
On-time Vendor Payments (%)††	97	93	93	93	93
Investment Earnings Data (Thousands \$)	2,234	2,470	2,660	2,897	3,092
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index		0.16	0.25	0.19	0.22
Core Investment Yield Data (%) - Actual Monthly Yield	0.18*	0.78	0.76	0.72	0.67
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index		0.01	0.05	0.05	0.05
Short Term Investment Yield Data (%) - Actual Monthly Yield	0.05*	0.11	0.11	0.08	0.08
Days of Cash on Hand	250**	328	337	334	333***

* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor, and compared to the Monthly Treasury Index and the Actual Monthly Yield

** 250 days of cash represents the projection for annual days of operating reserves including the Rate Stabilization Fund

*** The 333 days of cash is made up of 106 days in the Rate Stabilization Fund and 227 days in the operating cash balance.

† Delinquent account receivables as a percentage of 12-month rolling average revenue. The delinquent account receivables increased due to the impact of COVID-19.

†† Vendor payments percentage is not at the desired target primarily due to performance related to the transition from the legacy system to the new system, which includes tolerance configuration (Materials Management invoices), retention invoices, or system entries (non-payment entries, e.g., ROCIP funding), and user training related to receipts issues.

Finance Highlights

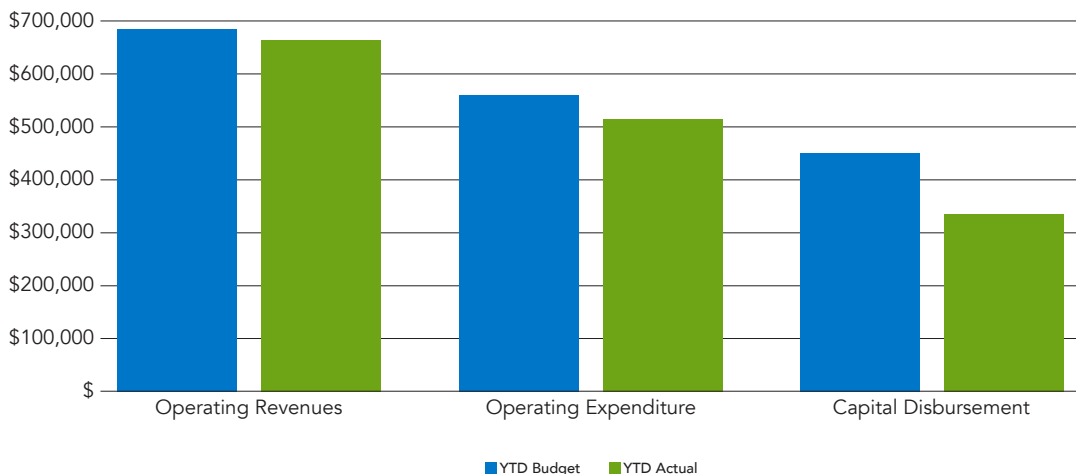
FY 2021 Financial Performance YTD

As of the end of August 2021, with 92 percent of the fiscal year completed, both revenues and expenditures are below budget. Revenues are below budget by \$29.0 million as compared to the year-to-date (YTD) budget. DC Water is aligning expenditures with revenues, and as a result operation and maintenance, including debt service, expenditures are below the YTD budget by \$40.3 million.

Budget Highlights:

- FY 2023 Budget Kickoff was held on September 7th to provide the focus, targets, process changes, deliverables and timelines; followed by the Budget Bootcamp on September 10th to provide detailed guidance to, and address specific questions, from end users.
- This budget cycle includes the development of two-year rate proposals for FY 2023 and FY 2024. It has also been shortened to 12 months using DC Water's inaugural Budgeting and Planning System (BAPS).

FY 2021 Year to Date Performance Budget vs. Actuals (\$000's)



Procurement and Compliance

Key Compliance Activities:

- DC Anchor Partnership (DCAP) Bi-weekly Leadership Meeting.
- DC Infrastructure Academy Bi-monthly Board Meeting.
- Bi-monthly Hire DC Coalition Board Meeting.
- Bi-monthly Workforce Investment Council Board Meeting.
- University of the District of Columbia's Bi-monthly DAWN Initiative Leadership Meeting.
- Department of Small and Local Business Development Disparity Study team meeting.
- Lead Free DC Program presentation at the Women's Business Enterprise Lunch with the Experts; DC Community Anchor Partnership; Outreach Meeting; Office of Contracting and Procurement Monthly General Vendor Workshop.
- ACEC Annual Meeting presentation.
- DC Water Works Facilities Training Program – In partnership with the DC Department of Employment Services, DC Water launched its 2021 Facilities training cohort. Total 9 training participants (all DC residents).

Key Contracting Activities:

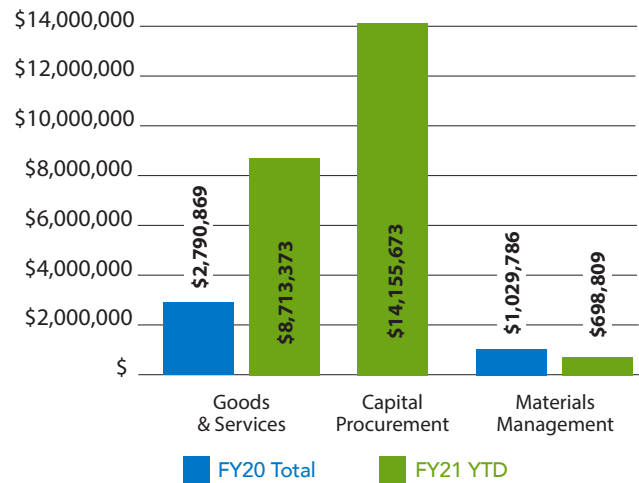
- 50 participants attended the Industry Outreach event for DCFA 517 - Cleaning and Inspection for Local Sewers.
- Hosted DCFA 514 Pre-Proposal Conference for CM BOA by 70 participants.
- Industry Outreach Events for LFDC RFI Completed with over 130 attendees.
- Preliminary cost negotiations of RC-B Construction resulted in \$4M below budget and \$1M below Engineer's Estimate.
- Construction Change Orders for LFDC were executed on Aug 27 and Aug 30.
- Hosted Small Diameter Water Main Replacement 15A Preproposal conference with 14 participants.
- Hosted Pre-Proposal conference for DCFA 515/516, As Built Support Services with 64 participants.

Cost Savings

(negotiated savings and cost avoidance)

The chart shows the FY20 total cost savings and FY21 year-to-date cost savings achieved by Procurement through the competitive solicitation process in the Capital Project and Goods/Service solicitations and the cost avoidance achieved in Materials Management though inventory optimization. The cost savings for Capital Procurement was not tracked in FY20.

Cost Savings (cumulative 10/1/20 - 8/30/21)



Procurement and Compliance - continued

Upcoming Business Opportunities

All current and planned solicitations are available at dcwater.com/procurement.

Those upcoming in the next two months are shown below:

Capital Procurement

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Delivery Type	Eligible Inclusion Program
Sep 2021	Small Diameter Water Main Repl. 15b	IFB	\$9M	Bid Build	DBE/WBE
Sep 2021	Inspection and Cleaning of Local Sewers	RFP	\$12M	Professional Service Agreement	DBE/WBE
Oct 2021	Microgrid Implementation Project at Blue Plain Advanced WWTP	RFP	\$400k	AE Design	DBE/WBE
Oct 2021	Water and Sewer Assessment Support	RFP	\$6M	Professional Service Agreement	DBE/WBE
Nov 2021	Potomac River Tunnel Project (Tunnel)	RFP	\$1M	Design Build	DBE/WBE
Nov 2021	Small Diameter Water Main Repl. 15d	RFP	\$9M	Bid Build	DBE/WBE
Nov 2021	Lead Free DC Program Management	RFP	\$10M	Professional Service Agreement	DBE/WBE
Dec 2021	COF/IT Electrical System Upgrade	RFP	\$9M	Bid Build	DBE/WBE
Dec 2021	Miscellaneous Facilities Upgrade - Phase 8	RFP	\$10M	Bid Build	DBE/WBE

Goods and Services Procurement:

Planned Solicitation	Project Title	Solicitation Type	Estimated Total Contract Value	Eligible Inclusion Program
Sep 2021	Property Casualty Insurance Brokerage	RFP	< \$1M	LSBE
Sep 2021	Hauling & Disposal of Excavation Spoils/Debris & Catch Basin Debris	RFP	\$1-\$5M	DBE/WBE
Sep 2021	Repair and Maintenance of Cranes and Hoists	RFP	< \$1M	LSBE
Sep 2021	Inspection of Cranes and Hoists	RFP	< \$1M	LSBE
Sep 2021	Annual Maintenance of Electrical Control Equipment	RFP	\$5-\$10M	DBE/WBE

Accomplishments

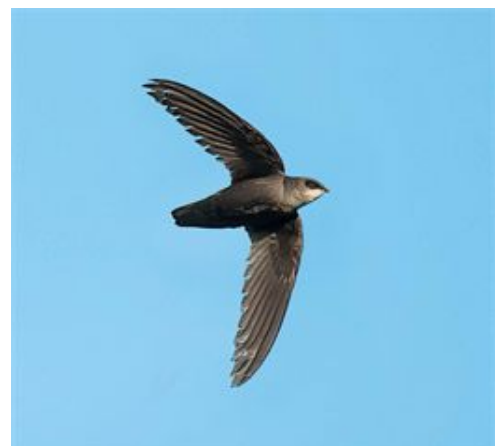
DC Water was selected as one of the Leading Fleets in North America by Government Fleet magazine. The awards program, co-produced with the American Public Works Association, recognizes operations that are performing at a high level, particularly in fleet leadership, competitiveness, and efficiency, planning for the future, and overcoming challenges. The 50 Leading Fleets represent the best in the industry.

The Office of Emergency Management (OEM) acted as the Planning Section and facilitated two Incident Management Team activations recently: August 4th Boil Water Advisory and 3rd Street Tunnel Repair. The after-action conferences and/or lessons learned reports are pending.



Facility Projects

The new structure in the south-west corner of the Headquarters campus is a Chimney Swift tower. This tower is intended to be the new home for Chimney Swifts, birds that are native to our region with a voracious appetite for bugs. The tower simulates the chimney structure that Chimney Swifts are instinctually attracted to for nesting and is the second installation along the Anacostia Riverwalk Trail (the first Chimney Swift tower is at Diamond Teague Park). DC Water is encouraging Chimney Swifts to move in and help us naturally combat flying pests, supporting native wildlife and the local ecosystem. It was constructed and painted by craftsman in the Facilities Carpentry and Paint shops, and was installed at the beginning of September.



Fleet, Facilities, Safety, Security and Emergency Management

Upcoming Priorities

Facilities service requests and preventive maintenance data will be a continued focus in FY22, as Facilities works to achieve target service levels. As a step toward improvement in FY21, Facilities has transitioned work order processing from paper to electronic in coordination with the IT Department. The electronic work order tools are now in place and training has been provided, but we realize that a change in culture within the Facilities Team is needed to go with changes in practice and technology. To support the change in culture we have developed a Facilities Department reorganization. The initial phase included establishing a Business Operations Manager position and a General Foreman position. The Business Office Manager, **RoDonna Brewster**, has coordinated with IT to refine/tweak the electronic work order process for usability and to clear up confusion with the electronic process. The General Foreman, **James Jackson** who was promoted to this position from Plumbing Foreman, will be working with all Facilities Shop Foremen to coach, support, and guide through this process to be sure they understand the importance and to get the users' buy-in for the new electronic work order process. We expect to see improvement in accuracy and consistency in the preventive maintenance work order reporting in Maximo over the upcoming weeks and months under the guidance, support, and direction of the General Foreman. This is a work in progress and Facilities is taking positive steps to make improvement in collaboration with stakeholder departments and with the support of our executive management.

Administration Metrics

Metric	Target	May-21	June-21	July-21	Aug-21
Security: Camera operational uptime	90%	96%	94%	95%	96%
Security: Smart card readers operational uptime	90%	99%	99%	99%	99%
Security: Percent of security investigations completed within 21 days	95%	100%	100%	100%	100%
Facilities: Preventive Maintenance Completion Rate	90%	43%	23%	46%	44%
Facilities: Service Request Completion Rate	90%	43%	38%	55%	39%
Fleet: Preventive Maintenance (PM) on Schedule	96%	31%	19%	25%	61%
Fleet: Priority Vehicles/Equipment (In-Service)	96%	87%	84%	90%	86%
Safety: DC Water Employee Recordable Incident Rate (RIR) (CY)	< 5.3	4.5	4.1	4.6	4.7
Safety: DC Water Employee Lost Time Incident (LTI) (CY)	< 2.1	1.9	2.3	2.5	2.6
Safety: Contractor/ROCIP Recordable Incident Rate (RIR) (CY)	< 2.8	.09	1.2	1.3	1.2
Safety: Contractor/ROCIP Lost Time Incident (LTI) (CY)	< 1.1	0	0	0	0

Facilities has a detailed explanation of its actions to improve their service levels above in "Upcoming Priorities." Fleet PMs are back above 60%, and we expect this trend in a positive direction to continue which will also support the greater availability of priority #1 vehicles.

DC Water LTI – The same issues continue to exist around training and communication, but DOSH leadership is working closely with Strategic Planning under the Blueprint 2.0 Healthy, Safe & Well Imperative to ensure that leading indicators, training, and improved collaboration are all a major focus of the coming months and years as we continuously improve our Safety performance.


Customer Experience Cluster
Customer Care and Information Technology

The Customer Service department is administering multiple assistance programs for low-income customers. We enrolled 5241 participants in CAP, CAP2, CAP3 and Non-Residential CRIAC relief in FY21. For the month of August, we enrolled 295 throughout the same programs. The funding for CAP2 has exceeded the budget projection, with the anticipation that the CAP program will exceed budget before the end of the month. Additionally, the Emergency Relief Program funding has been exhausted for CAP and CAP2 customers, but DOEE has identified additional \$25,000 to support CAP3 customers through the end of FY21.

Due to increased enrollment in the assistance programs and the waiver of the FY 2022 rectification requirements for CAP (waived by UDP) and CAP2 (waived by DC Water) and CAP3 (waived by DOEE), the Finance and Budget Committee will be asked to recommend an allocation of funding from the \$5 million set aside for future relief programs to adjust the budget upward for both FY 2021 and FY 2022 to the Board for approval in November.

We anticipate Federal LIHWAP funding to be available in November 2021, and plan to use the Federal funding in advance of DC Water Cares Residential funding.

Customer Assistance Programs (CAP)

Program	FY2020 Enrolled	FY2020 Dollars	Aug # Enrolled	Aug Dollars	# FY21 Enrolled	FY2021 Dollars	FY2021 Budget
CAP I	3,818	\$1,584,808	238	\$272,755	4,373	\$2,088,953	\$2,200,000
CAP II	624	\$173,837	26	\$24,679	532	\$219,617	\$200,000
CAP III	133	\$25,863	10	\$5,041	179	\$33,705	\$200,000
Non Residential CRIAC Relief	171	\$1,028,753	21	\$111,944	157	\$872,933	\$2,747,591
Emergency Relief Program	2,098	\$884,388	-1	(\$2,000)	1,820	\$1,071,464	\$1,073,979
DC Water Cares Residential	N/A	N/A	225	\$247,612	2,201	\$1,549,752	\$3,000,000
DC Water Cares Multifamily (number of units)	N/A	N/A	161	\$69,666	5,818	\$2,495,312	\$6,280,000
STAY DC	N/A	N/A	137	\$133,883	158	\$147,761	N/A

IT Monthly Report

SR/WO Type	SL Target/SLA	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021
Number of tickets submitted	Trend only	825	930	863	880	1,142	737	910	956	1126	1172
Number of open tickets	Trend only	7	108	33	72	94	71	58	53	68	44
Helpdesk SLA	96%	96%	100%	98%	99%	98%	99%	97%	96%	98%	97%
Number of active projects	Trend only	20	21	20	20	20	20	21	21	18	18
Number of completed projects	Trend only	0	3	4	7	7	9	10	14	17	17
On schedule performance	90%	91%	95%	87%	83%	83%	83%	88%	91%	84%	78%
On budget performance	90%	100%	91%	96%	90%	92%	75%	75%	74%	84%	100%

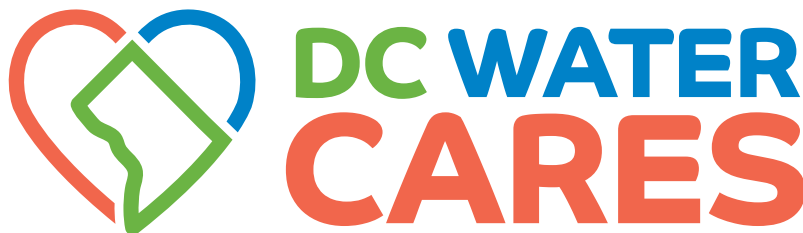

Customer Experience Cluster
Customer Care and Information Technology

Customer Service is meeting target levels in most categories. The team's focus is ensuring bills are sent timely and accurately on actual readings as applicable, while offering assistance options that will help customers pay their outstanding balances. The department did not meet the target of 3% for estimated bills (actual 4.1%) due to COVID related inside meter reading restrictions and pending billing system updates for replacements completed in the Small Diameter Water Main project (SDWM). The team is working on the frequency of the SDWM report cadence. More frequent reporting will reduce the project impact on estimated reads.

Additionally, the team is preparing to enact the legislative requirements related to lifting the disconnection moratorium. We have made the proper system changes and are working on customer notifications. In anticipation of increased call volume due to resuming disconnections, we will add temporary staff to the Call Center.

Key Performance Indicators

Metric	Target/ Service Level	May-21	June-21	July-21	Aug-21
% of Bills issued on time (w/in 5 days)	95%	96%	95%	95%	98.5%
Estimated bills as a percent of meters read	3%	4.2%	4.2%	4%	4.1%
Number of High Bill Complaints	trend only	184	212	141	179
% of OPC inquiries resolved within 14 days	90%	100%	100%	95%	100%
% of calls answered in 40 seconds (call center)	85%	97%	93%	90%	95%
Monthly Call Volume Served (Call Center)	trend only	5,822	6,519	6,708	6,804
Average Talk Time (minutes)	5:30	6:08	5:58	6:06	6:00
Average Wait Time (minutes)	1:30	0:13	3:33	0:20	0:20
Abandoned Calls (%)	6%	1%	2%	1%	1%



Feature of the Month – Wastewater Engineering

The Kenilworth Pump Station Upgrade is due to be advertised for construction as part of a DDOT project for Kenilworth Avenue. Short term upgrades completed in August were completed in the MFU-5 contract, include the installation of a new ladder and hatch to address safety hazards for Operations and Maintenance activities.

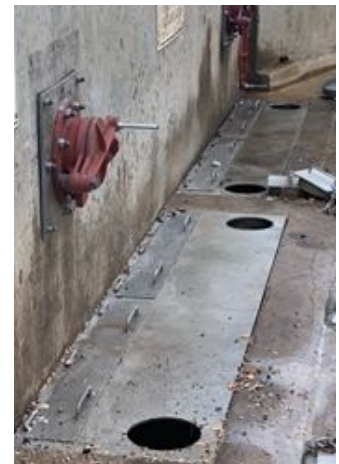
Temporary East Hauled Waste Station Modifications shows upgraded septic receiving hatch with new hose access points and a removable cover. Also, a new hose flag gate inlet.

The Headworks Influent Screens Rehabilitation is underway with eight (8) of the thirteen (13) screens already rehabilitated and reinstalled. The next two

(2) screens are anticipated to be removed in September. Screen 3E and 5E are the current screens being disassembled.



Kenilworth Ave. pump station upgrades



Temporary Haul Waste Station

Key Performance Indicators

Metric	Target/Service Level	May-21	June-21	July-21	Aug-21
Wastewater Operations					
NPDES Permit Compliance	100%	100%	100%	100%	100%
Air Permit Compliance	100%	100%	100%	100%	100%
Biosolids Class A	100%	100%	100%	100%	100%
Tunnel Dewatering	100%	100%	100%	100%	100%
Combined Heat and Power	>20%	28%	26%	25%	23%
Reactive Maintenance	<20%	29%	31%	40%	28%
Critical Asset Availability	>95%	97%	97%	97%	97%
Sewer Operations					
CSS Structures Inspection	100%	100%	100%	100%	100%
MS4 Area Catch basins Cleaning/Inspections	100%	56%	60%	61%	62%
CSS Area Catch basins to Anacostia – Cleaning/Inspections	100%	85%	18%	100%	100%
Non-Anacostia CSS Area Catch Basins – Cleaning/Inspections	85%	4%	19%	37%	52%
Sewer Cleaning and Inspection (Miles)	>12	3.5	3.01	4.18	2.33
Sewer Backup (Investigation to Resolution)	>95%	100%	100%	100%	100%
Sanitary Sewer Overflow	1.4 per 100 Miles	.79	.15	.3	0
Combined Sewer Overflow	0	0	0	0	0

dc operations and Engineering Cluster

Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators continued

Metric	Target/Service Level	May-21	June-21	July-21	Aug-21
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	26%	39%	33%	32%
Critical Asset Availability	95%	98%	98%	98%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Replace Non-Standard Hydrants	>21/Month	6	8	8	11
Hydrant Flow Tests (Non-Winter Months)	>180	86	40	73	15
Fire Hydrants Operational	99%	99.69%	99.73%	99.67%	99.73%
Emergency Water Service Orders Completed	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	87%	55%	50%	26%
Water Main Breaks	<28/Month	12	22	30	27
Water Main Break Rate /100 Miles (National Average is 25)	25	43	41	39.09	38
% of Hydrant Leaks in Inventory that are not leaking	>90%	99%	99%	99%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	90%	93%	93%	91%	91%





Operations and Engineering Cluster

Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Explanation of Missed Targets

Wastewater Operations Reactive Maintenance (<20%)

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as percent of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. We observe a descending trend of percent of total reactive maintenance hours, measured as annual average during fiscal years 2019, 2020, and 2021 to date*, of 40%, 37% and 31% respectively, for assets at the Blue Plains Advanced Wastewater Treatment Plant. The reduction realized is attributed to enhanced proactive and predictive maintenance programs, training of staff on precision maintenance and reliability centered maintenance, optimization of existing preventive maintenance plans, and improvements in processes and equipment through the Capital Improvement Program. The goal is to remain on the reduction pathway towards a benchmark that is applicable for Blue Plains.

MS4 Area Catch Basin Cleaning/Inspection (100%)

The Department has an annual goal of 100% and expects to achieve this goal by year end.

CSS Area Catch basins to Anacostia (100%) and Non-Anacostia CSS Area Catch Basins (85%)

Our next goal is to complete cleaning the entire MS4 for compliance period July 1, 2020 – June 30, 2021. We also have a non-compliance goal for 1st time inspections of the CSS Anacostia between January 1, 2021 -June 30, 2021. Our compliance period for cleaning the Non-Anacostia CSS is January 1, 2021 - December 31, 2021

Sewer Cleaning & Inspection (>12 Miles)

This KPI is a measure of progress toward meeting an internally set goal of cleaning and inspecting 12 miles of our small diameter sewers per month. This is based on completing the cleaning and inspection of 1,400 miles of small diameter (< 24 in) sewer in a 10-year cycle. Due to our existing internal crews prioritizing response to service requests and permit required inspections, progress toward our overall goal is impacted. The Department is assessing the internal and external resources required to achieve the established target in the coming year.

Pumping Operations Reactive Maintenance (<20%)

The reactive maintenance metric has slightly improved since last month but did not meet the target due to other prioritized work activities and/or emergencies. This is a new metric and to meet the goal we shall continue to enhance our proactive maintenance practices, complete scheduled precision maintenance training and remain focused on our reliability centered maintenance activities. We expect to see incremental improvements, year after year.

Replace Non-Standard Hydrants (>20/Month)

The Department was unable to meet the monthly target due to limited staff, scheduled leave and the need for additional resources. The Department expects to increase the number of non-standard hydrant replacements as emergency repairs and resources allow.

Hydrant Flow Tests (Non-Winter Months) (>180)

The Department did not meet the monthly target due to limited staff availability and the need for additional resources. The Department anticipates an increase in performance as adequate levels of staffing are maintained.

Water Quality Complaint Resolution (within 48 Hours)

Although we addressed all customer complaints by phone and email, by flushing hydrants within the same day, we were unable to fully resolve 74% of the customer complaints since there were hydrants that needed to be rechecked and were still pending due to illness, scheduled leave and resource needs (staff). The Department is actively recruiting for several water quality positions and is looking forward to demonstrating improvement within the next year.

dc DC Water Capital Improvement Program

Water, Sewer, Blue Plains, Lead Free DC and DC Clean Rivers

Non-Process Facilities Area Projects Update on projects and priorities

Sewer Services Building

- Under construction – 75% complete

O Street Construction

- The final design will be completed in September
- The Authority received CAP approval from DOEE
- Construction is 4 months ahead of schedule. Construction of Phase 1 will commence soon. Phase 1 includes the relocation of fire lanes, roll up door for Fleet, and new driveway off N Place.
- Coordination with Brookfield and staff at HQO is ongoing.



The Lead-Free DC (LFDC) team has initiated door-to-door outreach and attends ANC meetings to collect agreements for the first block-by-block lead replacement projects. The Lead-Free DC Team addressed community questions and concerns regarding upcoming construction and shared information about the larger program. The block-by-block projects mark the ramp-up of replacements for Phase II of the Program, and the projects were the first planned using the LFDC prioritization model based on equity and water quality.

The DC Water Lead-Free DC (LFDC) team has engaged in bi-weekly meetings with the Deputy Mayor of Operations and Infrastructure (DMOI), DDOT, DOEE and DCRA to draft a MOU specifically for the block-by-block projects which includes a streamlined permitting process and shared restoration agreement. The goal is to have the MOU in place by October. The LFDC team has also met with Pepco to identify and leverage overlap between by-block lead projects and Pepco's Capital Grid and DC PLUG projects. These interagency meetings are critical to make sure FY22 and future construction is done efficiently and effectively.

Fiscal Year	LPRAP (Assistance Program)	Voluntary Full	CIP Full	CIP Partials	Emergency Full	Emergency Partials	Total LSRs	FY21 Goal	Partials	Partials %	Goal %
FY2021	193	452	28	14	77	2	766	500	16	2.1%	2.1%

Permit Operations

- The Oracle Permits Information System (PIMS) is in Development.
- The Permitting Department initiated refunds for approx. 1,000 accounts.
- The Forfeiture process for accounts inactive for 10yrs or greater is under way.
 - Statements generated for 1100 accounts.
 - \$4.8 M in account closures.

DC Clean Rivers Update on projects and priorities

- Potomac River Tunnel - Contract A, Advanced Utility Construction (Div. PRT-A): DC Water executed the contract on 8/25/2021 and issued Notice to Proceed on 9/9/2021.
- Potomac River Tunnel Contract B – Tunnel System Construction (Div. PRT): 90% RFP under development. Third party coordination is ongoing.
- Northeast Boundary Tunnel is a 23' diameter 5-mile-long tunnel designed to provide CSO control and flooding relief in NE DC. The Tunnel Project is planned to be placed in operation in 2023.
- Work continues at the satellite sites along Rhode Island Avenue and at the W Street and Mount Olivet Road sites that will connect the near surface structures to the NEBT tunnel system. An 11-foot diameter Tunnel Boring Machine was launched at the Mount Olivet Road site and is currently excavating a 750-foot-long tunnel under Mt. Olivet Road NE towards West Virginia Ave NE.

dc High Risk Audit Findings

Open High Risk Prior Audit Findings

Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
1	2016	7/28/2016	Training, Licensing, and Certification	Identification and monitoring of training requirements by position	9/30/2017	1/1/2022	4
<p><i>Status notes:</i> Three training buckets (safety, compliance, and technical) have been configured in Cornerstone LMS. Technical training requirements are being identified by department. Trainings will be assigned by role when the Oracle LMS module is implemented. <i>Reason for extension:</i> Multiple changes in leadership within People & Talent, not prioritized under previous leadership, difficulty organizing technical trainings requiring cross-departmental support, delay in Oracle implementation go-live.</p>							
2	2017	4/27/2017	Data Privacy Assessment	Finding Issued in Executive Session	5/1/2017	11/30/2021	7
3	2017	10/26/2017	Entity Level Assessment	Lack of a comprehensive risk management function to evaluate entity-wide risk	10/1/2018	3/31/2022	3
4		Lack of Authority-wide policy and procedure management function		9/30/2018	2/28/2022	3	
<p><i>Status notes:</i> EPMO has developed an Enterprise Risk Management (ERM) Policy to be institutionalized across the enterprise. EPMO has also developed a policy regarding policy and procedure administration to address Authority-wide policy development, issuance, and maintenance. A DC Water Policy Administrator position will be created. <i>Reason for extension:</i> Continued change in ownership of action plans. Difficulty executing cross-departmental initiatives.</p>							
5	2018	1/24/2019	Enterprise Work Order Management Assessment	DWO – Inadequate capture of labor and materials cost data in Maximo work orders	9/30/2020	9/30/2021	1
<p><i>Status notes:</i> Pilot for hydrant program is complete. Roll out of valve application is anticipated by the end of the fiscal year. <i>Reason for extension:</i> Deprioritized due to COVID.</p>							
6	2019	4/25/2019	Legal Operations Assessment	Lack of definition of Office of Legal Affairs' role in matters across the Authority	9/30/2020	9/30/2021	1
<p><i>Status notes:</i> Milestones provided by Legal regarding closure of this item. Meetings have been held with Division Chiefs to discuss the process of drafting a service level agreement (SLA) to formalize the role Legal Affairs will play and how and when Divisions should reach out to Legal for counsel. <i>Reason for extension:</i> Lack of departmental bandwidth / prioritization.</p>							

1

Open High Risk Prior Audit Findings

Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions	
7	2019	4/25/2019	Occupational Safety and Health Internal Audit	Outdated comprehensive safety plan for the Authority	3/1/2020	11/30/2021	5
<p><i>Status notes:</i> Safety policies are now going through the process of leadership review. A schedule has been developed to track progress towards review of all policies leading up to the new target date. <i>Reason for extension:</i> Delays in development of large volume of policies. COVID-19 delays for pandemic priorities. Transition in Safety leadership.</p>							
8	2019	7/25/2019	Purchasing Card Internal Audit	Non-compliance with documented PCard and TCard policies	5/25/2020	9/30/21	1
<p><i>Status notes:</i> PCard policy has been updated and updated training conducted for all cardholders. Travel policy updates are underway. <i>Reason for extension:</i> Travel policy updates were put on-hold at the beginning of the pandemic given other COVID-19 response priorities and limited TCard usage.</p>							

Legend	
	Past due
	Original target date has not yet come due

2

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CEO Report Dashboard

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Interpretation of Charts A

Color Key

Red	Did not meet Target
Yellow	Missed Target but within acceptable range
Green	Met/Exceeded Target
Gray	Budget/Target Value
<transparent>	Green/Yellow/Red based on comparison




ORGANIZATIONAL PERFORMANCE DASHBOARD (Aug 2021)


Financial Highlights

Net Operating Cash (\$m)		Operating Revenue (\$m)		Operating Expenses (\$m)		Capital Disbursement (\$m)		Operating Cash Bal (\$m)	
Actual	152.17	Actual	656.43	Actual	513.60	Actual	337.20	Actual	214.20
Target	105.46	Target	685.40	Target	553.90	Target	442.90	Target	185.00

Core Invest Yield (%)		Short Term Invest Yield (%)		Delinquent Acct Receivables (%)		On-time Vendor Payments (%)	
Actual	0.67	Actual	0.08	Actual	4.55	Actual	93.00
Target	0.22	Target	0.05	Target	3.00	Target	97.00

Operations and Engineering Highlights

Lead Concentration (ppb) 	Total Coliform Rule (%) 	Biosolids Production (wet tons) Actual 436	Total Nitrogen (lbs/yr mil) 
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Plant Effluent Flow (gal mil) 	Excess Flow (gal mil) 81	Water Main Leaks 20	Water Valve Leaks 0
---	------------------------------------	-------------------------------	-------------------------------

Fire Hydrants Insps. And Maint.	Fire Hydrants out of Service	Fire Hydrants Replaced (YTD)
535	26	11

Sewer Main Backups	Sewer Lateral Backups	Dry Weather CSO	Permits Processed within SLA (%)	Electricity Usage (Kwh)
0	104	0	93	18121

Customer Experience Highlights

Call Center Performance Actual 95% ✓ Target 85%	Command Center Performance Actual 78% ! Target 85%	Emergency Response Time Actual 100% ✓ Target 90% ✓ (% of calls Received)
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Low Income Assistance Program Highlights

SPLASH Contributions (\$tho) Actual 66.26 Target 73.33	Customer Assist. Program (\$tho) Current 272.75 Previous 192.15
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People and Talents Highlights

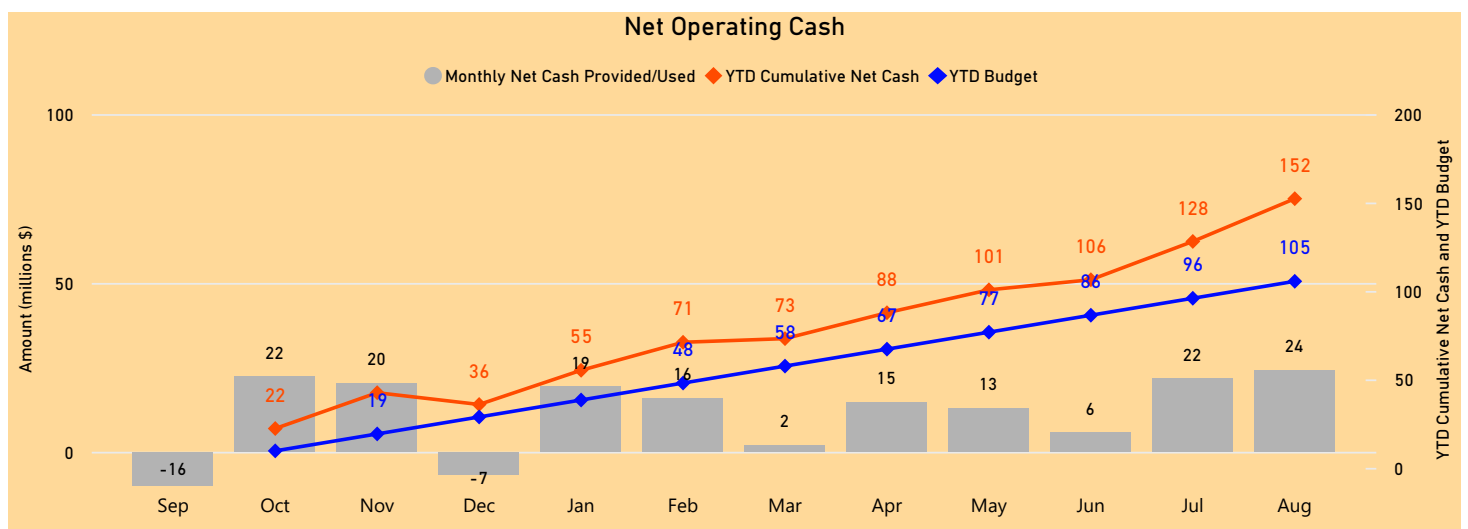
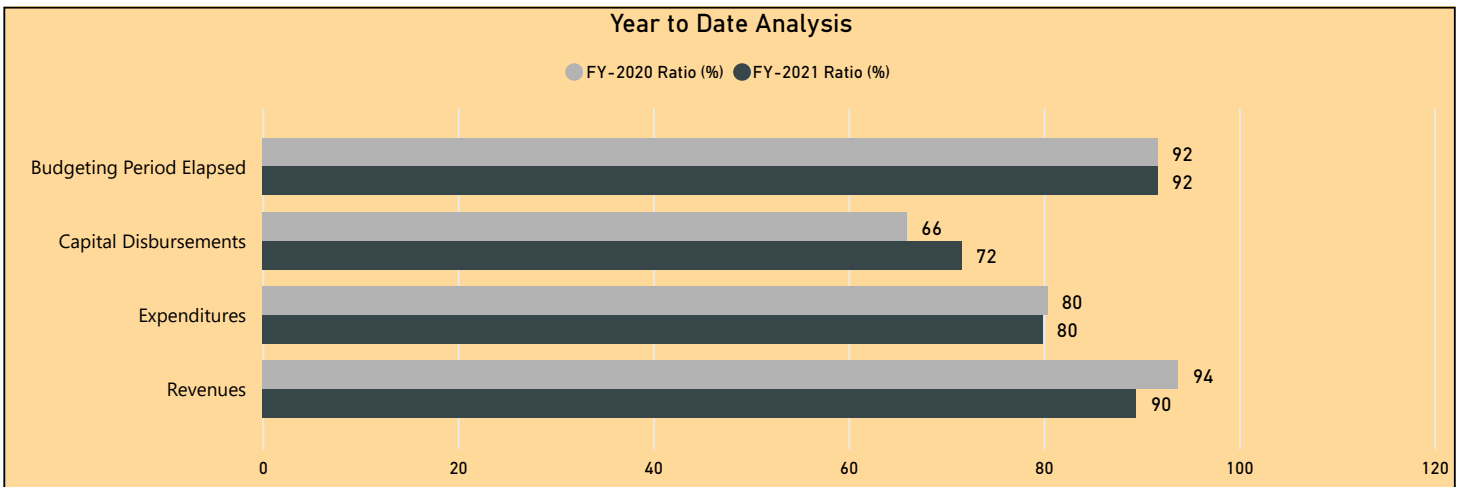
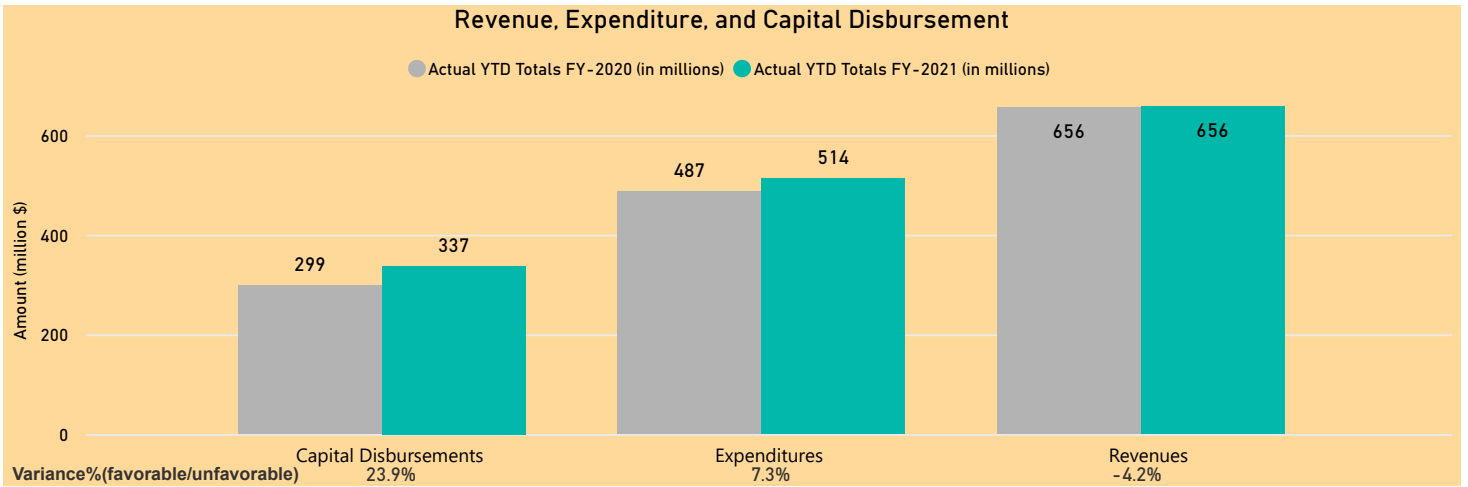
Recruitment Activity	
Filled	5

Administration Highlights

Employee Lost Time Incidence Rate	
	2.60%

FINANCIAL HIGHLIGHTS

Financial Performance Summary

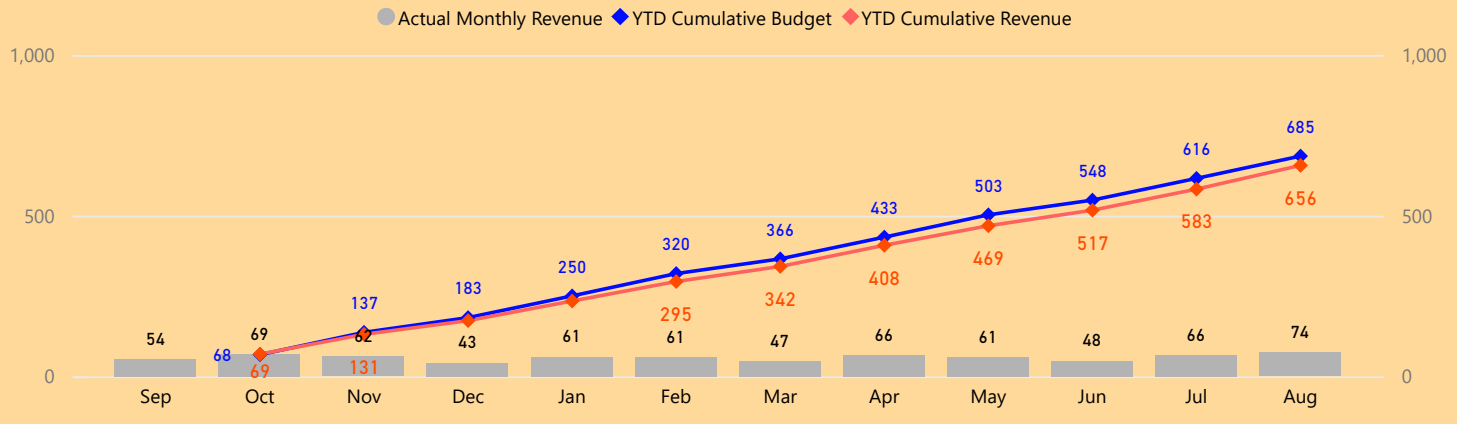


Net cash to date for August was above budget by \$46.7 Million

FINANCIAL HIGHLIGHTS

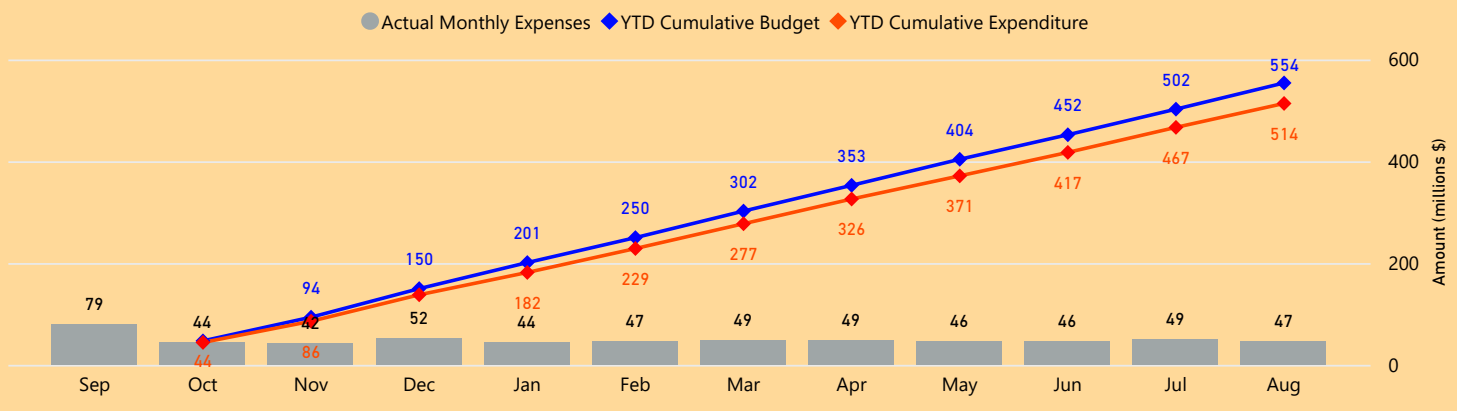
Revenues & Operating Expenses

Operating Revenues



Revenue to date for August was below budget by \$29.0 Million

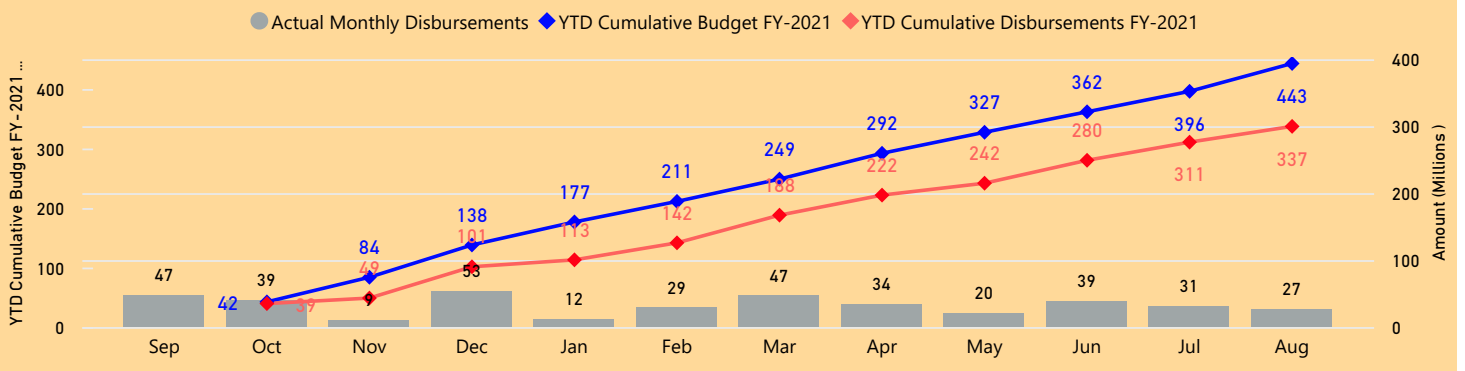
Operating Expenses



Expenditure to date for August was below budget by \$40.3 Million

Capital Spending

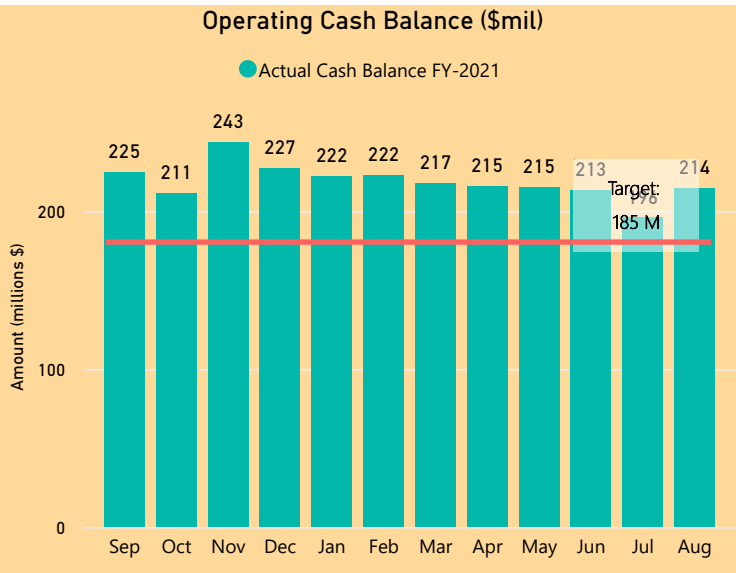
Capital Disbursement



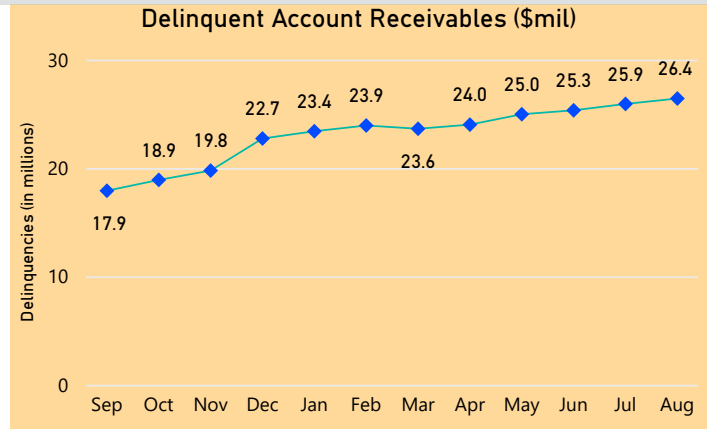
Disbursements to date for August was below budget by \$105.7 Million. YTD spending reflects comparison to the revised budget.

FINANCIAL HIGHLIGHTS

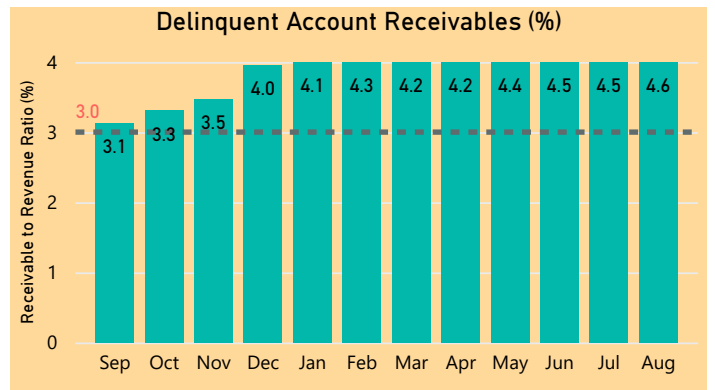
Operating Cash & Receivables



Cash Balance for August was above target by \$29.2 million

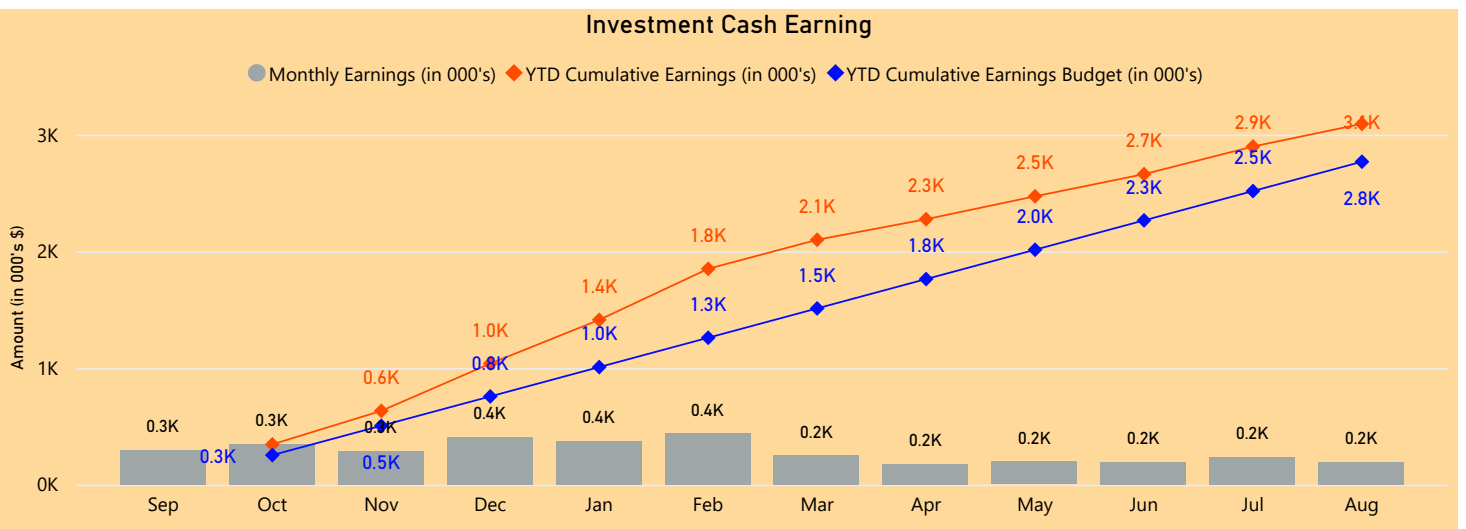


Starting March, the increase is primarily due to increased delinquencies and deferred payments resulting from the COVID-19 pandemic



August Receivables to Revenue Ratio is 4.55, Delinquency is \$26.41 million.

Investment Earnings

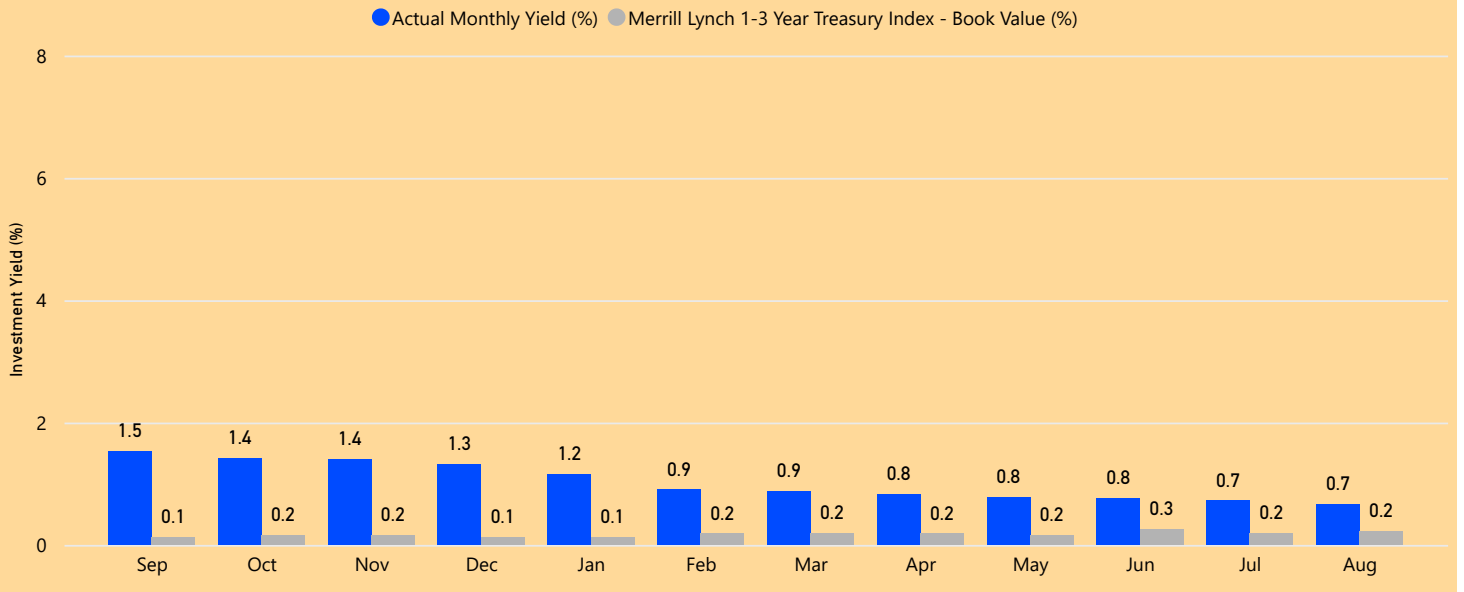


Earnings to date for August were above Projected Budget by \$324,762.

FINANCIAL HIGHLIGHTS

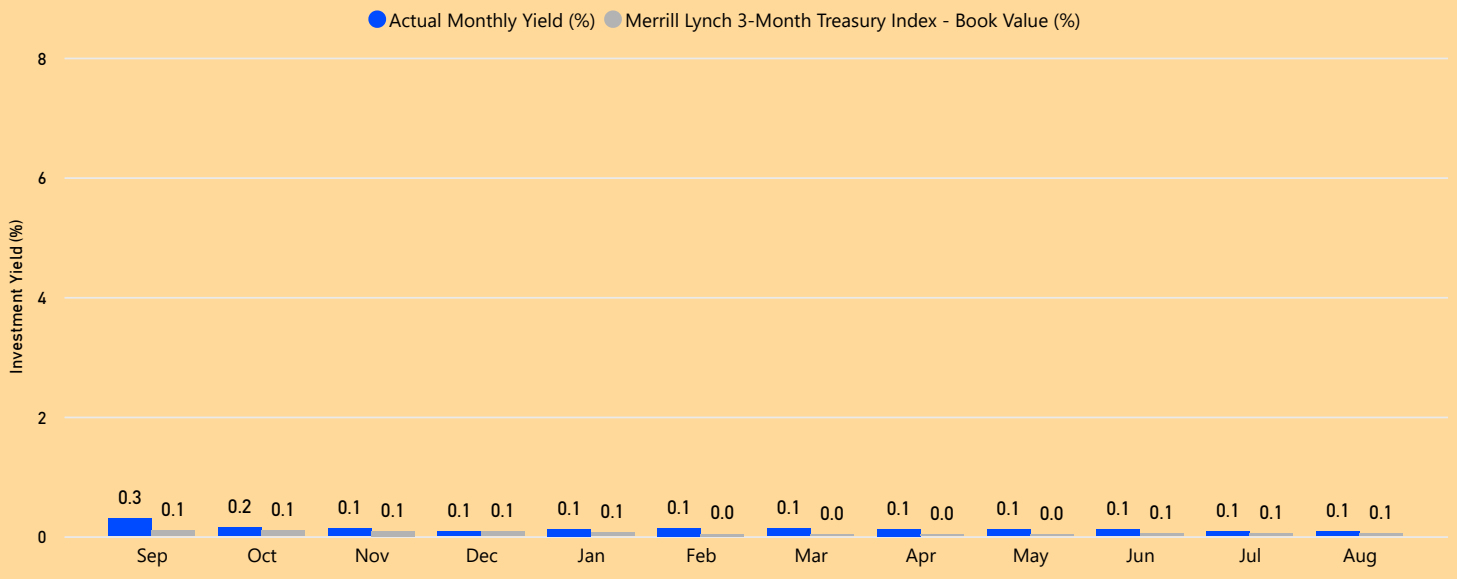
Investment Yields

Core Investment Yield



Yield for August was more than the treasury index by 0.45%

Short Term Investment Yield

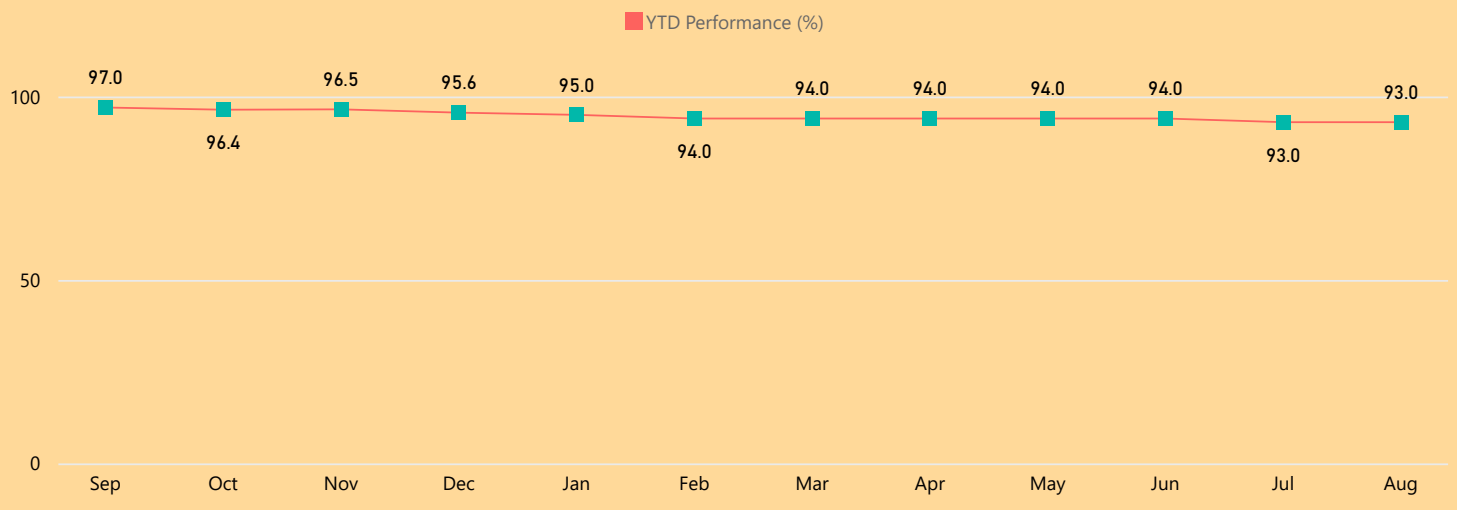


Short Term Yield for July was more than the Merrill Lynch yield by 0.03%

FINANCIAL HIGHLIGHTS

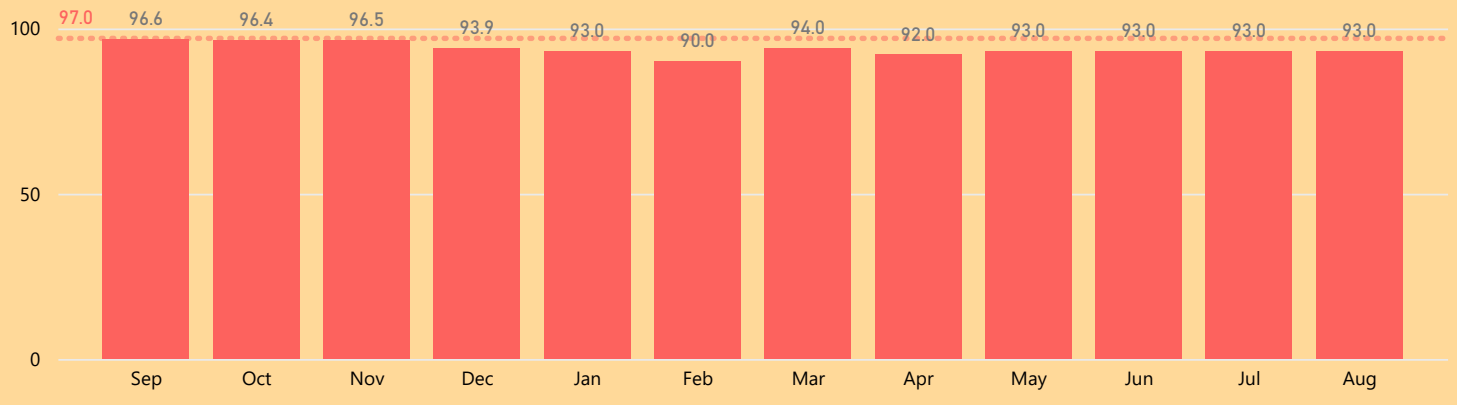
Vendor Payments

YTD Performance



Monthly Performance (%)

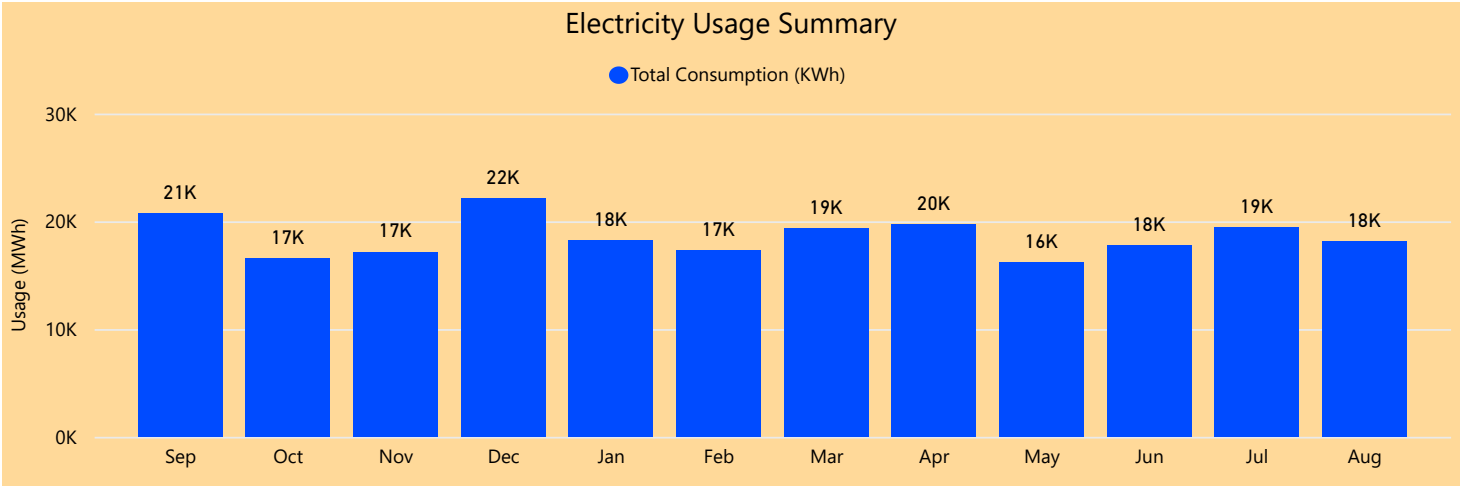
Target: 97%



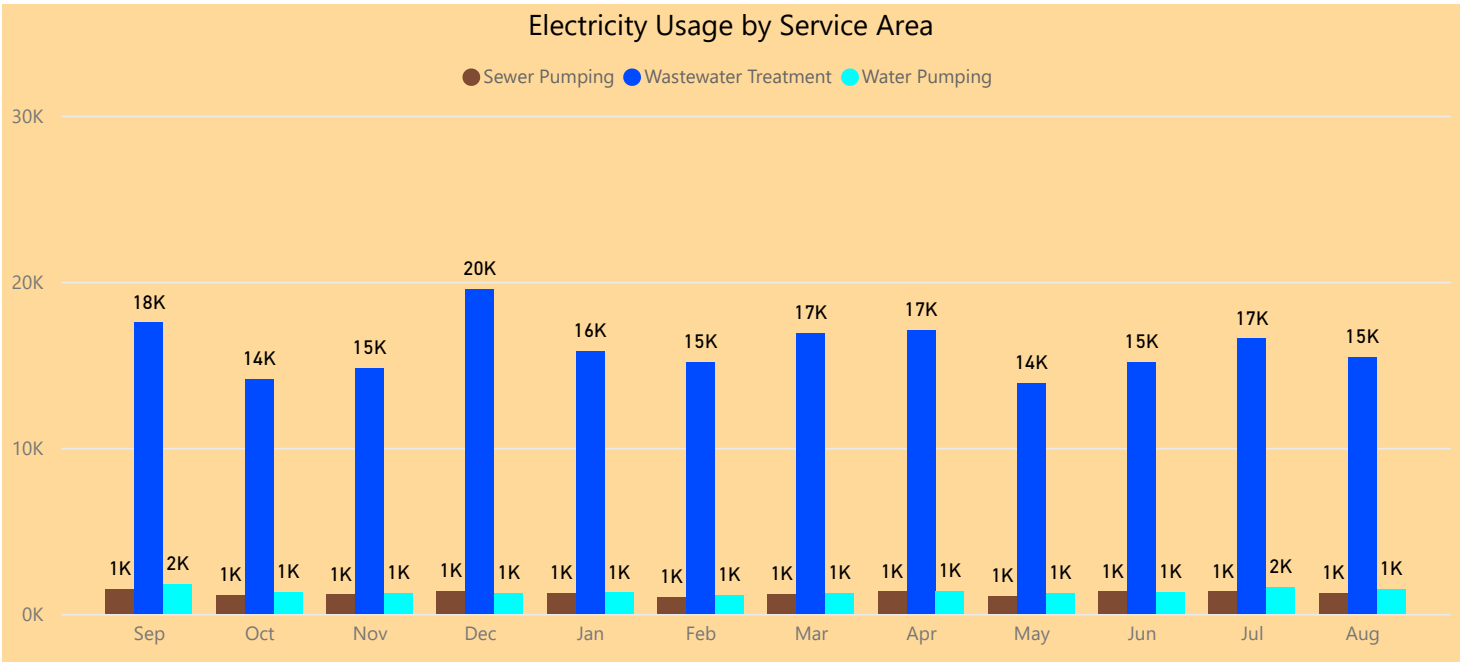
Performance for August was 4.0% below the monthly target of 97.0%

OPERATIONS AND ENGINEERING

Energy Consumption



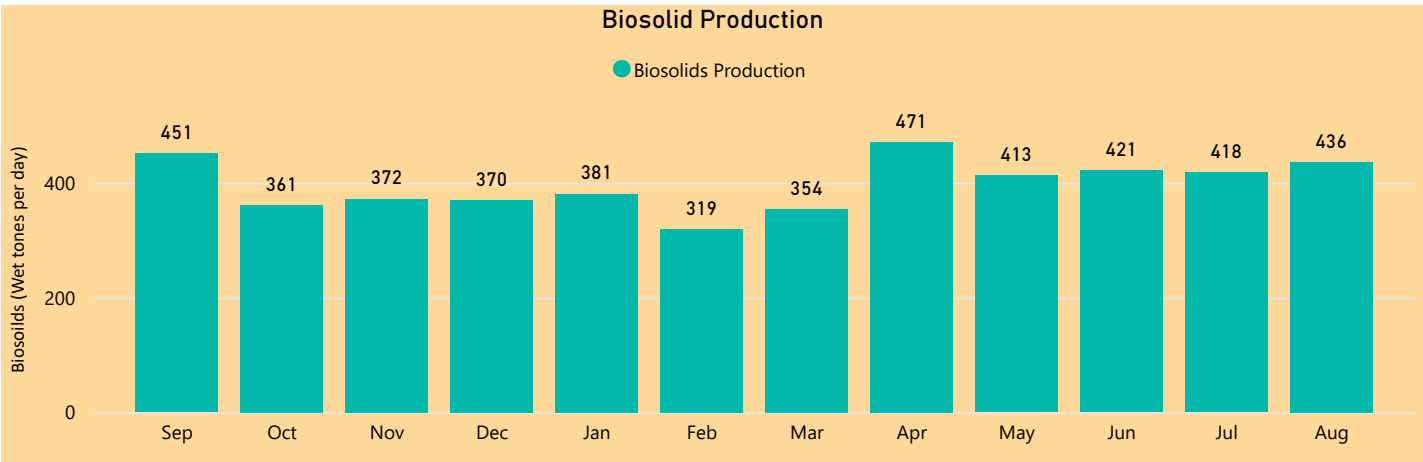
Electricity consumption in Aug 2021 was 18121 KWh.



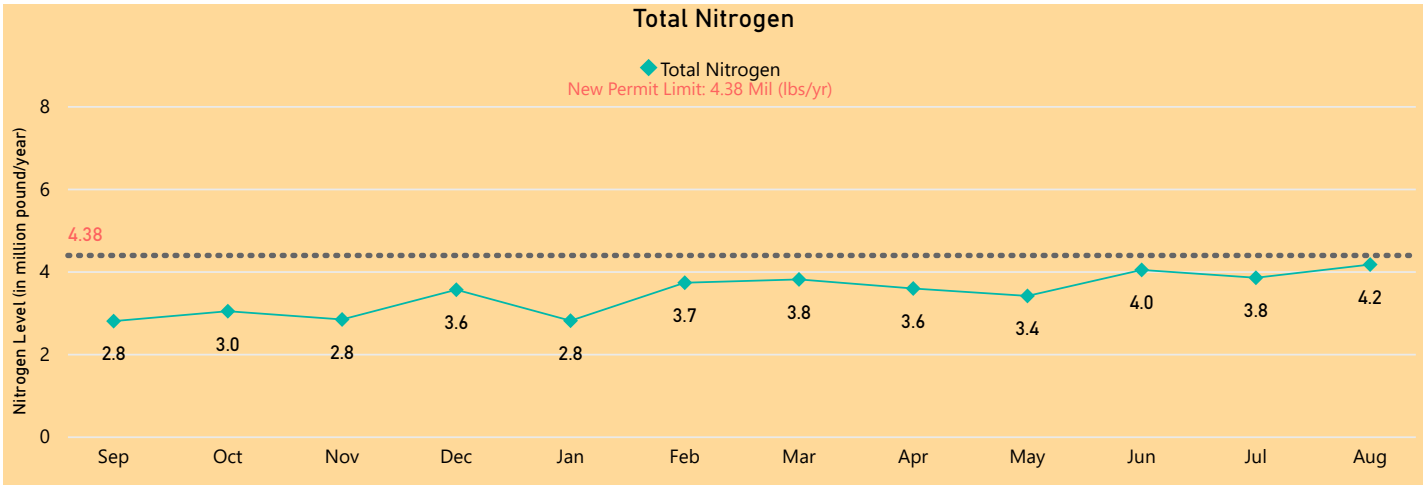
Wastewater treatment has the highest electricity consumption in Aug 2021 at 15458 KWh.

OPERATIONS AND ENGINEERING

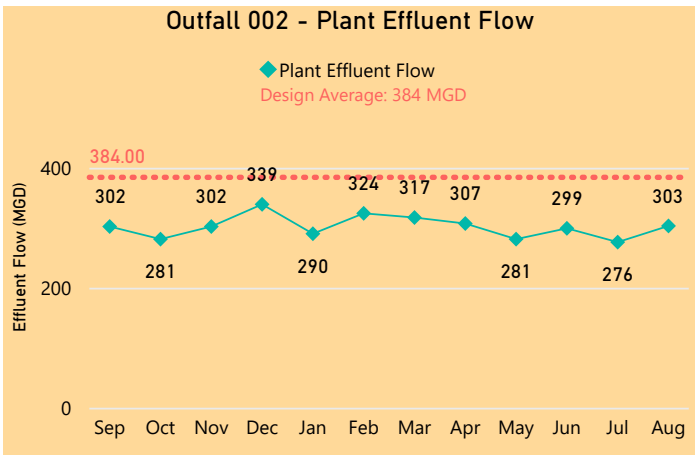
Wastewater Treatment



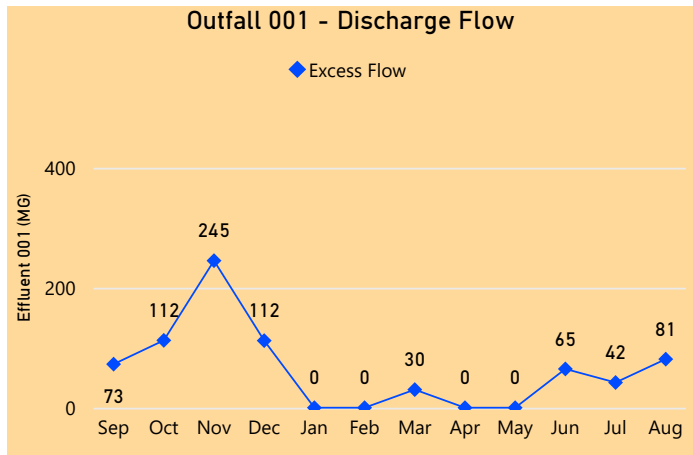
Biosolids daily production for Aug 2021 was 435.87 wet ton per day.



Nitrogen level for Aug 2021 was below permit by 0.22 million lbs/yr.



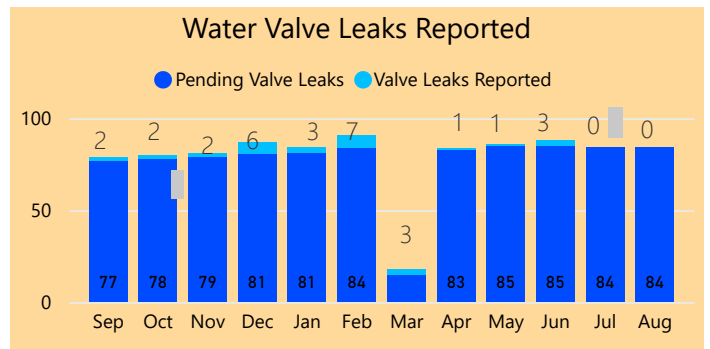
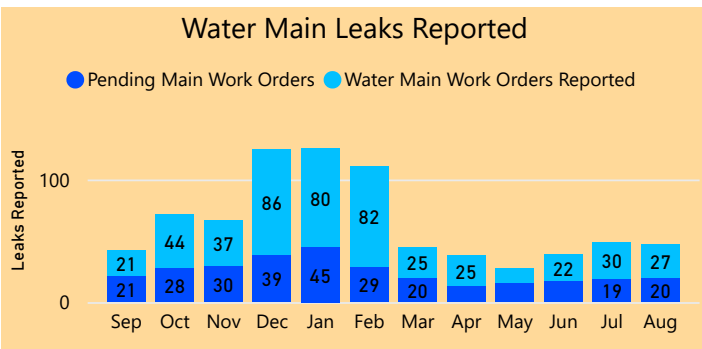
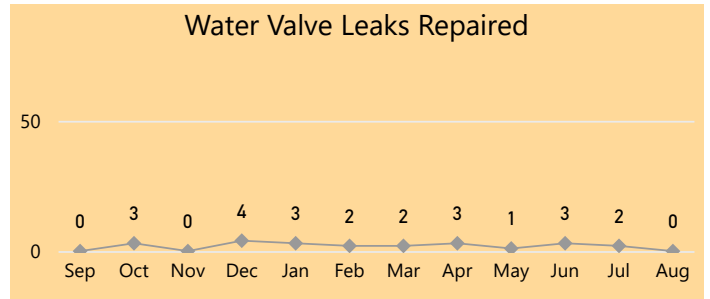
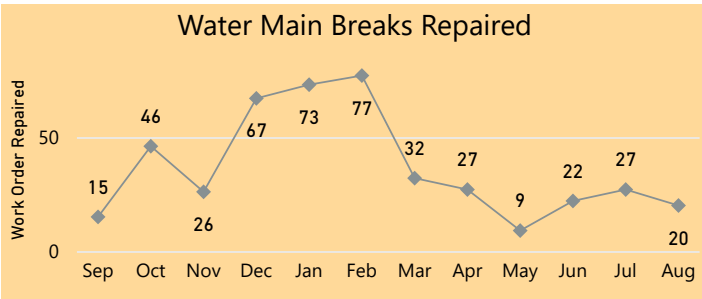
In Aug 2021 effluent flow was below permit by 81 MGD.



Excess flow events were recorded at 80.95 MG in Aug 2021.

OPERATIONS AND ENGINEERING

Water Distribution Operations

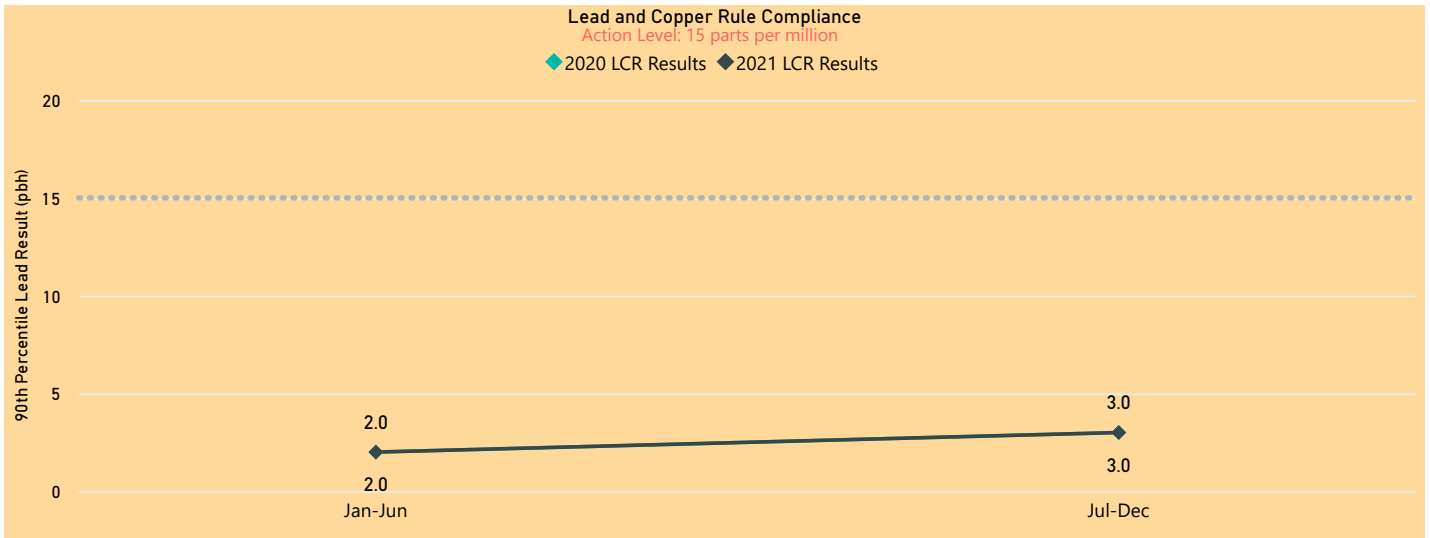


There were 27 Water Main Work Orders reported in August.

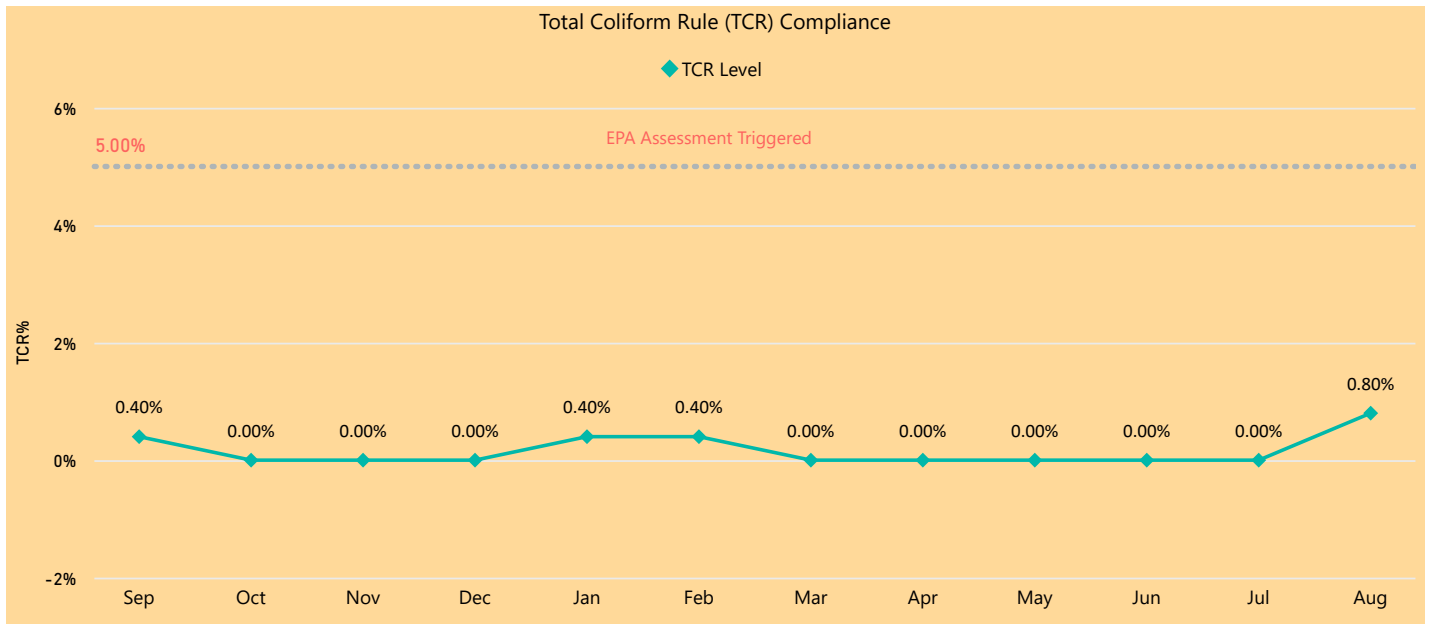
0 leaks were reported in August.

OPERATIONS AND ENGINEERING

Drinking Water Quality



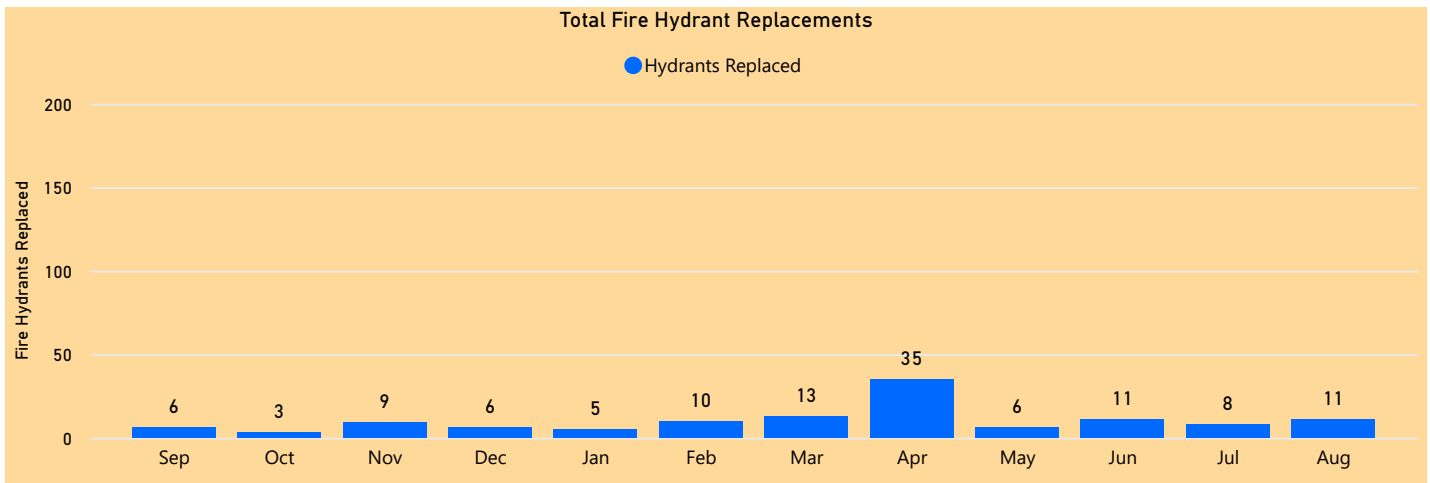
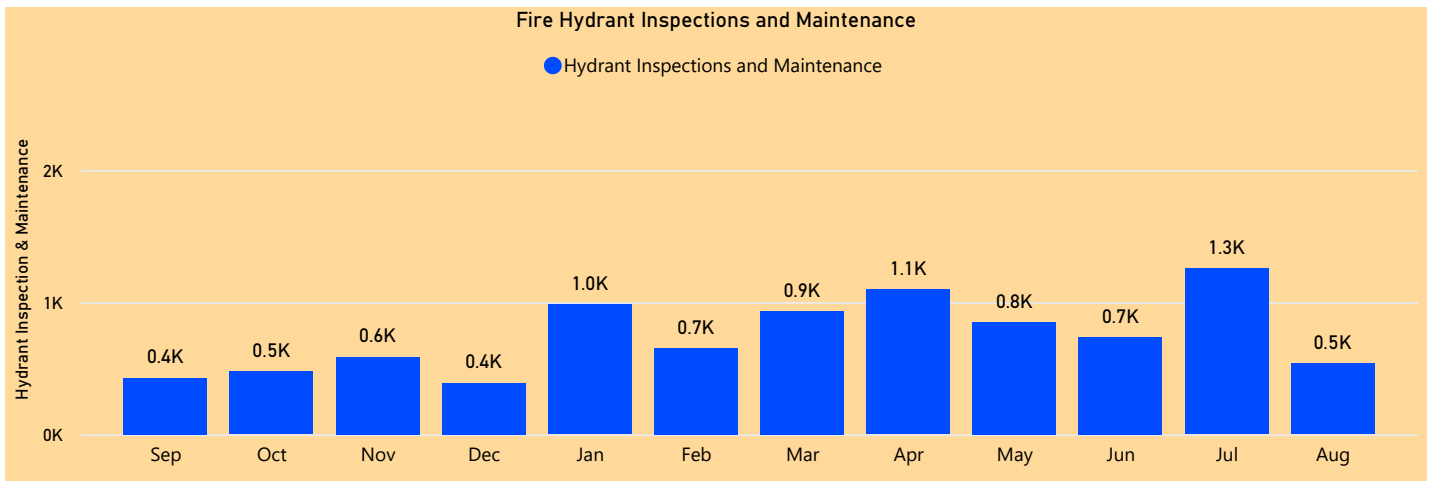
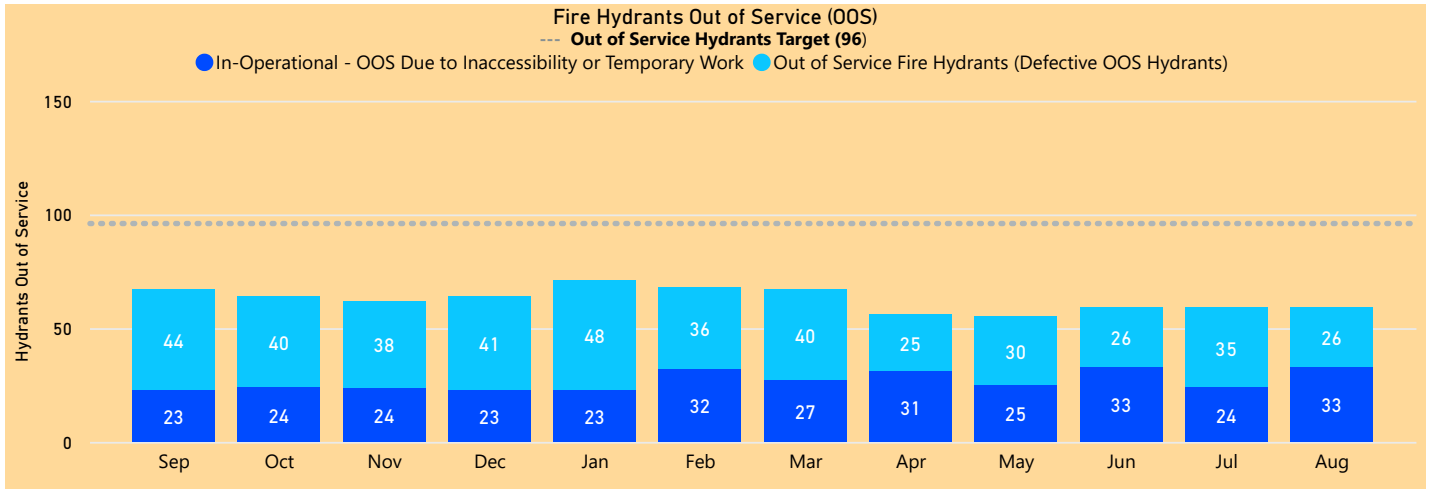
90th percentile of lead results for 2nd semester 2021 is pending



Coliform Positive was recorded at 0.008% for Aug 2021

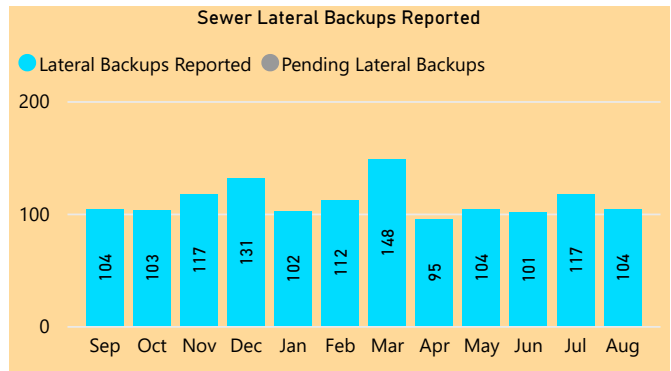
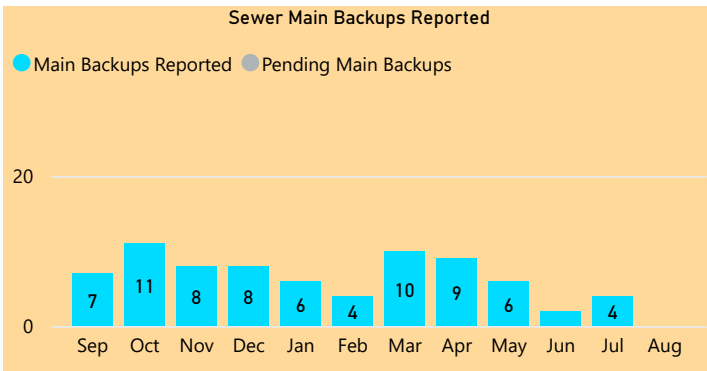
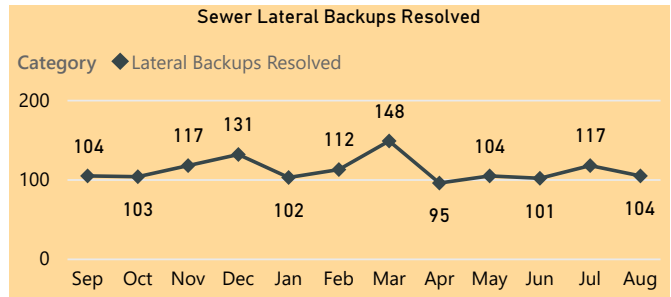
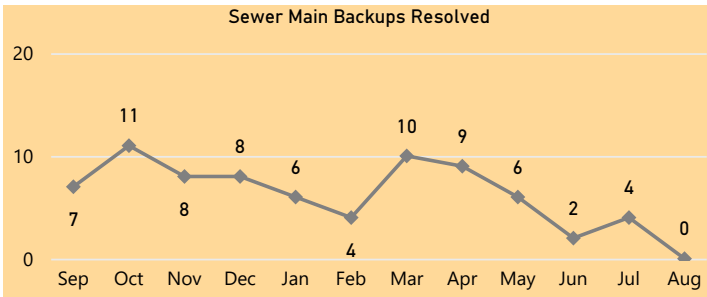
OPERATIONS AND ENGINEERING

Fire Hydrants



OPERATIONS AND ENGINEERING

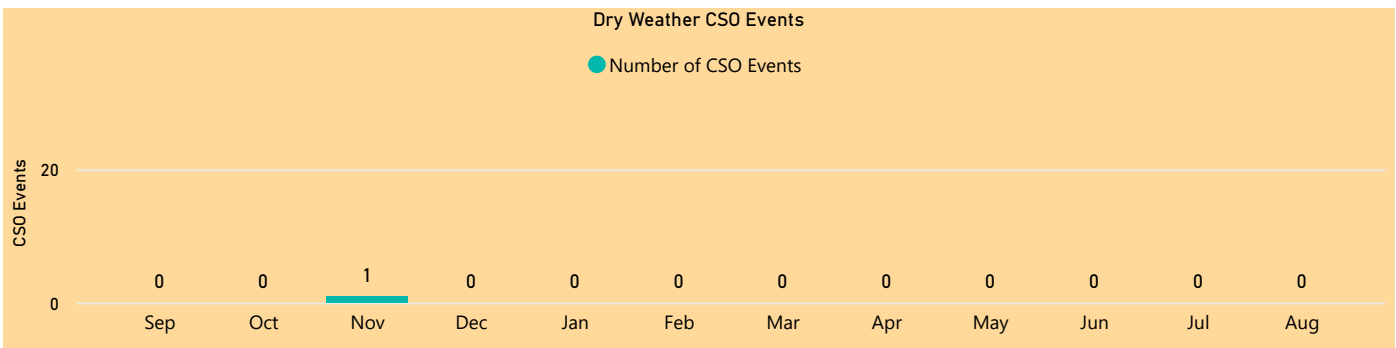
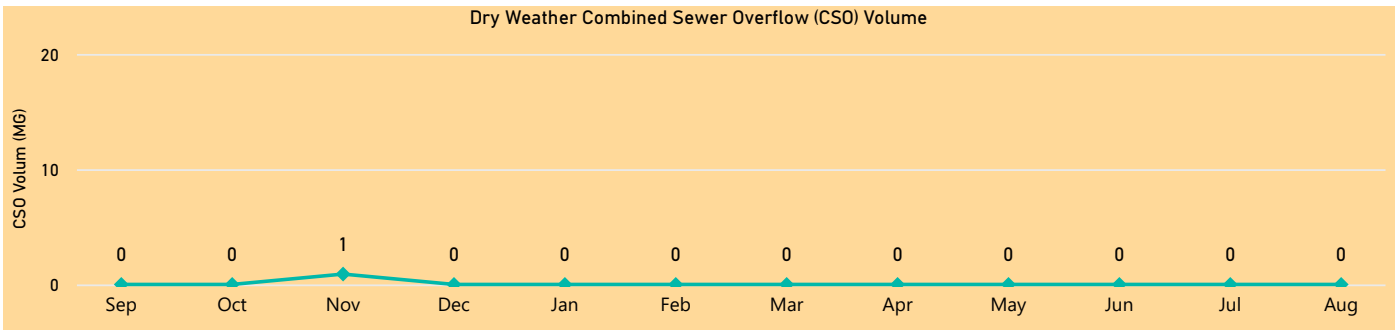
Sewer System Operations



0 pending main backup(s) reported

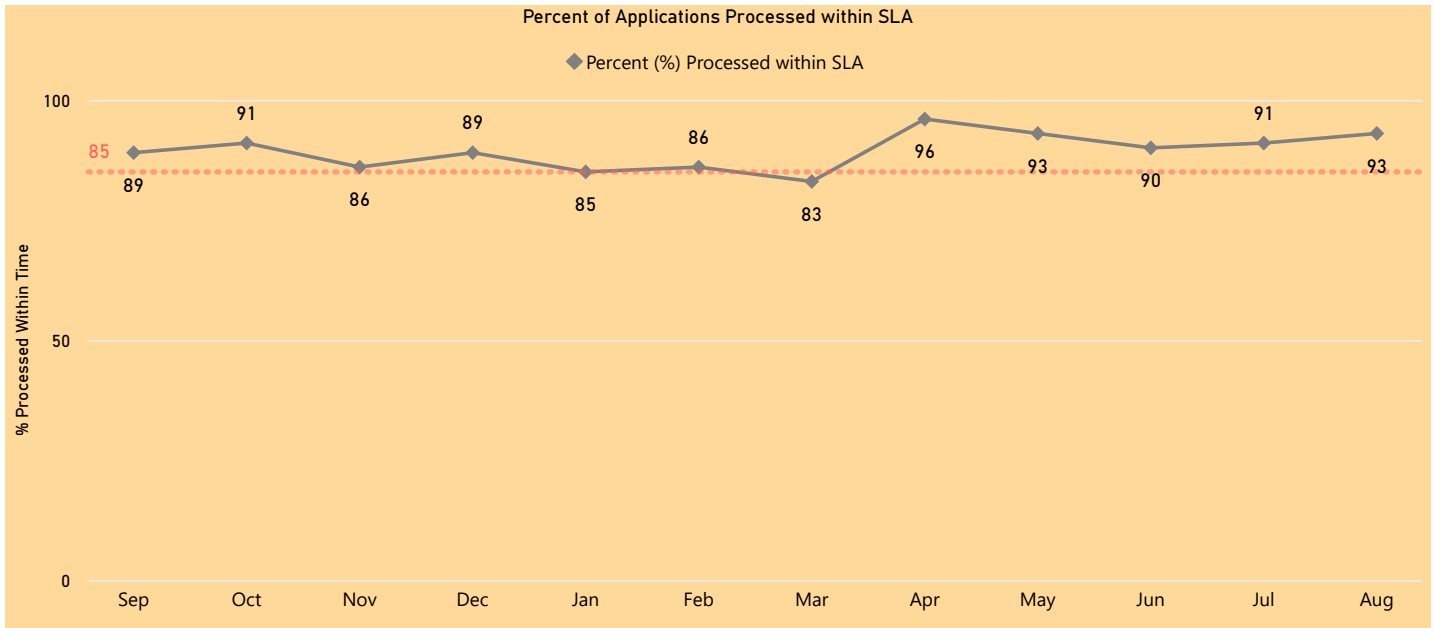
0 pending lateral backup(s) reported

Combined Sewer System

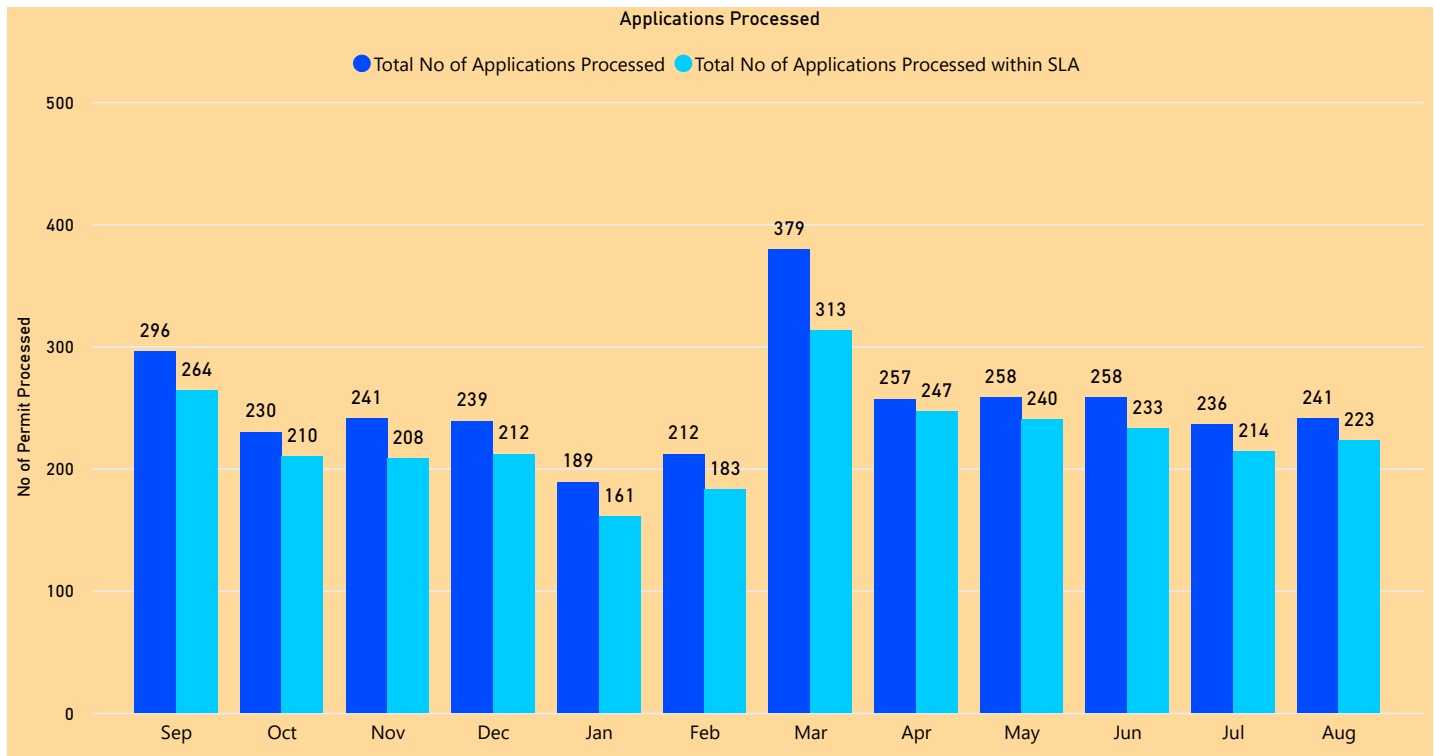


OPERATIONS AND ENGINEERING

Permit Processing

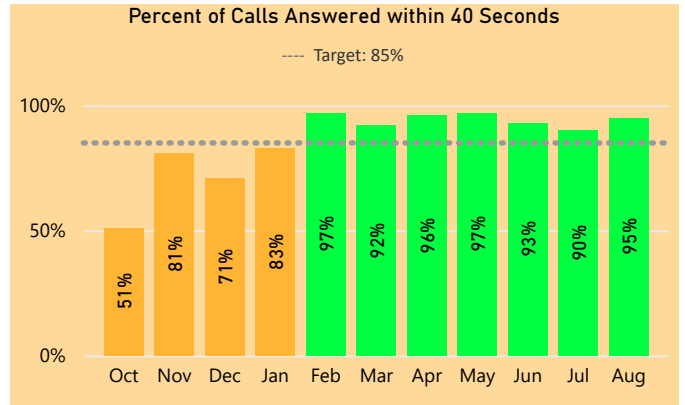
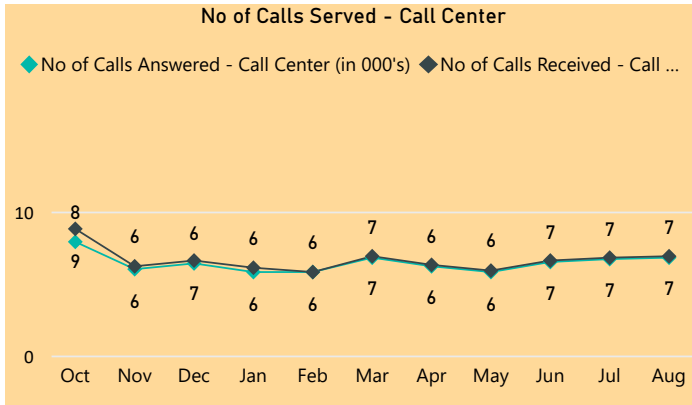


Permits processed in Aug 2021 were 8% above the SLA target 85%



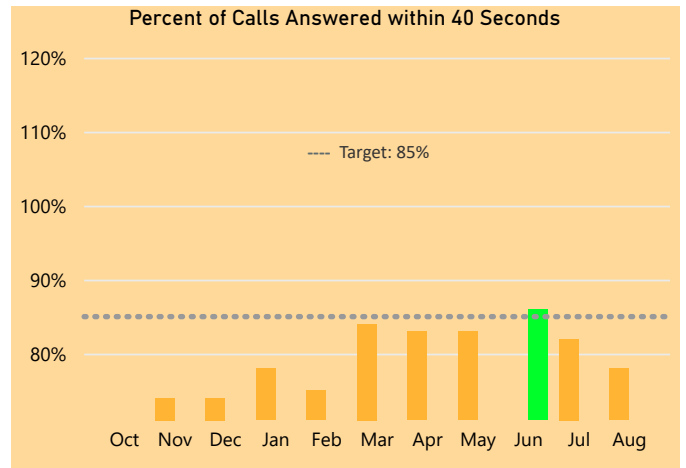
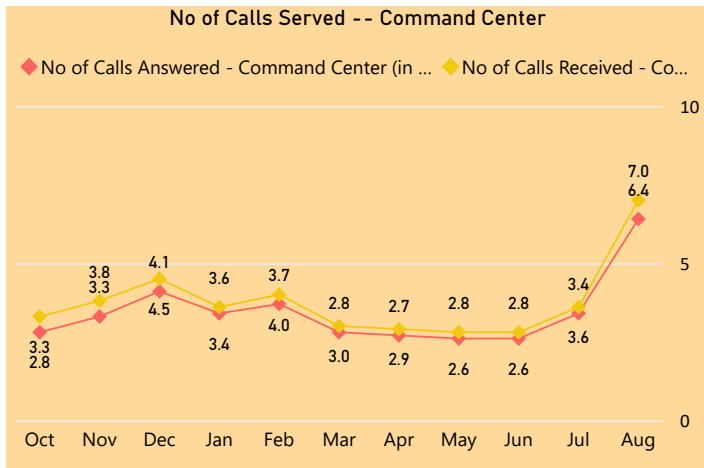
CUSTOMER EXPERIENCE

Customer Care - Call Center Performance



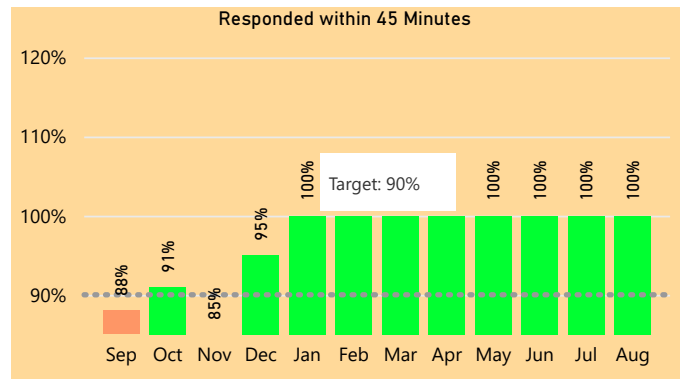
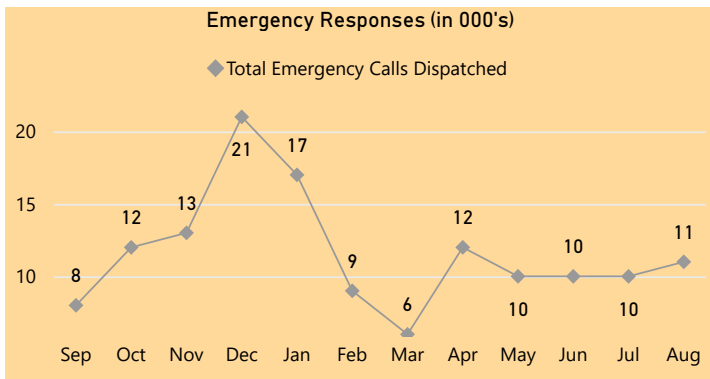
Call Center was above target by 10%.

Customer Care - Command Center Performance



Command Center was under target by 7% due to increased call volum...

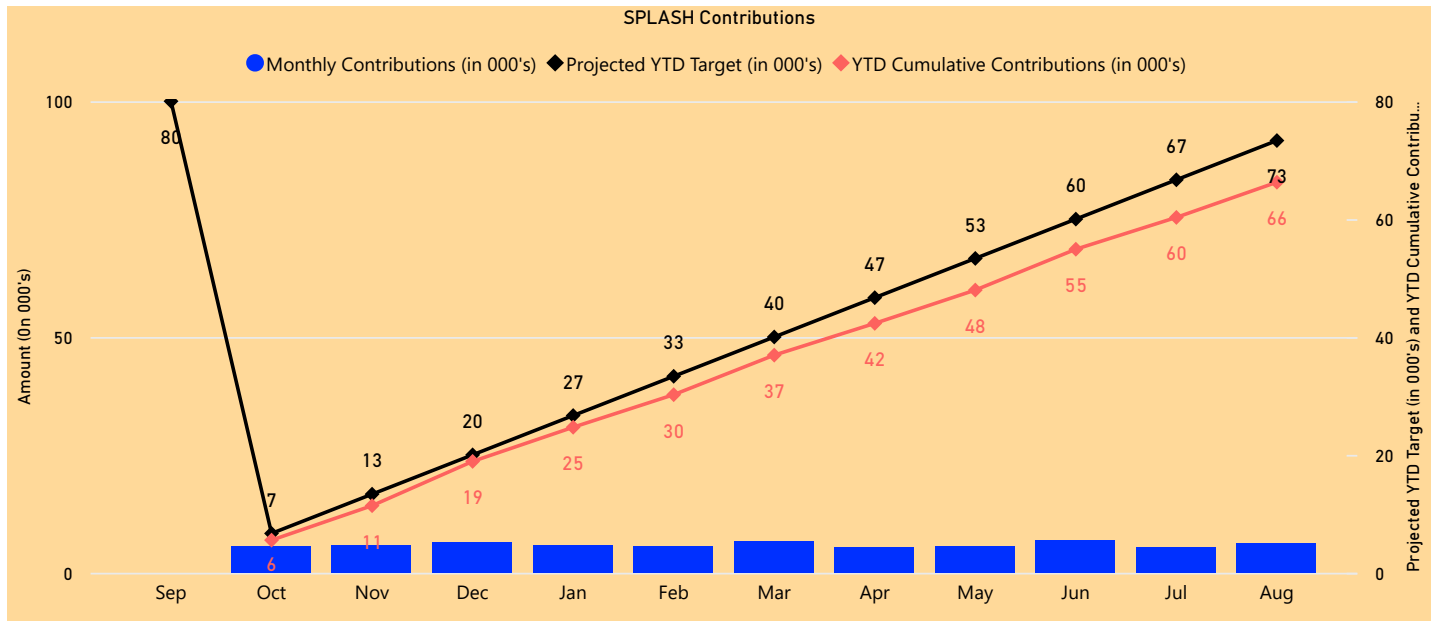
Customer Care - Emergency Response Time



Performance for Aug 2021 was above target by 10...

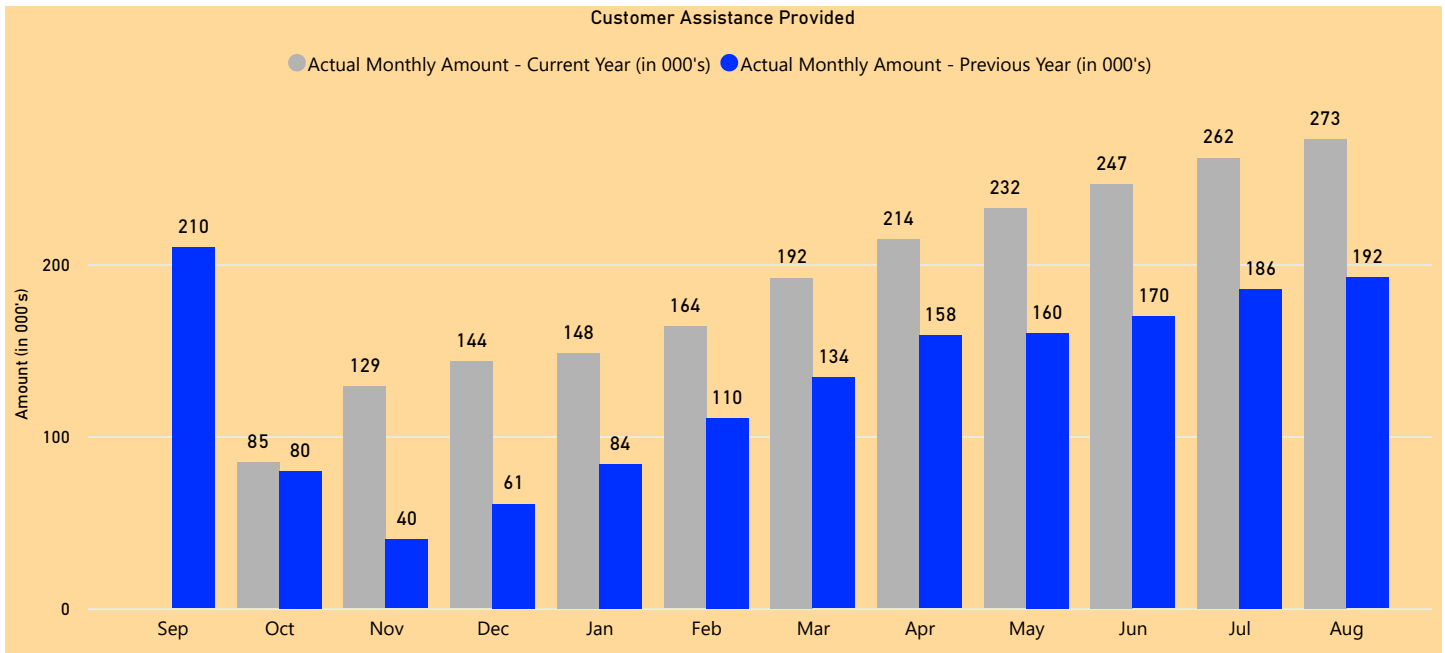
LOW INCOME ASSISTANCE PROGRAM

SPLASH Program



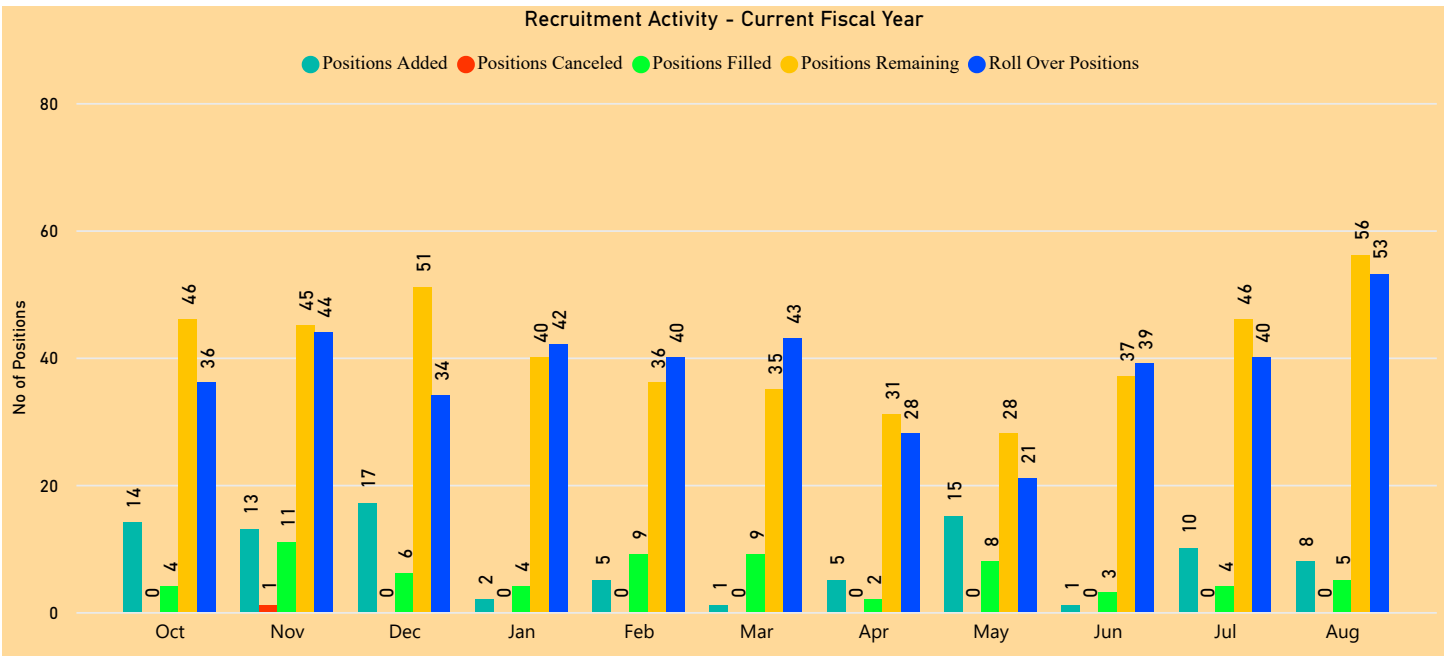
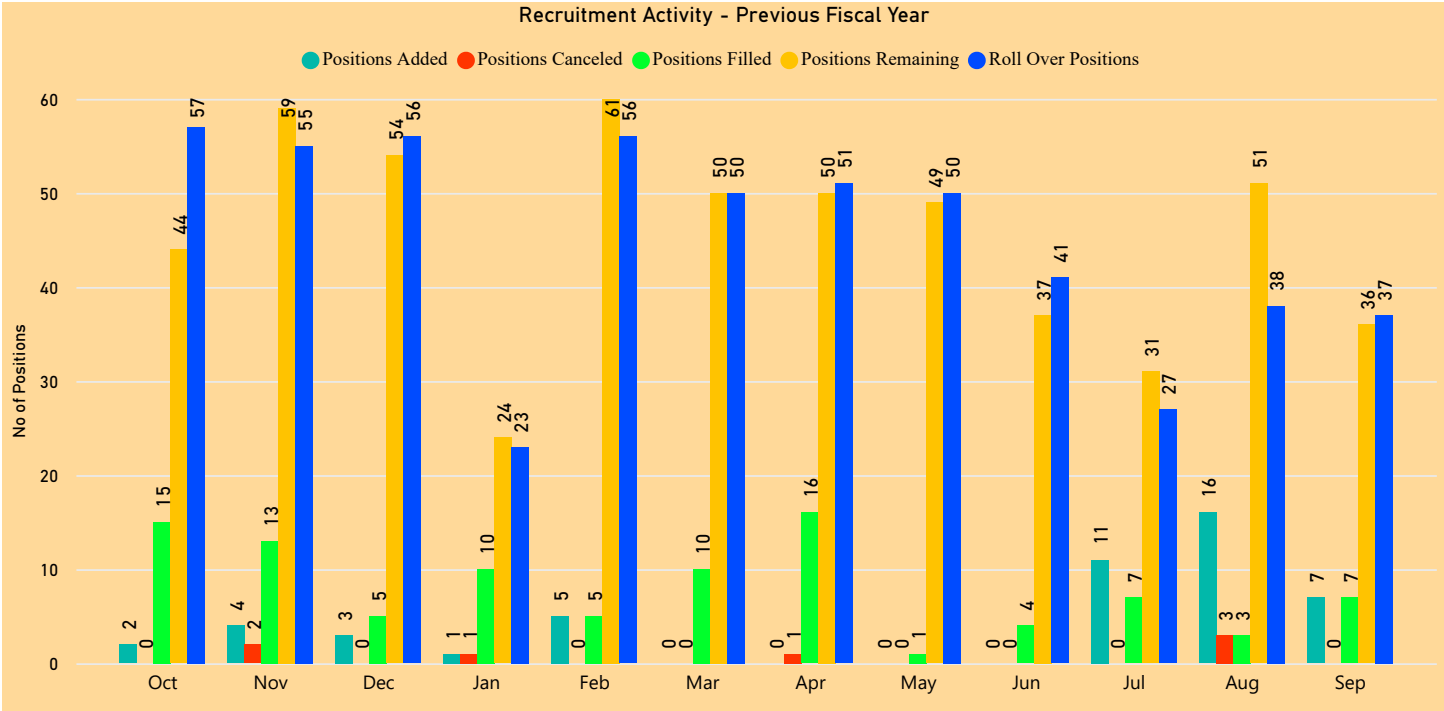
Total SPASH contribution to date for Aug 2021 was under target by \$7069.9999...

Customer Assistance Program (CAP)



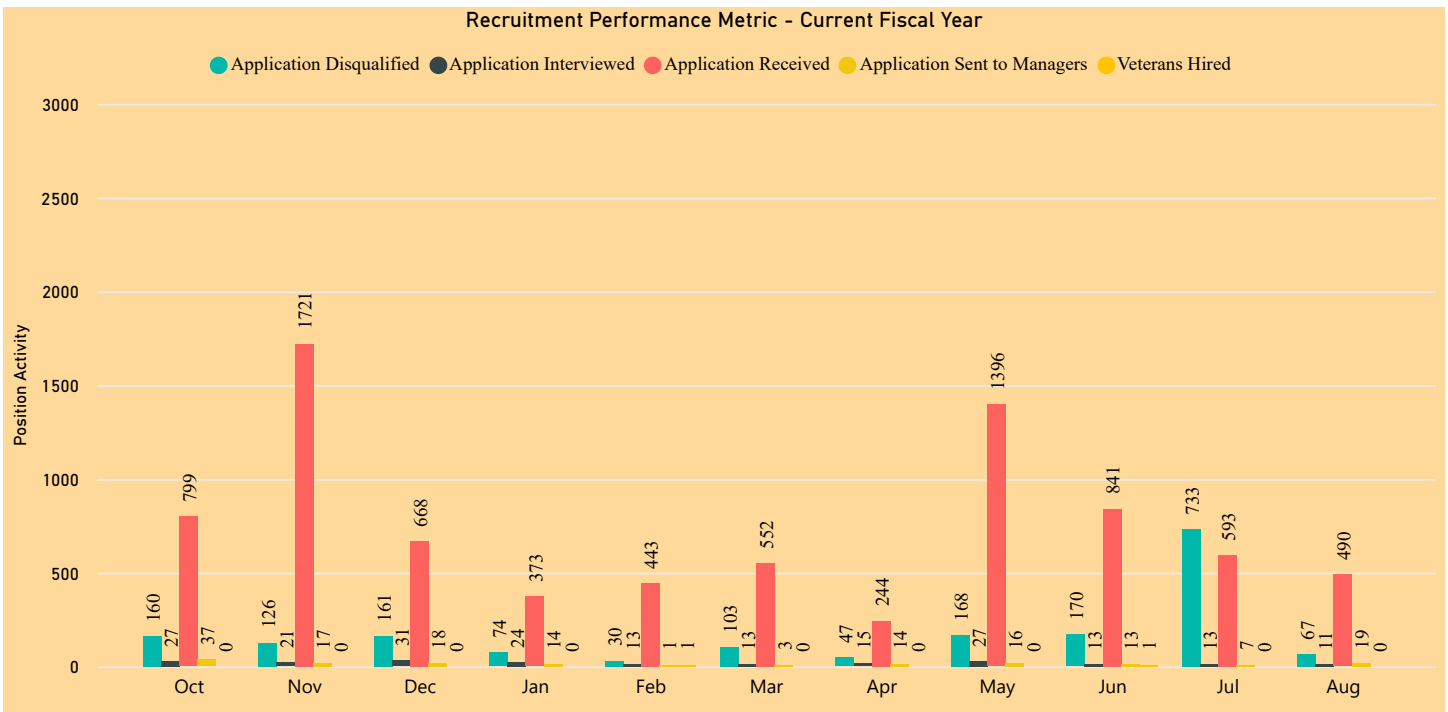
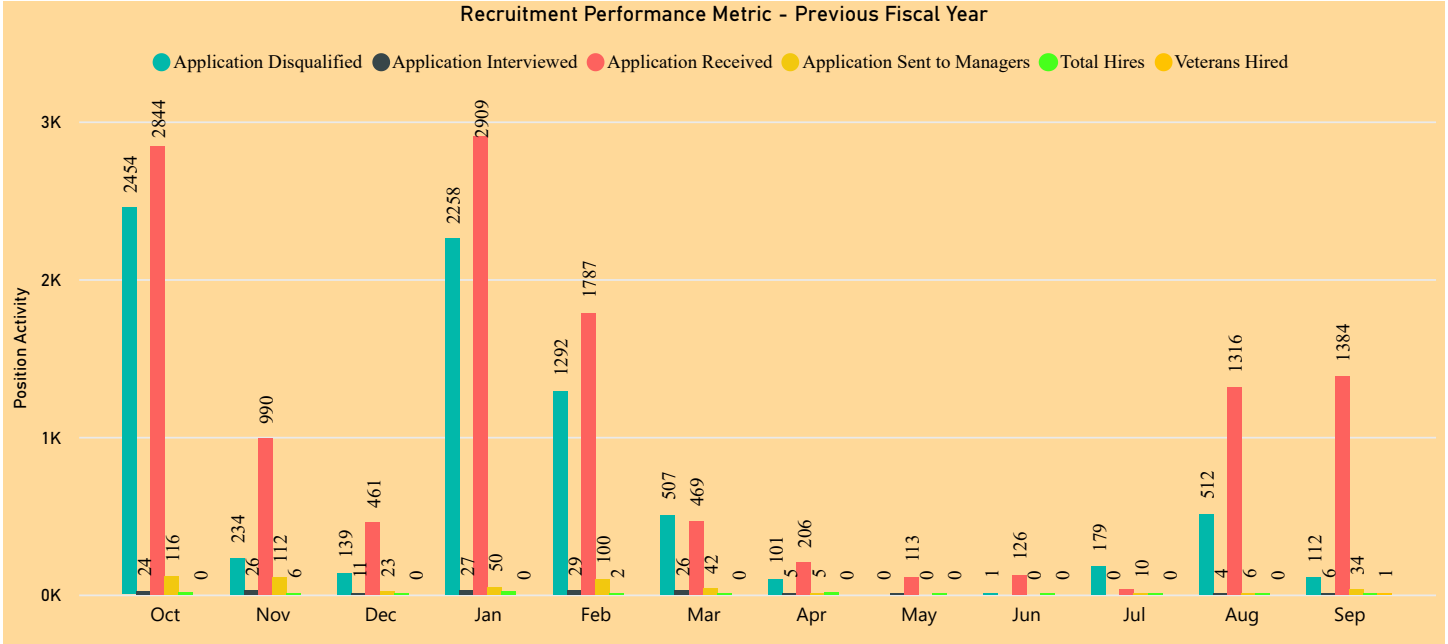
PEOPLE AND TALENT

Human Resources



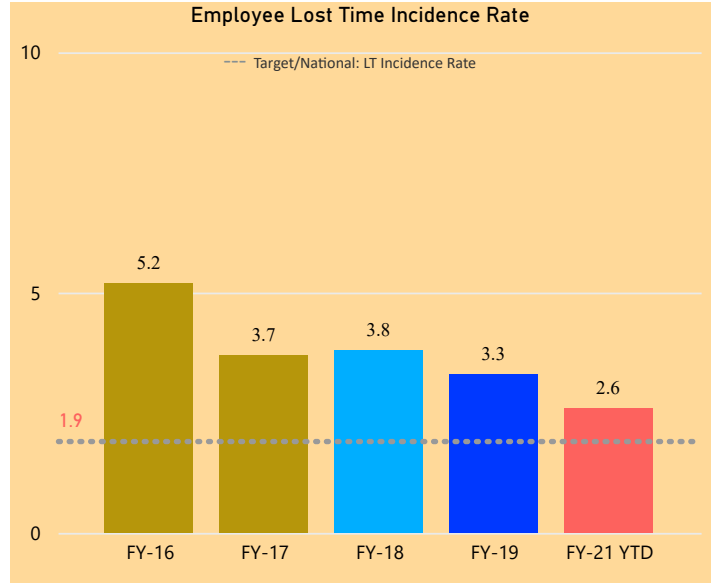
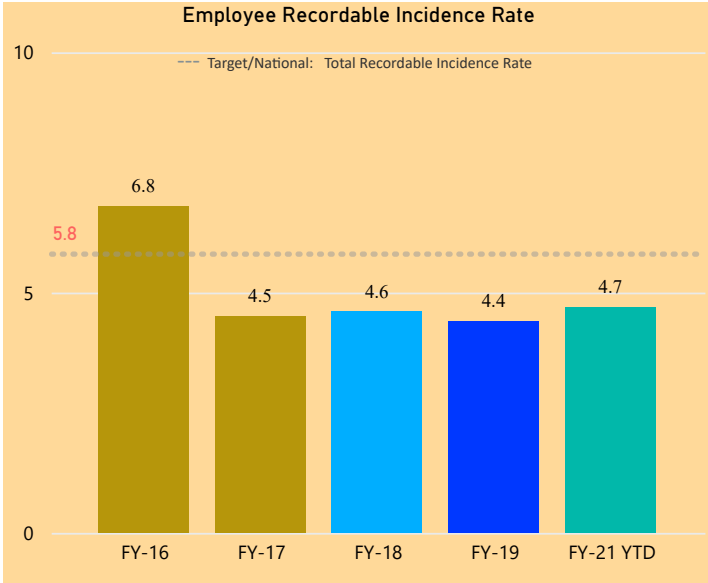
PEOPLE AND TALENT

Human Resources



ADMINISTRATION

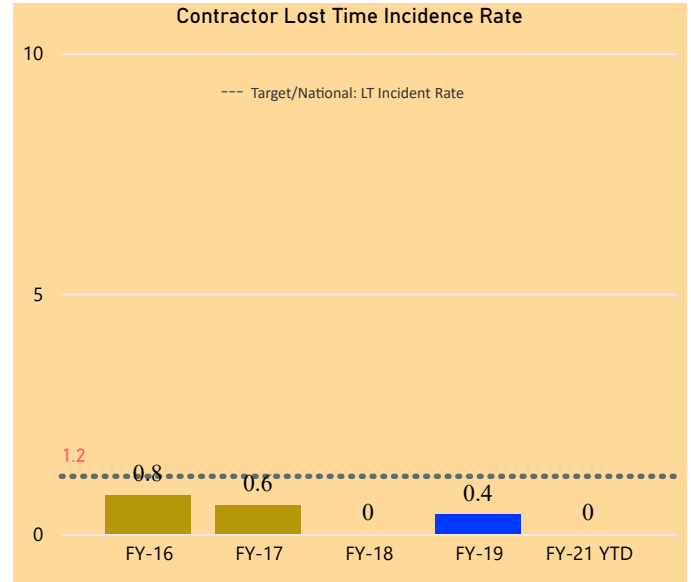
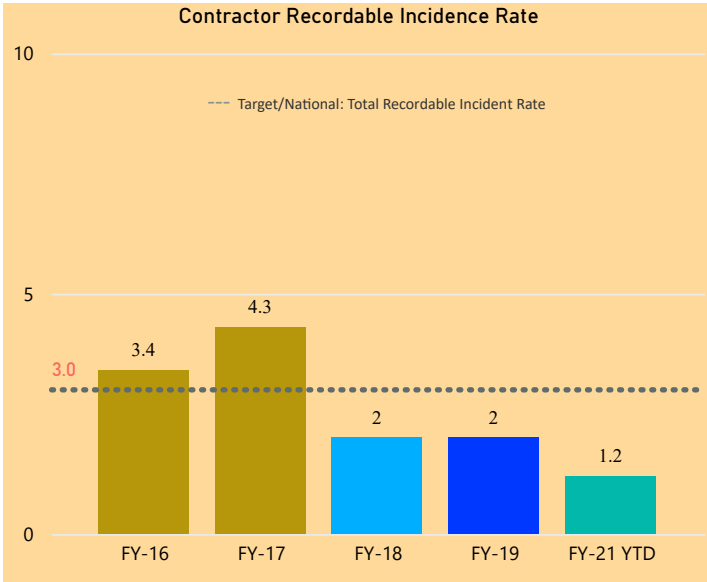
Safety



There have been 26 lost time incidents in FY 2021 YTD.

ADMINISTRATION

Safety



There have been 0 lost time incidents in FY 2021 YTD.

INTERPRETATION OF CHARTS:

FINANCIAL HIGHLIGHTS

Revenue, Expenditure, Capital Disbursement

- Bulls eye shows the variance for YTD budget against actual for revenues, expenditures and capital disbursements
- Bar graph shows **total** for the fiscal year budgeted(grey)-revenues, expenditures and capital disbursements against YTD actual(blue)
- Horizontal line graph shows a YTD progress analysis as compared to the previous year

Net Operating Cash

- Bar graph shows monthly net operating cash provided/used
- Line graph denoted by (Δ) compares YTD actual against budget (O). This element is dynamically color coded*

Operating Revenues

- Bar graph shows monthly operating revenues
- Line graph denoted by (Δ) compares YTD revenue against budget (O). This element is dynamically color coded*

Operating Expenses

- Bar graph shows monthly operating expenses
- Line graph denoted by (Δ) compares YTD expenditure against budget (O). This element is dynamically color coded**

Capital Disbursements

- Bar graph shows monthly capital disbursements
- Line graph denoted by (Δ) compares YTD disbursements against budget (O). This element is dynamically color coded**

Operating Cash Balance

- Bar graph shows monthly average cash balance compared to the target of \$125 million; indicated by grey dotted line

Delinquent Account Receivables

- Bar graph shows monthly Receivables to Revenue ratio against target of 3%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (Δ) shows delinquency in actual dollars

Investment Cash Earnings

- Bar graph shows monthly investment cash earnings
- Line graph denoted by (Δ) compares the YTD earnings against budget (O). This element is dynamically color coded*

Core Investments Yield

- Bar graph shows the monthly investment yield compared to the monthly target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Short Term Investment Yield

- Bar graph shows the monthly short term investment yield compared to the monthly short term target (grey) benchmark as set by the US Treasury Bill. This element is dynamically color coded*

Dynamic Color Coding Legend

*	**
<p>Red - when the actual is lower than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or higher than budget or target</p>	<p>Red - when the actual is higher than 3% of budget or target</p> <p>Yellow - when the actual is within 3% of budget or target</p> <p>Green - when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

A

Vendor Payment Performance

- Bar graph shows monthly Vendor Payment Performance percentage against monthly target of 97%; indicated by grey dotted line. This element is dynamically color coded**
- Line graph denoted by (O) shows the YTD vendor payment performance %.

OPERATIONS & ENGINEERING

Electricity Usage Summary

- Bar graph shows total electricity consumption per month

Electricity Usage by Service Area

- Shows a monthly breakdown by service area of electricity usage
- Dark blue shows for Waste Water Treatment Service Area
- Light blue shows Water Pumping Service Area
- Brown shows Sewer Pumping Service Area

Biosolids Production

- Bar graph shows monthly average daily biosolids production

Total Nitrogen

- Line graph denoted by (Δ) shows monthly total nitrogen level against the current permit (dark grey) and 2015 permit (light grey) levels. This element is color coded****

Plant Effluent Flow

- Line graph denoted by (Δ) shows monthly influent flow against the plant design average limit of 370MGD. This element is color coded****

Excess Flow

- Line graph denoted by (Δ) shows monthly excess flow

Non-Revenue Water

- Bar graph shows the volume of water purchased (dark blue) and water sold (light blue) per quarter
- Line graph denoted by (Δ, O) shows the Infrastructure Leakage Index(ILI) for the current and previous year

Lead and Copper Rule (LCR) Compliance

- Line graph denoted by (Δ, O) shows semi-annual LCR monitoring results against target of 15ppb; indicated by grey dotted line. This element is color coded****

Total Coliform Rule (TCR)

- Line graph denoted by (Δ) shows total coliform positives against the EPA maximum contaminant level of 5%. This element is color coded****

Water Main Leaks

- Bar graph shows the water main leaks reported
- The bar graph is stacked (dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water main leaks reported for the given month

Dynamic Color Coding Legend

***	****
<p>Red- when the actual is lower than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or higher than budget or target</p>	<p>Red- when the actual is higher than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)

- Line graph denoted by (O) shows the number of main leaks repaired per month

Water Valve Leaks

- Bar graph shows the water valve leaks reported
- The bar graph is stacked (dark blue) to show the pending leaks carried over from the previous month if any; bar graph(light blue) shows new water valve leaks reported for the given month
- Line graph denoted by (O) shows the number of valve leaks repaired per month

Fire Hydrants Out of Service (OOS)

- Bar graph shows total hydrants not available for use against target of 91; indicated by grey dotted line. This element is dynamically color coded****
- The bar graph is stacked (blue) to show hydrants that are inaccessible. Inaccessible hydrants are not measured against the target of 91

Fire Hydrant Inspections and Maintenance

- Bar graph shows the total number of fire hydrants repaired per month

Fire Hydrant Replacements Per Month

- Bar graph shows the total number of hydrants replaced per month against target of 21; indicated by grey dotted line. This element is dynamically color coded***

Sewer Main Backups

- Bar graph shows the sewer main backups reported
- The bar graph is stacked (dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer main backups reported for the given month
- Line graph denoted by (O) shows the number of main backups resolved per month

Sewer Lateral Backups

- Bar graph shows the sewer lateral backups reported
- The bar graph is stacked (dark blue) to show the pending backups carried over from the previous month if any; bar graph(light blue) shows new sewer laterals backups reported for the given month
- Line graph denoted by (O) shows the number of lateral backups resolved per month

Combined Sewer dry weather Overflow (CSO) Events

- Bar graph shows dry weather CSO events per month
- Line graph denoted by (O) shows the volume in Million Gallons(MG) per dry weather CSO event

Total Applications Processed within Service Level Agreement (SLA)

- Bar graph shows
 - the number of permits processed per month (dark blue)
 - the number of permits processed within SLA per month (light blue)
- Line graph denoted by (O) shows the percentage of permits processed vs. processed within SLA

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

CUSTOMER EXPERIENCE

CUSTOMER CARE

Call Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the call center every month

Command Center Performance

- Bar graph shows monthly percentage of calls answered within 40 seconds against target of 85%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the number of calls received by the command center every month

First Call Resolution (FCR)

- Bar graph shows monthly percentage of calls resolved on first contact against target of 75%; indicated by grey dotted line. This element is color dynamically coded***

Emergency Response Time

- Bar graph shows the percentage of emergency calls responded to within 45 minutes against target of 90%; indicated by grey dotted line. This element is dynamically color coded***
- Line graph denoted by (O) shows the total calls dispatched per month

LOW INCOME ASSISTANCE PROGRAM

SPLASH Contributions

- Bar graph shows monthly SPLASH contributions
- Line graph denoted by (Δ) shows the YTD contributions against target (O). This element is color coded***

Customer Assistance Program (CAP)

- Bar graph shows monthly CAP assistance
- Line graph denoted by (Δ) shows the YTD contributions against budget (O). This element is color coded***

PEOPLE AND TALENT

HUMAN RESOURCES

Open Positions

- Bar graph (dark blue) shows open positions carried over from the previous month.
- Bar graph (light blue) shows new positions added in the given month.
- Bar graph (olive green) shows positions filled in the given month.
- Bar graph (orange) shows positions cancelled in the given month.
- Bar graph (light green) shows net remaining open positions at the end of the given month.

Dynamic Color Coding Legend

***	****
Red- when the actual is lower than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or higher than budget or target	Red- when the actual is higher than 5% of budget or target Yellow- when the actual is within 5% of budget or target Green- when the actual is equal to or lower than budget or target

Symbols where the color code applies- (Δ, □)

ADMINISTRATION

SAFETY

Employee Lost Time Incidence Rate

- Bar graph shows quarterly Employee Lost Time (LT) incidence rate as compared to the National average LT rate of 2.0; indicated by grey dotted line. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Contractor Lost Time Incidence Rate

- Bar graph shows quarterly Contractor Lost Time (LT) incidence rate. Light blue represents the previous year, brown represents the year before previous and dark blue the current fiscal year.
- Scatter graph denoted by (Δ, O) shows the number of Lost Time accidents and comparison is also made between the current year and the previous years.

Dynamic Color Coding Legend

***	****
<p>Red- when the actual is lower than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or higher than budget or target</p>	<p>Red- when the actual is higher than 5% of budget or target</p> <p>Yellow- when the actual is within 5% of budget or target</p> <p>Green- when the actual is equal to or lower than budget or target</p>

Symbols where the color code applies- (Δ, □)



**Summary of Contracts on Consent Agenda
279th Meeting of the DC Water Board of Directors
Thursday, October 7, 2021**

Joint-Use Contracts

Resolution No. 21-79 - execute Contract No. 10129, Cigna Corporation. The purpose of this contract is to provide Dental Preferred Provider Organization (DPPO) and Dental Health Maintenance Organization (DHMO) Plans for DC Water Employees for a three-year base period and two option years. The contract amount is \$3,463,475.00. (Recommended by the Human Resources and Labor Relations Committee 09/08/2021)

Resolution No. 21-80 - execute Contract Nos. 10088- 10100, IT Professional Service Indefinite Delivery Indefinite Quantity (IDIQ), 22nd Century Technologies, Inc., Advance Digital Systems, Inc., Ampucus, Inc., Layermark, Inc., Networking for Future, Inc., Peak Technology Solutions, Inc. Powersolv, Inc., Sankar, Inc., Tripoint Solutions, LLC., Vigilant Technologies, LLC., vTech Solution, Inc., Wipro, LLC. The purpose of this contract is to provide as needed augmentation services for a three-year base period and two option years. The contract amount is \$33,500,000. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Resolution No. 21-81 - execute Contract No. 10121, Electric Motor and Contracting Co. (EMC). The purpose of this contract is to provide inspections, rehabilitation, or replacement services for various process assets. The contract base and four option years amount is \$8,000,000. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Resolution No. 21-82 - execute Option Year 4 of Contract No. 16-PR-DFM-77, BFPE International Inc. The purpose of the option is to continue to maintain and service the Fire Protection System throughout DC Water. The option year 4 total amount is \$1,125,000. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Resolution No. 21-85 - execute the extension of Contract No. 15-PR-CFO-32, AON Risk Insurance Services (AON). The purpose of this extension is to cover insurance premiums for construction contractors on DC Water Capital projects and cover excess program services. The extension amount is not to exceed \$739,770. (Recommended by the Finance and Budget Committee 09/23/2021)

Non-Joint Use Contracts

Resolution No. 21-87 - execute Change Order No. 1 of Contract No. 190030, Anchor Construction Corporation. The purpose of the change order is to provide Indefinite Delivery and Indefinite quantity of lead service line replacements and temporary pavement restoration at various locations in the District of Columbia. The change order amount is \$7,000,000.00. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Resolution No. 21-88 - execute Change Order No. 2 of Contract No. 170170, Capitol Paving of D.C., Inc. The purpose of the change order is to continue restoration activities due to increased levels of lead service line replacements and ongoing rehabilitation activities for water and sewer. The change order amount is \$2,500,000. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Resolution No. 21-89 - execute Contract No. DCFA #512-WSA – Rummel, Klepper, and Kahl. The purpose of the contract is to provide construction management services during the construction of Rock Creek Project B Green Infrastructure Facilities in support of the Clean Rivers Project. The contract amount is \$2,105,000. (Recommended by the Environmental Quality and Operations Committee 09/16/2021)

Presented and Adopted: October 7, 2021

Subject: Approval of Amendments to the By-Laws of the Board to Transfer Responsibility for General Manager's Employment Terms and Performance Oversight from Human Resources & Labor Relations Committee to Executive Committee and Revise the Means for Public Access to Open Meetings

**#21-78
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

The Board of Directors ("the Board") of the District of Columbia Water and Sewer Authority ("the Authority") at the Board meeting held on October 7, 2021 upon consideration of a joint use matter decided by a vote of ___() in favor and ___() opposed, to take the following action to amend the By-Laws of the Authority's Board of Directors to transfer responsibility for the General Manager's employment terms and performance oversight from Human Resources & Labor Relations Committee to Executive Committee and revise means for public access to open meetings.

WHEREAS, on September 8, 2021, the Governance Committee met to consider the revisions to the Board's By-Laws to transfer responsibility for the General Manager's employment terms and performance oversight from Human Resources & Labor Relations Committee to Executive Committee and revise means for public access to open meetings; and

WHEREAS, the Governance Committee, at its September 8, 2021 meeting, evaluated the merits of the proposed amendments to the Board's By-Laws and recommended their approval to the Board for adoption; and

WHEREAS, the Governance Committee also requested the General Manager to engage with the Council of the District of Columbia to expand the methods for enabling the public to attend open meetings by amending the Open Meeting Act to revise term "television" to include electronic streaming, and permanently authorizing public bodies to use remote access as an alternative means for the public to use to attend an open meeting in compliance with Open Meetings Act; and

WHEREAS, the Board of Directors, having reviewed the matter, concluded that the amendments legislative initiatives are appropriate and necessary.

NOW THEREFORE BE IT RESOLVED THAT:

1. The By-Laws of the Authority's Board of Directors are hereby amended as set forth in Attachment 1 (Redlined Version) and Attachment 2 (Clean Version) of this Resolution.
2. The General Manager is authorized to take all steps necessary to implement the intentions expressed in this Resolution.
3. The General Manager shall engage with the Council of the District of Columbia to amend the Open Meetings Act to expand the methods for enabling the public to attend open meetings by amending the Open Meeting Act to revise term "television" to include electronic streaming, and permanently authorizing public bodies to use remote access as an alternative means for the public to use to attend an open meeting in compliance with Open Meetings Act.

This Resolution shall be effective immediately.

Secretary to the Board of Directors

Attachment 1 – Redlined Sections Article III and V

**BY-LAWS
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**Adopted – October 17, 1996; Resolution 96-11
Amended – February 4, 1999; Resolution 99-10
Amended – February 1, 2001; Resolution 01-16
Amended – September 12, 2002; Resolution 02-75
Amended – December 4, 2003; Resolution 03-86
Amended – July 5, 2007; Resolution 07-64
Amended – October 2, 2008; Resolution 08-87
Amended – April 1, 2010; Resolution 10-42
Amended – October 7, 2010; Resolution 10-100
Amended – December 2, 2010; Resolution 10-115
Amended – April 7, 2011; Resolution 11-49
Amended – December 5, 2013; Resolution 13-112
Amended – February 2, 2017; Resolution 17-11
Amended – September 5, 2019; Resolution 19-47
Amended – April 2, 2020; Resolution 20-30**

Proposed Amendment – October 7, 2021; Resolution 21-XX

**ARTICLE III
Meetings**

§ 3.01 Meetings to be Open to Public; Availability of Records

(a) For purposes of these By-Laws, except as provided in subsection (g), the term “meeting” shall be defined as a gathering of a quorum of the members of the Board, including hearings and roundtables, whether formal or informal, regular, closed executive session, or emergency, at which the members of the Board during such gathering consider, conduct, or advise on Authority business, including gathering of information, taking testimony, discussing, deliberating, recommending, and voting, regardless whether the meeting is held in person, by telephone, electronically, or by other means of communication. The term “meeting” may also include part or all of a retreat. The term “meeting” shall not include a chance or social gathering, press conference, or training session.

(b) Except as provided in § 3.04, all meetings shall be open to the public. A meeting shall be deemed open to the public if:

4. (i) The public is permitted to be physically present;
- (ii) The news media, as defined by D.C. Official Code § 16-4701, is permitted to be present; ~~or~~
- (iii) The meeting is televised; or
- (iv) The meeting is held in a manner consistent with the requirements provided in D.C. Official Code 2-575(a).

ARTICLE V Committees

§ 5.01 Establishment

(a) The following shall be standing Committees of the Board, with such other responsibilities as are specified by the Chairperson or appropriate resolution of the Board, including but not limited to the review of contracts that are material to the Committee's assigned duties. The Board may create additional standing Committees as it deems necessary. The Committees shall receive detailed information in their areas of responsibility and make recommendations to the Board. Only formal actions of the Board through resolution can bind the Authority. The chairperson of a standing or ad-hoc Committee, with the concurrence of the Chairperson of the Board, may designate an acting chairperson for the purposes of chairing a particular standing or ad-hoc Committee meeting.

- (i) Executive Committee: Shall be composed of the Officers of the Board and shall meet at the direction of the Chairperson to: provide recommendations to the Board regarding Board organizational direction, strategic planning, and general affairs; nominate the First Vice-Chairperson and Second Vice-Chairperson as provided in § 4.01(b); ~~and~~ provide recommendations to the Chairperson for Committee chairmanship and membership; and provide recommendations to the Board regarding the terms, requirements and conditions of employment and performance review for the General Manager.
- (ii) Finance and Budget Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors which have a significant and material fiscal effect as a

result of operations, including by way of example and not limitation, adoption of the budget, borrowings, investments, grants, acquisitions, accounting, sales, insurance, adjustments to charges due for services or commodities furnished by the Authority, appropriations and the settlement of claims.

- (iii) District of Columbia Retail Water and Sewer Rates Committee: Shall be composed of the six (6) members of the Board representing the District and shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the establishment of rates and fees for services or commodities furnished by the Authority; and customer services issues, including but not limited to customer education initiatives and customer assistance programs.
- (iv) Environmental Quality and Operations Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to: the assets, facilities and infrastructure owned, operated, or managed by the Authority, including but not limited to emergency planning and safety of operations; matters related to environmental and water quality; the operation, repair and replacement of water distribution, and sewage and stormwater collection, treatment, and disposal systems; and groundwater flow management.
- (v) Human Resources and Labor Relations Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the terms, requirements and conditions of employment for all employees, ~~including~~ excluding the General Manager, to include, by way of example and not limitation, matters involving compensation, pension and other benefits, awards and collective bargaining agreements.
- (vi) Audit Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the independent appraisal of internal controls, operations and procedures utilized by the Authority in its financial and other operations, shall make recommendations to the Board regarding the selection of the Authority's independent outside

auditors, and shall meet as appropriate with such auditors with or without the presence of the Authority's management.

- (vii) Governance Committee: Shall make recommendations to the Board regarding the policies and procedures to be followed by the Board, matters of internal governance of the Board, resolution of ethical questions, the discharge of the Board's duties, including any modifications of these By-Laws, and policy level oversight of the Authority's legislative and governmental relations activities. The Committee may also consider other matters involving the conduct of members, which may be referred by the Chairperson.
- (viii) Strategic Planning Committee: Shall be composed of all Board members and shall make recommendations to the Board regarding both long and short term strategic planning.

Attachment 2: Clean Version of Final Revised By-Laws

**BY-LAWS
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY**

**Adopted – October 17, 1996; Resolution 96-11
Amended – February 4, 1999; Resolution 99-10
Amended – February 1, 2001; Resolution 01-16
Amended – September 12, 2002; Resolution 02-75
Amended – December 4, 2003; Resolution 03-86
Amended – July 5, 2007; Resolution 07-64
Amended – October 2, 2008; Resolution 08-87
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Amended – December 5, 2013; Resolution 13-112
Amended – February 2, 2017; Resolution 17-11
Amended – September 5, 2019; Resolution 19-47
Amended – April 2, 2020; Resolution 20-30
Proposed Amendment – October 7, 2021; Resolution 21-XX**

**ARTICLE I
General**

These By-Laws and the Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996 (the “Act”), as the Act shall be amended from time to time, govern the function and operation of the District of Columbia Water and Sewer Authority (the “Authority”) and in the event of any conflict between these By-Laws and the Act, the Act shall control to the extent of the conflict. Terms defined in the Act shall have the same meaning when used in these By-Laws. References in these By-Laws to the Act, or any provision thereof, shall include a reference to any amendment to the Act which takes effect after the adoption of these By-Laws.

**ARTICLE II
Board of Directors**

§ 2.01 Composition

(a) The Board of Directors of the Authority (the “Board”) shall consist of eleven (11) principal Board members (“principal members”) and eleven (11) alternate Board members (“alternate members”).

(b) Alternate members may participate in discussion at Board meetings, at the Chairperson’s discretion, but may vote at Board meetings only when their corresponding principal Board member is absent. An alternate member permitted by

this subsection to vote at a meeting shall do so as a representative of their corresponding principal member except that if the principal's position is vacant the alternate shall vote in her or his own right.

(c) Principal members shall endeavor to attend all Board meetings and meetings of those Committees upon which they serve.

(d) Alternate members shall attend any meeting which their corresponding principal is required to, but cannot attend. Alternates shall either attend all other meetings or familiarize themselves with the discussions and determination made at such meetings.

(e) Alternate members may be appointed by the Chairperson to the Committees established by the Board and may fully participate in Committee functions.

§ 2.02 Duties

The Board shall develop policies for the management, maintenance, and operation of water distribution and sewage collection and treatment, disposal systems and other devices and facilities under the control of the Authority, and shall perform such other duties as are specified in or otherwise required by the Act and these By-Laws.

§ 2.03 Removal, Suspension, and Termination

(a) The Board may recommend that the Mayor remove, suspend, or terminate a principal or alternate member for misconduct or neglect of duty. The Mayor may remove a principal or alternate pursuant to section 204(g) of the Act (D.C. Official Code § 34-2202.04(a)(4)(g)).

(b) The Board may recommend that the Mayor remove, suspend, or terminate a principal or alternate member for misconduct if the Board finds that the member or alternate committed any act involving moral turpitude. The Mayor may remove a principal or alternate pursuant to section 204(g) of the Act (D.C. Official Code § 34-2202.04(a)(4)(g)).

(c) The Board may recommend that the Mayor remove, suspend, or terminate a principal or alternate member for neglect of duty if the Board finds that:

- (i) The principal or alternate member committed any act or omission which constitutes a breach of the Board member's or alternate's fiduciary duty to the Board or the Authority;
- (ii) A principal member failed to attend two or more Board meetings, or three or more meetings of a Committee to which such member is appointed, within a twelve-month period, without providing a

business or personal reason which the Board determines is legitimate; or

- (iii) An alternate member, having received notice from his or her corresponding principal member of that member's inability to attend a meeting (as required by § 3.05 (c)), failed to attend two or more such Board meetings, or three or more Committee meetings, within a twelve-month period, without providing a business or personal reason which the Board determines is legitimate.

(d) A principal or alternate member who is indicted for the commission of a felony shall be automatically suspended from serving on the Board. Upon a final determination of guilt, the term of the principal or alternate member shall be automatically terminated. Upon a final determination of innocence, the Mayor may reinstate the Board member.

§ 2.04 Resignation

Any principal or alternate member may resign by giving notice of resignation to the Mayor and a copy of the notice to the Secretary to the Board. A non-District member shall also notify the official authorized to recommend a successor. The member's resignation shall take effect on the date specified in the notice.

§ 2.05 Compensation

Principal and alternate members of the Board of Directors shall be compensated and reimbursed for expenses as provided in the Act and in accordance with the Authority's reimbursement procedures for executive officers.

ARTICLE III Meetings

§ 3.01 Meetings to be Open to Public; Availability of Records

(a) For purposes of these By-Laws, except as provided in subsection (g), the term "meeting" shall be defined as a gathering of a quorum of the members of the Board, including hearings and roundtables, whether formal or informal, regular, closed executive session, or emergency, at which the members of the Board during such gathering consider, conduct, or advise on Authority business, including gathering of information, taking testimony, discussing, deliberating, recommending, and voting, regardless whether the meeting is held in person, by telephone, electronically, or by other means of communication. The term "meeting" may also include part or all of a retreat. The term "meeting" shall not include a chance or social gathering, press conference, or training session.

(b) Except as provided in § 3.04, all meetings shall be open to the public. A meeting shall be deemed open to the public if:

- (I) The public is permitted to be physically present;
- (II) The news media, as defined by D.C. Official Code § 16-4701, is permitted to be present;
- (III) The meeting is televised; or
- (IV) The meeting is held in a manner consistent with the requirements provided in D.C. Official Code 2-575(a).

(c) All meeting, whether open or closed, shall be recorded by electronic means; provided, that if a recording is not feasible, detailed minutes of the meeting shall be kept.

(d) Copies of records, including a written transcript or transcription shall be made available to the public, at a reasonable cost, upon request in accordance with the following schedule, provided that a record, or a portion of a record, may be withheld under the standards established for closed executive session meetings as provided in § 3.04:

- (i) A copy of the approved minutes of a meeting shall be made available for public inspection as soon as practicable, but no later than three (3) business days after the meeting at which the minutes were approved.
- (ii) A copy of the full record, including any recording or transcript, shall be made available for public inspection as soon as practicable, but not later than seven (7) business days after the meeting.

(e) A meeting may be held by video conference, telephone conference, or other electronic means, provided that:

- (i) Reasonable arrangements are made to accommodate the public's right to attend the meeting;
- (ii) The meeting is recorded; and
- (iii) All votes are taken by roll call.

(f) A meeting held by electronic means shall comply with all of the requirements of these By-Laws.

(g) E-mail exchanges among principal or alternate members and staff shall not constitute an electronic meeting.

§ 3.02 Regular Meetings

Regular meetings of the Board shall be held on the first Thursday of each month, or if such day is a legal holiday in the District of Columbia, then on the next weekday following such day unless an alternate date is determined to be appropriate by the Chairperson. All meetings shall be held at the District of Columbia Water and Sewer Authority Headquarters Building, 1385 Canal Street, S.E., Washington, D.C. 20003, or as otherwise specified in the notice of such meeting.

§ 3.03 Emergency Meetings

(a) Emergency meetings of the Board to address an urgent matter may be called by the Chairperson on his or her own initiative, or upon the written request of not less than three members of the Board entitled to vote on the matter or matters to be considered at the emergency meeting (which request shall specify such proposed matter or matters and shall be delivered to the Chairperson and the Secretary to the Board).

(b) When an emergency meeting is convened, the Chairperson shall open the meeting with a statement explaining the subject of the meeting, the nature of the emergency and how public notice was provided.

§ 3.04 Closed (Executive Session) Meetings

(a) The Board or Committee may only close a meeting or portion of a meeting for an executive session for the following reasons:

- (i) A law or court order requires that a particular matter or proceeding not be public;
- (ii) To discuss, establish, or instruct the Authority's staff or negotiating agents concerning the position to be taken in negotiating the price and other material terms of a contract, including an employment contract, if an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority;
- (iii) To discuss, establish, or instruct the Authority's staff or negotiating agents concerning the position to be taken in negotiating incentives relating to the location or expansion of industries or other businesses or business activities in the District;
- (iv) To consult with the Executive Vice-President, Legal Affairs or other attorney to obtain legal advice and to preserve the attorney-client

privilege between an attorney and the Authority, or to approve settlement agreements; provided, that, upon request, the Authority may decide to waive the privilege. A meeting shall not be closed that would otherwise be open merely because an attorney for the Authority is a participant;

- (v) Planning, discussing, or conducting specific collective bargaining negotiations;
- (vi) Preparation, administration, or grading of scholastic, licensing, or qualifying examinations;
- (vii) To prevent premature disclosure of an honorary degree, scholarship, prize, or similar award;
- (viii) To discuss and take action regarding specific methods and procedures to protect the public from existing or potential terrorist activity or substantial dangers to public health and safety, and to receive briefings by staff members, legal counsel, law enforcement officials, or emergency service officials concerning these methods and procedures; provided, that disclosure would endanger the public and a record of the closed session is made public if and when the public would not be endangered by that disclosure;
- (ix) To discuss disciplinary matters;
- (x) To discuss the appointment, employment, assignment, promotion, performance evaluation, compensation, discipline, demotion, removal, or resignation of government appointees, employees, or officials;
- (xi) To discuss trade secrets and commercial or financial information obtained from outside the Authority, to the extent that disclosure would result in substantial harm to the competitive position of the person from whom the information was obtained;
- (xii) To train and develop members of the Board and staff, including off-site retreats of members for such purposes;
- (xiii) To deliberate upon a decision in an adjudication action or proceeding by the Authority exercising quasi-judicial functions; and
- (xiv) To plan, discuss, or hear reports concerning ongoing or planned investigations of alleged criminal or civil misconduct or violations of law or regulations, if disclosure to the public would harm the investigation.

(b) Before a Board or Committee meeting or portion of a meeting is closed for an executive session, the Board or Committee shall:

- (i) Meet in an open session at which a majority of the members present shall vote in favor of closure;
- (ii) The Chairperson or acting Chairperson of the Board or Committee shall make a statement providing the reason for closure, including a citation from § 3.04(a) and the subjects to be discussed; and
- (iii) The Secretary to the Board shall make available to the public a copy of the written roll call vote and the statement.

(c) A Board or Committee meeting in a closed executive session shall not discuss or consider matters other than those matters listed under § 3.04(a).

§ 3.05 Notice to the Board of Meetings

(a) Before any meeting of the Board, the Secretary to the Board shall notify principal and alternate members of the meeting by:

- (i) Mailing a notice by first class mail, postage prepaid at least five (5) days (Saturdays, Sundays and legal holidays excluded) before the date of such meeting to the principal and alternate members' addresses appearing on the Authority's records; or
- (ii) Delivering a notice by hand, facsimile or e-mail transmission at least one (1) day (Saturdays, Sundays and legal holidays excluded) before the date of such meeting to the principal and alternate members' respective addresses, facsimile numbers or e-mail addresses appearing on the record.

(b) The notice shall state the date, time, and place of the meeting and shall be accompanied by a proposed agenda, prepared in accordance with § 3.07(a), except that where an emergency meeting is called, and time does not allow for the preparation of an agenda prior to the issuance of notice, the notice shall include a brief description of the matters to be considered.

(c) A member who is unable to attend a meeting due to legitimate personal or business reasons shall notify the designated alternate and the Secretary to the Board. If the member's corresponding alternate is also unable to attend, the alternate shall notify the Secretary to the Board of these circumstances and the reason for his or her absence.

(d) Satisfaction of the notice requirements of this Section may be waived by a majority of the members of the Board at a meeting at which a quorum is present,

provided that the Secretary to the Board shall have made reasonable efforts to comply with such requirements. The attendance of a principal or alternate member at a Board meeting shall constitute such a waiver unless specific objection is made before the presence of a quorum is determined.

§ 3.06 Notice of Meetings to the Public

(a) The Secretary to the Board shall inform the public of any Board or Committee meeting, including regular, emergency, or closed executive session meeting, when they are scheduled and when the schedule is changed;

(b) Notices to the public shall be posted on the Authority's website and in a public area at the District of Columbia Water and Sewer Authority Headquarters Building, or the location of the Board or Committee meeting not less than forty-eight (48) hours or two (2) business days before a meeting. Notice of meetings shall also be published in the *D.C. Register* as timely as practicable.

(c) The Secretary to the Board shall inform the public of a hearing to consider the establishment or adjustment of retail water and sewer rates by publishing a notice in the *D.C. Register* and a newspaper of general circulation at least ten (10) days prior to the date of the hearing.

(d) The Secretary to the Board shall inform the public of any emergency meeting by posting the notice of the meeting on the Authority's website and in a public area at the District of Columbia Water and Sewer Authority Headquarters Building, or the location of the Board or Committee meeting at the same time as notice of the meeting is issued to Board members.

(e) Each notice to the public for a Board or Committee meeting shall include the date, time, location, and planned agenda to be covered at the meeting. If the meeting or any portion of the meeting is to be closed, the notice shall include, if feasible, a statement of intent to close the meeting or any portion of the meeting, including citations to the reason for closure under § 3.04(a), and a description of the matters to be discussed.

§ 3.07 Agenda

(a) The Secretary to the Board shall prepare a proposed agenda under the Chairperson's direction, including a consent agenda, for each meeting of the Board and Committee. The agenda shall be attached to the notices provided for in §§ 3.05 and 3.06, and shall designate, by an asterisk or other mark, those items which do not involve "joint-use sewerage facilities" within the meaning of Section 201(4) of the Act (a "non joint-use" matter).

(b) A motion to change the designation or non-designation of an agenda item as non joint-use must be made and acted on prior to discussion of the item. In the

event that the Board is to consider a matter not listed on the proposed agenda or matters at an emergency meeting for which no agenda was prepared, such matters are presumed to be joint-use items unless a motion to redesignate the item is made and acted on prior to discussion of the item.

§ 3.08 Quorum

(a) Six (6) principal members shall constitute a quorum for the transaction of Board business, except that an alternate member may be counted towards a quorum in the absence of their corresponding principal member.

(b) Four (4) District members shall constitute a quorum for conducting a public hearing to establish or adjust retail water and sewer rates, pursuant to 21 DCMR § 4001.3.

(c) Committees shall not be required to meet a quorum requirement to hold a meeting.

(d) The number of attendees at a Board or Committee meeting shall not be kept below the number required to establish a quorum to avoid these requirements.

§ 3.09 Conduct of Business

(a) The Chairperson shall preside over Board meetings.

(b) Board actions shall be presented for a vote in the form of a resolution.

(c) The Board may postpone consideration of an agenda item by a majority vote of those members authorized to participate in the decision.

(d) All votes of the Board or Committee to hold a closed executive session or during a meeting conducted by electronic means shall be taken by roll call and recorded by the Secretary to the Board.

(e) Physical attendance at Board meetings is the preferred method of participation. However, Board members may participate telephonically and via videoconferencing in both Board and Committee meetings. Members participating in Board meetings telephonically or via videoconferencing may both be considered for purposes of determination of a quorum and vote. Members participating in Committee meetings telephonically or via videoconferencing may voice their recommendations to the Board. However, such telephonic and videoconferencing participation is to occur only when the following conditions are met: (i) neither the principal nor the principal's alternate can attend the meeting in person; and (ii) the Chairperson determines that the telephonic and/or videoconferencing communication is in the best interest of the Authority. In order for the Chairperson to make this determination, the Board member wishing to participate telephonically or via videoconferencing must notify the

Chairperson as soon as he/she is aware of the need to participate in this manner or the day before the meeting, whichever occurrence is earlier in time.

(f) The Board may establish rules governing the conduct and procedure of Board and Committee meetings. Questions of procedure for meetings of the Board or Committee meetings that are not determined by these By-Laws or any rules adopted by the Board shall be governed by Robert's Rules of Order as interpreted by the Chairperson.

ARTICLE IV Officers of the Board

§ 4.01 Appointment

(a) The Officers of the Board shall consist of the Chairperson, who shall be selected as provided for in the Act; a First Vice-Chairperson, Second Vice-Chairperson; and Vice-Chairperson and Alternate Vice-Chairperson for each participating jurisdiction.

(b) Effective September 5, 2019, the initial appointment of the First Vice-Chairperson and Second Vice-Chairperson shall be nominated by the Chairperson and, by resolution, approved by the Board; thereafter, these Officers shall be nominated by the Executive Committee and, by resolution, approved by the Board.

(c) Vice-Chairperson and Alternate Vice-Chairperson for each participating jurisdiction shall be nominated by the members from their respective jurisdiction and, by resolution, approved by the Board. In the event a jurisdiction has a Board member who holds an executive position in their jurisdiction (i.e. the City Administrator for the District of Columbia, the County Executive for Fairfax County, the Chief Administrative Officer for Prince George's County and the Chief Administrative Officer for Montgomery County) that person shall automatically be appointed the Vice-Chairperson for that jurisdiction, unless such person also serves as the Chairperson in which case a non-executive shall be appointed to fill the position of Vice-Chairperson for that jurisdiction.

(d) Except for the Chairperson, all other Board Officers established by these By-Laws shall, by resolution, be approved by the Board at the first regular Board meeting of the calendar year, or as necessary.

(e) The Board may, by resolution, create or abolish any officer position (other than the Chairperson).

(f) The Board may, by resolution, delegate the duties of the officer position (other than the Chairperson) to any alternate member.

(g) Except for the Executive Committee, the Chairperson shall appoint the chairperson and members of standing and ad-hoc Committees of the Board, as recommended by the Executive Committee.

§ 4.02 Duties

(a) The Chairperson's duties shall include but are not limited to calling emergency meetings of the Board in accordance with § 3.03, determining the agenda of a meeting for purposes of § 3.07, presiding over Board meetings in accordance with § 3.09, establishing ad-hoc Committees of the Board, appointing members and chairpersons of the standing and ad-hoc Committees of the Board in accordance with §§ 4.01(g) and 5.02, and carrying out such other duties as are specified in these By-Laws or delegated to the Chairperson by resolutions of the Board that are in accordance with the Act and these By-Laws.

(b) The First Vice-Chairperson shall fulfill the duties of the Chairperson if the Chairperson is absent or otherwise unavailable to do so. The Second Vice-Chairperson shall fulfill the duties of the First Vice-Chairperson if the First Vice-Chairperson is absent or otherwise unavailable.

(c) The Alternate Vice-Chairperson for each jurisdiction shall fulfill the duties of the Vice-Chairperson for their respective jurisdiction if the Vice-Chairperson is absent or otherwise unavailable to do so.

§ 4.03 Term of Office

Except for the Chairperson, an Officer of the Board shall serve a one (1) year term commencing upon approval of the Board and terminating on December 31st of each calendar year or until a successor assumes office, unless the Officer resigns or is removed.

§ 4.04 Resignation and Removal of Officers

(a) Officers of the Board shall serve the full term provided in these By-Laws unless such term is terminated earlier by resolution of the Board for cause.

(b) An Officer may resign by written notice to the Chairperson and the Secretary to the Board. The resignation shall take effect on the date the notice is received, unless the notice specifies a later effective date, which is acceptable to the Chairperson.

(c) The Board may appoint a successor to fill the unexpired term of a resigned or removed Officer (other than the Chairperson), or for a new term, as the Board considers appropriate.

ARTICLE V Committees

§ 5.01 Establishment

(a) The following shall be standing Committees of the Board, with such other responsibilities as are specified by the Chairperson or appropriate resolution of the Board, including but not limited to the review of contracts that are material to the Committee's assigned duties. The Board may create additional standing Committees as it deems necessary. The Committees shall receive detailed information in their areas of responsibility and make recommendations to the Board. Only formal actions of the Board through resolution can bind the Authority. The chairperson of a standing or ad-hoc Committee, with the concurrence of the Chairperson of the Board, may designate an acting chairperson for the purposes of chairing a particular standing or ad-hoc Committee meeting.

- (iv) Executive Committee: Shall be composed of the Officers of the Board and shall meet at the direction of the Chairperson to: provide recommendations to the Board regarding Board organizational direction, strategic planning, and general affairs; nominate the First Vice-Chairperson and Second Vice-Chairperson as provided in § 4.01(b); provide recommendations to the Chairperson for Committee chairmanship and membership; and provide recommendations to the Board regarding the terms, requirements and conditions of employment and performance review for the General Manager.
- (v) Finance and Budget Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors which have a significant and material fiscal effect as a result of operations, including by way of example and not limitation, adoption of the budget, borrowings, investments, grants, acquisitions, accounting, sales, insurance, adjustments to charges due for services or commodities furnished by the Authority, appropriations and the settlement of claims.
- (vi) District of Columbia Retail Water and Sewer Rates Committee: Shall be composed of the six (6) members of the Board representing the District and shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the establishment of rates and fees for services or commodities furnished by the Authority; and customer services issues, including but not limited to customer education initiatives and customer assistance programs.
- (iv) Environmental Quality and Operations Committee: Shall make recommendations to the Board regarding actions required of or

desired by the Board of Directors with respect to: the assets, facilities and infrastructure owned, operated, or managed by the Authority, including but not limited to emergency planning and safety of operations; matters related to environmental and water quality; the operation, repair and replacement of water distribution, and sewage and stormwater collection, treatment, and disposal systems; and groundwater flow management.

- (v) Human Resources and Labor Relations Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the terms, requirements and conditions of employment for all employees, excluding the General Manager, to include, by way of example and not limitation, matters involving compensation, pension and other benefits, awards and collective bargaining agreements.
- (vi) Audit Committee: Shall make recommendations to the Board regarding actions required of or desired by the Board of Directors with respect to the independent appraisal of internal controls, operations and procedures utilized by the Authority in its financial and other operations, shall make recommendations to the Board regarding the selection of the Authority's independent outside auditors, and shall meet as appropriate with such auditors with or without the presence of the Authority's management.
- (vii) Governance Committee: Shall make recommendations to the Board regarding the policies and procedures to be followed by the Board, matters of internal governance of the Board, resolution of ethical questions, the discharge of the Board's duties, including any modifications of these By-Laws, and policy level oversight of the Authority's legislative and governmental relations activities. The Committee may also consider other matters involving the conduct of members, which may be referred by the Chairperson.
- (viii) Strategic Planning Committee: Shall be composed of all Board members and shall make recommendations to the Board regarding both long and short term strategic planning.

§ 5.02 Appointment

Except for the Executive Committee, members of the Board's standing Committees and ad-hoc Committees, and the chairpersons of these Committees, shall be appointed by the Chairperson of the Board as recommended by the Executive Committee. Only District Board members may serve on Committees or Subcommittees with jurisdiction over the rates charged to District retail water and sewer customers.

§ 5.03 Duties

The principal duty of any Committee shall be to recommend proposed action to the Board of Directors. No Committee or individual member shall have the power to bind the Board or the Authority to any matter or obligation or to authorize any act by the Authority.

§ 5.04 Standing Committee Meetings

(a) At the first meeting each year of a standing Committee, the chairperson of such Committee (or the acting chairperson designated pursuant to § 5.01(a)), in consultation with the other members of the Committee, the Chairperson of the Board, and the General Manager, shall establish a meeting schedule for the remainder of the year and for the first meeting in the ensuing year. Such schedule shall specify the date, time, and location at which each Committee meeting shall be held. In consulting with the other members of the Committee, the Chairperson of the Board, and the General Manager, the chairperson of the Committee shall endeavor to the greatest possible extent to avoid conflicts with the meeting schedules of other Committees and to minimize inconvenience to Board Members and Alternates serving on multiple Committees, and to the General Manager and relevant staff, so as to facilitate Committee meeting attendance by all appropriate participants.

(b) Following the establishment of a Committee meeting schedule as provided in subsection (a), should the Chairperson of a Committee be unable to attend a scheduled meeting, such Committee chairperson shall request the Vice-Chairperson of the Committee (if a Vice-Chairperson has been designated) to serve as acting Chairperson for the purpose of conducting the meeting at the previously scheduled date, time, and location. If the Vice-Chairperson is unable to attend, the Committee Chairperson shall request another member of the Committee to serve as acting Chairperson for such meeting. In the event that neither the Vice-Chairperson nor another Committee member is available to serve as acting Chairperson for a previously scheduled meeting, or if it appears that a significant number of Committee members will be unable to attend at the scheduled date, time, or location, or at the request of the General Manager, the Committee Chairperson may request that the Chairperson of the Board waive the requirements of this subsection for good cause shown and permit such meeting to be held on a different date, or at a different time or location. Should the Chairperson not grant such a waiver, the meeting shall be cancelled.

ARTICLE VI Administration

§ 6.01 General Manager

The Board shall hire a General Manager upon the affirmative vote of eight (8) voting members. The General Manager shall be the chief administrative officer of the Authority and, subject to the direction and supervision of the Board, shall have such

supervisory and management responsibilities concerning the Authority's business, affairs, property, agents, and employees as the Board expressly determines by resolution. The General Manager may only be terminated upon an affirmative vote of eight (8) voting members.

§ 6.02 Delegation

The Board may by resolution delegate to the General Manager any of its authority to the extent permitted by the Act, including, but not limited to procurement authority in such amounts as are specified by the Board.

§ 6.03 Secretary to the Board

(a) There is hereby established the Office of Secretary to the Board. The Secretary to the Board shall not be an Officer of the Board and may not vote, but may be an employee of the Authority.

(b) The Secretary shall:

- (i) In addition to the responsibility established in section 3.07, coordinate under the direction of the General Manager, all Board meetings and other business activities of the Board;
- (ii) Prepare meeting minutes from Board meetings and other business activities when appropriate and prepare agendas in accordance with § 3.07;
- (iii) Keep a written transcript or transcription of the proceedings of the Board and any hearings in one or more books kept for that purpose. The Secretary shall have custody of all books, records and papers of the Board;
- (iv) Make available to the public any recordings, transcripts or transcription prepared pursuant to § 3.01 of these By-Laws and furnish copies to the public in accordance with that section;
- (v) Maintain the annual reports required by law and approved by the Board. The Secretary shall transmit copies of the approved report to the Mayor and the Council, and shall make the report available to the public;
- (vi) Have custody of the seal of the Authority and shall have authority to affix, impress or reproduce such seal on copies of resolutions and other official actions of the Authority and on all documents, the execution and delivery of which has been duly authorized by the Board; and

- (vii) Perform all duties and have all powers incident to the Office of the Secretary and shall perform such other duties and have such other powers as may be assigned by these By-Laws, the Board, its Chairperson, or the General Manager.

ARTICLE VII Amendment

These By-Laws may be amended by a majority vote of the Board at a meeting which is open to the public in accordance with the Open Meetings Amendment Act of 2010 (D.C. Official Code § 2-501 *et seq.*).

ARTICLE VIII Miscellany

§ 8.01 Offices

(a) The principal office of the Authority and of the Board shall be located at the District of Columbia Water and Sewer Authority Headquarters Building, 1385 Canal Street, S.E., Washington, D.C. 20003.

(b) The Board may maintain other offices at such other places in the District as the Board may establish from time to time.

§ 8.02 Seal

The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority and its year of establishment.

§ 8.03 Fiscal Year

The Fiscal Year of the Authority shall end on the last day of September of each year.

§ 8.04 Sureties and Bonds

The Board may require any officer, employee, or agent of the Authority to execute, as a condition of employment or continued employment, a bond in such sum, with such surety or sureties as the Board may direct, conditioned upon the faithful performance of such person's duties to the Authority, including responsibility for negligence and of the accounting of all property, funds, or securities of the Authority as may come into such person's control.

§ 8.05 Joint-Use Sewerage Facilities

Section 34-2202.01(4) of the D.C. Official Code, designates the following facilities as joint-use:

Little Falls Trunk Sewer; Upper Potomac Interceptor Sewer; Upper Potomac Interceptor Relief Sewer; Rock Creek Main Interceptor Sewer; Rock Creek Main Interceptor Relief Sewer; (duplicate deleted); Potomac River Sewage Pumping Station; Potomac River Force Mains; Watts Branch Trunk Sewer; Anacostia Force Main (Project 89 Sewer); Anacostia Force Main & Gravity Sewer; Outfall Sewers (Renamed Potomac River Trunk Sewers); Outfall Relief Sewers (Renamed Potomac River Trunk Relief Sewers); Upper Oxon Run Trunk Sewer; Upper Oxon Run Trunk Relief Sewer; Lower Oxon Run Trunk Sewer; Lower Oxon Run Trunk Relief Sewer; Blue Plains Wastewater Treatment Plant (Blue Plains); and Potomac Interceptor Sewer.

§ 8.06 Captions

The captions of the articles and sections of these By-Laws are provided solely for convenience of reference and shall not affect the meaning thereof.

Secretary, Board of Directors

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Contract No. 10129 – Cigna Corporation

**#21-79
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Contract No. 10129, Cigna Corporation.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 10129, Cigna Corporation. The purpose of this contract is to provide Dental Preferred Provider Organization (DPPO) and Dental Health Maintenance Organization (DHMO) Plans for DC Water Employees for a three-year base period and two option years. The contract amount is \$3,463,475.00

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT AWARD
DENTAL SERVICES FOR DC WATER EMPLOYEES
(Joint Use-Indirect)**

Approval to execute a contract award for Dental Services for DC Water Employees (DPPO and DHMO) for a three-year base period and two option years in the amount of \$3,463,475.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Cigna Corporation 111 South Calvert Street, Suite 1600 Baltimore, MD 21202	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$2,040,980.00
Base Contract Period:	3 Years
No. of Option Years:	2
Option Period Total Value:	\$1,422,495.00
Total Contract Value:	\$3,463,475.00
Proposals Received:	4
Proposal Price Range:	\$3,463,475.00 - \$3,753,184.00
Anticipated Base Period Start Date:	01-01-2022
Anticipated Base Period Completion Date:	12-31-2024

Purpose of the Contract:

Provide the District of Columbia Water and Sewer Authority (DC Water) employees with Dental Preferred Provider Organization (DPPO) and Dental Health Maintenance Organization (DHMO) Plans. The plan chosen may include just the employees, the employee plus one or the employee and family.

Contract Scope:

Services include a variety of dental services with the with the following objectives:

- Minimize the cost and rate of future rate increases;
- Establish performance targets to assess and monitor vendor's performance;
- Develop a business partnership with a contractor(s) predicated on continuous quality improvement; and
- Offer dental DHMO and DPPO networks for most employees.

Supplier Selection:

Four firms responded to the solicitation for these services. The criteria used to evaluate the proposals included the following:

- Organizational Capabilities: plan design, qualifications and experience, data reporting capabilities, data security, financial soundness and submission of a complete and clear proposal;
- Member Services & Claims Administration: account management, customer service, claims administration, program implementation, online tools, and communication;
- Network Access & Management: accessible panel of providers, program performance, recruitment of providers, and provider network management; and
- Pricing.

The award recommendation is based on Cigna offering the highest value to DC Water. Based upon this recommendation, there will be a reduction in cost to DC Water and enrolled employees.

No DBE/WBE participation

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Best Value
Commodity:	Dental Services for DC Water Employees	Contract Number:	10129
Contractor Market:	Open Market		

BUDGET INFORMATION


Funding:	Operating	Department:	Department of People and Talent
Service Area:	DC Water Wide	Department Head:	Lisa Stone

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	70.05%	\$2,426,164.00
Washington Suburban Sanitary Commission	21.95%	\$760,233.00
Fairfax County	5.15%	\$178,369.00
Loudoun County	2.54%	\$87,972.00
Other (PI)	0.31%	\$10,737.00
Total Estimated Dollar Amount	100.00%	\$3,463,475.00

Digitally signed by
Lisa Stone
 Lisa Stone
 Date: 2021.09.03
 11:52:01 -04'00'

Lisa Stone Date
 Chief People and Inclusion Officer, and EVP of People and Talent

 Digitally signed by Dan Bae
 DN: E=dan@dcwater.com, OU=DC Water, OU=Procurement, OU=DC Water, DC=District of Columbia
 Date: 2021.09.03 12:07:14 -04'00'

Dan Bae Date
 VP of Procurement and Compliance

Digitally signed by Matthew T. Brown
 Date: 2021.09.07 10:27:20 -04'00'

Matthew T. Brown Date
 CFO and EVP of Finance and Procurement

 9/23/2021

David L. Gadis Date
 CEO and General Manager

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Contract Nos. 10088- 10100, IT Professional Service Indefinite Delivery Indefinite Quantity (IDIQ), 22nd Century Technologies, Inc., Advance Digital Systems, Inc., Ampucus, Inc., Layermark, Inc., Networking for Future, Inc., Peak Technology Solutions, Inc. Powersolv, Inc., Sankar, Inc., Tripoint Solutions, LLC., Vigilant Technologies, LLC., vTech Solution, Inc., Wipro, LLC

**#21-80
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Contract Nos. 10088- 10100, IT Professional Service Indefinite Delivery Indefinite Quantity (IDIQ), 22nd Century Technologies, Inc., Advance Digital Systems, Inc., Ampucus, Inc., Layermark, Inc., Networking for Future, Inc., Peak Technology Solutions, Inc. Powersolv, Inc., Sankar, Inc., Tripoint Solutions, LLC., Vigilant Technologies, LLC., vTech Solution, Inc., Wipro, LLC.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract Nos. 10088- 10100, IT Professional Service Indefinite Delivery Indefinite Quantity (IDIQ), 22nd Century Technologies, Inc., Advance Digital Systems, Inc., Ampucus, Inc., Layermark, Inc., Networking for Future, Inc., Peak Technology Solutions, Inc. Powersolv, Inc., Sankar, Inc., Tripoint Solutions, LLC., Vigilant Technologies, LLC., vTech Solution, Inc., Wipro, LLC. The purpose of this contract is to provide as needed augmentation services for a three-year base period and two option years. The contract amount is \$33,500,000.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT AWARD

IT PROFESSIONAL SERVICES

(Joint Use)

Approval to execute contract awards for IT Professional Service Indefinite Delivery Indefinite Quantity (IDIQ) contracts with thirteen (13) selected firms for the Three (3) Base Years plus Two (2) Option Years in the total amount of 33,500,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUB:	PARTICIPATION:
22nd Century Technologies, Inc. (DBE) 1 Executive Drive, Ste. 285 Somerset, NJ 08873	Mjetre, LLC (DBE) 16181 Black Rock Road Darnestown, MD 20874 Freealliance.com LLC (WBE) 8260 Greensboro Drive, Suite 150 McLean, VA 22102	DBE - 90% WBE - 10%
Advance Digital Systems, Inc. (DBE) 4290 Chain Bridge Road, Suite 200 Fairfax, VA 22030	Momentum, Inc. (WBE) 2120 Market Street, Ste. 100 Camp Hill, PA 17011	DBE - 90% WBE - 10%
Ampcus, Inc. (DBE) 14900 Conference Center Drive, Ste. 500 Chantilly, VA 20151	BITEGROUP (DBE) 113 West Monument Street Baltimore, MD 21201 Washington Technology Group (DBE) 8403 Colesville Road, Suite 1100 Silver Spring, MD 20910	DBE -100%
Layermark, Inc. (DBE) 1050 Connecticut Ave NW, Ste. 500, Office 5044 Washington, DC 20036	Abstract Evolutions LLC (DBE) 20 F ST NW, 7th floor Washington DC 20001 KenDBTech LLC (DBE) 22313 Broadway Ave Clarksburg, MD 20871 SilTek Inc. (WBE) 13454 Sunrise Valley Dr., Ste 250 Herndon, VA 20171 Enlightmeds Technology Solutions (DBE) 3436 10th Pl SE Washington, DC 20032	DBE - 90% WBE - 10%
Networking for Future, Inc. (DBE) 1331 Pennsylvania Ave NW, Ste 1210 Washington, DC 20004	Peak Technology Solutions, Inc. (DBE) 1627 K Street NW, Suite 400 Washington, DC 20006 Client Software Services LLC (DBE) 101 Lake Forest Blvd. Suite 360 Gaithersburg, MD 20877	DBE - 100%
Peak Technology Solutions, Inc. (DBE) 1627 K Street NW, Suite 400 Washington, DC 20006	Cominfo, Inc. (WBE) 15305 Comus Court Woodbridge, VA 22193	DBE - 90% WBE - 10%

<p>Powersolv, Inc. (DBE) 1801 Robert Fulton Drive, Suite 550 Reston, VA 20191</p>	<p>Compass Solutions, LLC (DBE) 1401 K Street NW Suite 802 Washington DC 20005</p> <p>BizTech Fusion, LLC (DBE) 7206 Breckenridge St. Laurel, MD 20707</p> <p>Momentum Inc (WBE) 2120 Market Street, Ste. 100 Camp Hill, PA 17011</p>	<p>DBE - 90% WBE - 10%</p>
<p>Sankar, Inc. 7407 Merrimac Lane Maple Grove, MN 55311</p>	<p>LynkBlox Technologies LLC (DBE) 43175 Amberleigh Farm Drive Ashburn, VA 20148</p>	<p>DBE - 50%</p>
<p>Susan Fitzgerald and Assoc, Inc. (WBE) 2238 48th Street, NW Washington, DC 20007</p>	<p>Accurate Conceptions, LLC (DBE) 19 O Street, SW Washington, DC 20024</p> <p>Diversified Systems, Inc (DBE) 700 Taylor Road, Suite 150 Gahanna, OH 43230</p> <p>Enlightmeds Technology Solutions (DBE) 3436 10th Place, S.E. Washington, DC 20032</p> <p>R/O Resource Solutions (WBE) 4316 Buckskin Wood Drive Ellicott City, MD 21042</p>	<p>DBE - 25% WBE - 75%</p>
<p>Tripoint Solutions, LLC (DBE) 901 N. Stuart Street, Ste. 1120 Arlington, VA 22203</p>	<p>Kaimetrix, LLC (N/A) 120 Dawdling Creek Drive Apex, NC 27539</p> <p>KSquared Technology Consulting (WBE) 1123 Rt. 3N #133 Gambrills MD 21054</p> <p>Three Dimensional Resource Planning LLC, DBA 3RP (N/A) 9316 East Raintree Drive, Suite 100 Scottsdale, AZ 85260</p> <p>Optimal GEO, Inc. (N/A) 118 West Market Street Athens, AL 35611</p>	<p>DBE - 60% WBE - 10%</p>
<p>Vigilant Technologies, LLC. (DBE) 1050 Wilshire Drive, Ste. 307 Troy, MI 48084</p>	<p>N/A</p>	<p>DBE - 100%</p>
<p>vTech Solution, Inc. (DBE) 1100 H Street NW, Suite 750 Washington, DC 20005</p>	<p>Corporate Systems Resources, Inc. (WBE) 1200 G Street NW, No. 800 Washington, DC 20005</p> <p>Absolute Staffing & Consulting Solutions (WBE) P.O. Box 2518 Westminster, MD 21157</p>	<p>DBE - 56% WBE - 44%</p>

Wipro, LLC 2 Tower Center Blvd, Suite 2200 East Brunswick, NJ 08816	Aim Technical Group, LLC (DBE) 830 51st Street NE Washington, DC 20019 Savvy Technology Solutions (DBE) 1231B Good Hope Rd SE Washington, DC 20020 Fluxtek Solutions LLC (WBE) 7111 Harwin Drive, Suite 270 Houston, TX 77036	DBE - 30% WBE - 10%
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DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$20,100,000.00
Base Contract Period:	3 Years
No. of Option Years:	2
Option Period Total Value:	\$13,400,000.00
Total Contract Value:	\$33,500,000.00
Anticipated Base Period Start Date:	11-01-2021
Anticipated Base Period Completion Date:	10-31-2024
Proposals Received:	34

Purpose of the Contract:

The Department of Information Technology requires the qualified IT Professional Service firms to provide as needed staff augmentation services. The resources to be provided in support of operating, emergency, and specialized skills in the areas below. The budget will be approved annually.

Contract Scope:

IDIQs will be executed with each of the awardees for IT professional services including Windows Administrators, GIS Administrators, SharePoint Administrators, Network Administrators, IT Security Administrators, Telephone System Administrators, ERP Support Team, Database Administrators, and IT Helpdesk Resources.

This award is for IDIQ contracts and amounts presented here are not to exceed. For the operating budget costs all funds have been identified. At this time all of the funding has not been identified for projects to be funded with the capital equipment budget. As work is identified to be performed under this contract vehicle, budget will be identified and committed before work begins.

Supplier Selection:

Procurement issued an RFP solicitation to the open market with 34% DBE and 10 % WBE utilization program goals. Thirty-four firms responded; thirteen firms were selected based upon the overall ratings to provide IT Professional Services for various projects during the contract period. The RFP contained the Capability Components upon which each firm was evaluated as follows:

Network Infrastructure	Databases
Windows/Active Directory	Infrastructure Technical Skills
Infrastructure Education and Experience	Major Systems within DC Water
Enterprise Architecture Software System	Solution Center - Help Desk Support
Supervisory Control and Data Acquisitions (SCADA) Project	

PROCUREMENT INFORMATION

Contract Type:	Fixed Hourly Rate	Award Based On:	Highest Ratings
Commodity:	Professional Services	Contract Number:	10088, 10089, 10090, 10091, 10092, 10093, 10094, 10095, 10096, 10097, 10098, 10099, 10100
Contractor Market:	Open Market with DBE and WBE Program Utilization Goals		

BUDGET INFORMATION

Funding:	Operating	Departments:	Information Technology
Service Area:	DC Water Wide	Department Heads:	Thomas Kuczynski

ESTIMATED USER SHARE INFORMATION

Joint User - Operating	Share %	Dollar Amount
District of Columbia	70.05%	\$12,258,750.00
Washington Suburban Sanitary Commission	21.95%	\$3,841,250.00
Fairfax County	5.15%	\$901,250.00
Loudoun Water	2.54%	\$444,500.00
Potomac Interceptor	0.31%	\$54,250.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$17,500,000.00

BUDGET INFORMATION

Funding:	Capital Equipment	Departments:	Information Technology
Service Area:	DC Water Wide	Department Heads:	Thomas Kuczynski

ESTIMATED USER SHARE INFORMATION

Joint User – IT Capital	Share %	Dollar Amount
District of Columbia	86.76%	\$9,790,824.57
Washington Suburban Sanitary Commission	9.91%	\$1,118,338.77
Fairfax County	1.89%	\$213,285.60
Loudoun Water	1.07%	\$120,748.99
Potomac Interceptor	0.37%	\$41,754.32
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$11,284,952.25

BUDGET INFORMATION

Funding:	Operating	Departments:	Customer Service
Service Area:	DC Water Wide	Department Heads:	Meisha Lorick (Acting)

ESTIMATED USER SHARE INFORMATION

Non-Joint Use - Operating	Share %	Dollar Amount
District of Columbia	100.00%	\$1,003,314.00
Washington Suburban Sanitary Commission	0%	\$0.00
Fairfax County	0%	\$0.00
Loudoun Water	0%	\$0.00
Potomac Interceptor	0%	\$0.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,003,314.00

BUDGET INFORMATION

Funding:	Operating	Departments:	Finance
Service Area:	DC Water Wide	Department Heads:	Genes Malasy

ESTIMATED USER SHARE INFORMATION

Joint Use - Operating	Share %	Dollar Amount
District of Columbia	70.05%	\$1,805,141.43
Washington Suburban Sanitary Commission	21.95%	\$565,636.75
Fairfax County	5.15%	\$132,712.04
Loudoun Water	2.54%	\$65,454.09
Potomac Interceptor	0.31%	\$7,988.49
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$2,576,932.80

BUDGET INFORMATION

Funding:	Operating	Departments:	Safety
Service Area:	DC Water Wide	Department Heads:	David Gill (Acting)

ESTIMATED USER SHARE INFORMATION

Joint Use - Operating	Share %	Dollar Amount
District of Columbia	70.05%	\$392,100.39
Washington Suburban Sanitary Commission	21.95%	\$122,863.72
Fairfax County	5.15%	\$28,826.80
Loudoun Water	2.54%	\$14,217.49
Potomac Interceptor	0.31%	\$1,735.21
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$559,743.60

BUDGET INFORMATION

Funding:	Operating	Departments:	Department of Pumping and Sewer Operations
Service Area:	DC Water Wide	Department Heads:	Kenrick St. Louis

ESTIMATED USER SHARE INFORMATION

Joint Use - Operating	Share %	Dollar Amount
District of Columbia	42.79%	\$246,067.04
Washington Suburban Sanitary Commission	41.94%	\$241,179.05
Fairfax County	9.83%	\$56,528.14
Loudoun Water	4.85%	\$27,890.28
Potomac Interceptor	0.59%	\$3,392.84
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$575,057.35

Thomas L.
Kuczynski

Digitally signed by Thomas L. Kuczynski
Date: 2021.08.26 07:31:09 -04:00

Thomas Kuczynski Date
VP of Information Technology

 Digitally signed by Dan Bae
C=US, E=dan.bae@dcwater.com, O=District of Columbia Water and Sewer Authority, OU=Office of Procurement & Compliance, CN=Dan Bae
2021.08.27 14:07:22 -04:00

Dan Bae Date
VP of Procurement and Compliance

Matthew T. Brown Digitally signed by Matthew T. Brown
Date: 2021.09.01 16:28:21 -04:00

Matthew T. Brown Date
CFO and EVP of Finance and Procurement


_____, 9/23/2021
Date
David L. Gadis
General Manager and CEO

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Contract No. 10121, Electric Motor and Contracting Co. (EMC)

**#21-81
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Contract No. 10121, Electric Motor and Contracting Co. (EMC).

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. 10121, Electric Motor and Contracting Co. (EMC). The purpose of this contract is to provide inspections, rehabilitation, or replacement services for various process assets. The contract base and four option years amount is \$8,000,000.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT AWARD
REHABILITATION OF VARIOUS PROCESS ASSETS
(Joint Use)**

Approval to award and fund a contract for the Rehabilitation of Various Process Assets in the amount of \$8,000,000 for the base and four option years.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Electric Motor & Contracting Co. (EMC) 3703 Cook Blvd Chesapeake, VA 23323	M & M Electric Motor Repair, Inc. (M&M) (DBE) Integrity Cartage & Expedited, Inc. (WBE)	30% 5%

DESCRIPTION AND PURPOSE

Base Period Contract Value:	\$1,600,000.00
Base Period Contract Dates:	11-01-2021 — 10-31-2022
No. of Option Years in Contract:	4
Total Option Year 1-4 Value:	\$6,400,000.00
Option Year 1-4 Dates:	11-01-2022 — 10-31-2026
Total Number of Proposals	2

Purpose of the Contract:

Department of Maintenance Services (DMS) and Department of Pumping and Sewer Operations (DPSO) require the services of a qualified Contractor to provide inspections, rehabilitation or replacement services for various process assets, including the mechanical and electrical elements of the equipment. Approximately 1500 critical assets exist that require support. Relevant critical assets include pumps, motors and valves.

Contract Scope:

The contract scope covers major overhauls and rehabilitation of process assets necessary to ensure the availability of identified equipment for reliable operation. To avoid interruption in operations, the Contractor will coordinate all work, including emergency after hour services. 75% of the services on this contract are associated with DMS and 25% with DPSO.

Supplier Selection:

Two suppliers responded to an RFP for rehabilitation or replacement of various process assets. Based on the technical evaluation criteria (technical approach, qualifications, experience), one supplier was considered technically unacceptable by the evaluation team. Therefore, Electric Motor and Contracting Company, Inc. (EMC) is recommended for this contract award. EMC was rated as the most capable, cost effective highest rated supplier.

EMC and subcontractor, M&M, are currently performing the services on the various process assets across DC Water. They have proven success and expertise in performing the requirements set forth in the scope of work for over four (4) years. The COTRs are satisfied with EMC's performance.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Best Value
Commodity:	Maintenance Services	Contract Number:	10121
Contractor Market:	Open Market with Goals for DBE and WBE Participation		

BUDGET INFORMATION

Funding:	Capital Equipment	Department:	DMS
Project Area:	Blue Plains	Department Head:	Elkin Hernandez

ESTIMATED USER SHARE INFORMATION

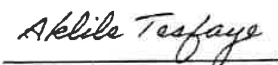
User	Share %	Dollar Amount
District of Columbia	44.77%	\$2,686,200.00
Washington Suburban Sanitary Commission	40.24%	\$2,414,400.00
Fairfax County	9.51%	\$570,600.00
Loudoun Water	4.79%	\$287,400.00
Other (PI)	0.69%	\$41,400.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$6,000,000.00

BUDGET INFORMATION


Funding:	Capital Equipment	Department:	DPSO
Project Area:	Other	Department Head:	Kenrick St. Louis

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	44.77%	\$895,400.00
Washington Suburban Sanitary Commission	40.24%	\$804,800.00
Fairfax County	9.51%	\$190,200.00
Loudoun Water	4.79%	\$95,800.00
Other (PI)	0.69%	\$13,800.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$2,000,000.00

 8/31/2021
 Aklile Tesfaye Date
 VP, Wastewater Operations

Digitally signed by Sigi Sharp for Kenrick St. Louis
 DN: cn=Sigi Sharp for Kenrick St. Louis, o=District of Columbia Water and Sewer Authority, ou=VP of Pumping and Sewer Operations, email=ssharp@dcwater.com, c=US
 Kenrick St. Louis Date
 VP, Pumping and Sewer Operations

 Digitally signed by Dan Bae
 DN: cn=Dan Bae, email=dan_bae@dcwater.com, o=District of Columbia Water and Sewer Authority, ou=VP of Procurement & Compliance, cn=Dan Bae, 2021.09.01.15.27.25-04'00'
 Dan Bae Date
 VP, Procurement and Compliance

Matthew T. Brown Digitally signed by Matthew T. Brown
 Date: 2021.09.07 17:43:52 -04'00'
 Matthew T. Brown Date
 CFO and EVP, Finance and Procurement

 9/23/2021
 David L. Gadis Date
 CEO and General Manager

2021

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Option Year 4 of Contract No. 16-PR-DFM-77, BFPE International Inc.

**#21-82
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Option Year 4 of Contract No. 16-PR-DFM-77, BFPE International Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Option Year 4 of Contract No. 16-PR-DFM-77, BFPE International Inc. The purpose of the option is to continue to maintain and service the Fire Protection System throughout DC Water. The option year 4 total amount is \$1,125,000.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT OPTION YEAR

**Fire Protection Systems
(Joint Use Indirect)**

This contract action is to extend option year 4 in the amount of \$1,125,000.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: BFPE International Inc. 7512 Connelly Dr. Hanover, MD 21076	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Contract Value:	\$199,600.00
Original Contract Date:	10-12-2016 – 10-11-2017
Number of Option Years:	4
Option Year 1 value:	\$199,600.00
Option Year 1 Dates:	10-12-2017 – 10-11-2018
Option Year 2 Value:	\$688,384.00
Option Year 2 Dates:	10-12-2018 – 10-11-2019
Option Year 3 Value:	\$201,000.00
Option Year 3 Dates:	10-12-2019 – 10-11-2020
Modification Value:	\$606,926.45
Modification Dates:	07-01-2018 – 10-11-2020
Option Year 4 Value:	\$600,000.00
Option Year 4 Dates:	10-12-2020 – 10-11-2021
Option Year 4 Time Ext Value:	\$1,125,000.00
Option Year 4 Time Ext Dates:	10-12-2021 – 10-11-2022

Purpose of the Contract:

To maintain and service the Fire Protection System throughout DC Water.

Contract Scope:

To provide preventative maintenance (testing, inspecting, repairs and Semi-Annual Testing of all devices) for the fire protection system in all DC Water locations. Design and construct fire alarm and suppression systems as required.

This request includes \$650,000.00 for capital equipment to install voice mass notification systems for all DC Water locations, and upgrades of aged equipment in various locations in Blue Plains. Operating costs for maintenance, inspections and testing at all DC Water locations total \$475,000.00, for a combined \$1,125,000.00.

Spending Previous Year:

Cumulative Contract Value:	10-16-2015 to 10-11-2021: \$2,495,960.45
Cumulative Contract Spending:	10-16-2015 to 08-24-2021: \$2,108,540.45

Contractor's Past Performance:

According to the COTR, the Contractor's quality of products and services, timeliness of deliverables; conformance to DC Water's policies, procedures, and contract terms; and invoicing, all meet expectations and requirements.

No LSB/LSBE participation

PROCUREMENT INFORMATION

Contract Type:	Good and Services	Award Based On:	Highest Ratings
Commodity:	Security	Contract Number:	16-PR-DFM-77
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Operating	Department:	Security
Project Area:	DC Water Wide	Department Head:	Ivelisse Cassas

ESTIMATED USER SHARE INFORMATION

User - Operating	Share %	Dollar Amount
District of Columbia	70.05%	\$332,737.50
Washington Suburban Sanitary Commission	21.95%	\$104,262.50
Fairfax County	5.15%	\$24,462.50
Loudoun Water	2.54%	\$12,065.00
Other (PI)	0.31%	\$1,472.50
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$475,000.00

BUDGET INFORMATION

Funding:	Capital Equipment	Department:	Security
Project Area:	DC Water Wide	Department Head:	Ivelisse Cassas

ESTIMATED USER SHARE INFORMATION

User - Capital Equipment	Share %	Dollar Amount
District of Columbia	86.76%	\$563,940.00
Washington Suburban Sanitary Commission	9.91%	\$64,415.00
Fairfax County	1.89%	\$12,285.00
Loudoun Water	1.07%	\$6,955.00
Other (PI)	0.37%	\$2,405.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$650,000.00

 Eq / 09/01/2021
 Maureen Holman Date
 VP of Shared Services

 
 Dan Bae Date
 VP of Procurement and Compliance

Matthew T. Brown
 Digitally signed by Matthew T. Brown
 Date: 2021.09.07 17:40:08 04'00'
 Matthew T. Brown Date
 CFO and EVP of Finance and Procurement

 9/23/2021
 David L. Gadis Date
 CEO and General Manager

Presented and Adopted: October 7, 2021
Subject: Approval to Publish Proposed Amendments to Local Limits and Non-Wastewater Flow Rules in 21 DCMR Chapter 15

#21-83
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors (the “Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at its meeting on October 7, 2021, upon consideration of a joint-use matter, decided by a vote of () in favor and () opposed, to approve the following action with respect to publication of proposed amendments to DC Water’s Local Limits and Non-Wastewater Flow Rules in 21 DCMR Chapter 15.

WHEREAS, on September 23, 2021, the Environmental Quality and Operations Committee met to consider amendments to DC Water pretreatment regulations promulgated in 21 DCMR Chapter 15, Discharge to Wastewater System; and

WHEREAS, in accordance Part IV.A.5 National Pollutant Discharge Elimination System Permit (NPDES Permit) issued by the U.S. Environmental Protection Agency (EPA) Region III, effective August 26, 2018, DC Water is required to conduct and submit a local limits headworks analysis and within six (6) months of EPA approval, adopt the revised local limits and notify all contributing municipalities of the need to adopt those revised local limits; and

WHEREAS, DC Water completed its local limits headworks and submitted a draft and final report to EPA on February 28, 2020, and July 19, 2021, respectively, which EPA approved on August 3, 2021; and

WHEREAS, based on the headworks analysis, DC Water propose amendments to DC Water’s Pretreatment Regulations Title 21 District of Columbia Municipal Regulations (DCMR), Chapter 15:

1. More stringent limits for arsenic, molybdenum, silver, and cyanide;
2. Less stringent limits for cadmium, mercury, and nickel;
3. No changes to the limits for copper, lead, zinc, petroleum oil and grease, and PCBs; and
4. Add a limit for selenium.

WHEREAS, DC Water proposes additional amendments to:

1. Change the linear dimension for discharge of solids from one-inch to one-half inch;
2. Clarify the prohibition on waste from a marine holding tank to include waste from a mobile vehicle;
3. Change the upper pH limit for continuous pH monitoring to 12.0 instead of 12.5
4. Permit discharges of uncontaminated non-wastewater flows from industrial process to sanitary sewer;
5. Permit discharges of cooling water to sanitary sewer; and
6. Permit discharges for temporary connections to a combined sewer regardless of the proximity to a separate storm sewer.

WHEREAS, the Environmental Quality and Operations Committee, after consideration and discussion regarding the benefits and challenges implementing the proposed amendments, recommended the Board to approve the publication of the Notice of Proposed Rulemaking to amend DC Water's Pretreatment Regulations; and

WHEREAS, the Board after consideration of the recommendation from the Environmental Quality and Operations Committee and recommendation from the General Manager, approved the publication of the Notice of Proposed Rulemaking to amend DC Water's Pretreatment Regulations;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board approves the publication of the Notice of Proposed Rulemaking to amend DC Water retreatment regulations promulgated in 21 DC MR Chapter 15, Discharge to Wastewater System, as provided in Attachment A:
2. The General Manager is authorized to take all steps necessary in his judgment and as otherwise required, to initiate the 30-day public comment process and shall publish the Notice of the Proposed Rulemaking in accordance with the District of Columbia Administrative Procedure Act.
3. This resolution is effective immediately.

Secretary to the Board of Directors

Attachment A

21 DCMR Chapter 15, Discharges to Wastewater System is amended as follows:

1. Paragraph (c) (2) and k, Subsection 1501.4 are amended to read as follows:

1501.4 Specific Prohibitions: No User shall introduce the following pollutants into the District's wastewater system:

- (c) Solid or viscous substances in amounts which may cause, or contribute to obstruction of the flow in a sewer or otherwise interfere with the operation of the District's wastewater system, including, but not limited to:
 - (1) Substances which may solidify or become viscous at temperatures above thirty-two degrees Fahrenheit (32° F) or zero degrees Centigrade (0° C);
 - (2) Solids have any linear dimensions greater than one-half inch (1/2 in.);
- (k) Unless DC Water specifically authorizes any substance including, but not limited to:
 - (1) Septic tank sludge;
 - (2) Restaurant grease;
 - (3) Waste from a fuel service station;
 - (4) Waste from a marine or mobile vehicle holding tank; and
 - (5) Waste from a portable toilet;

2. Paragraph (a), Table I, and paragraph (b), Subsection 1501.8 are amended to read as follows:

1501.8 The following shall apply to discharges into the wastewater system:

- (a) No User shall discharge into the wastewater system arsenic, cadmium, copper, lead, mercury, molybdenum, nickel, selenium, silver, zinc, cyanide, oil and grease (petroleum), or Polychlorinated Biphenyls (PCBs) in concentrations greater than those listed in Table I of this subsection unless authorized in writing by DC Water in a Wastewater Discharge Permit;

TABLE I

SUBSTANCE	DAILY MAXIMUM CONCENTRATION, mg/L
Arsenic (T)	0.20
Cadmium (T)	0.10
Copper (T)	2.3
Lead (T)	1.0
Mercury (T)	0.035
Molybdenum (T)	0.19
Nickel (T)	3.4
Selenium	0.25
Silver (T)	1.2
Zinc (T)	3.4
Cyanide (T)	0.31
Oil and Grease (petroleum)	100
PCBs (T)(1)	Non-detect
(T) - Total	

(1) - Total PCBs shall be measured using an EPA-approved Method in 40 CFR Part 136 with a reporting limit of at least one thousandth milligram per liter (0.001 mg/L).

- (b) Industrial Users may be required to monitor other pollutants, including, but not limited to, chromium, total toxic organics (TTO), and any other pollutants as required by DC Water;
- (c) For purposes of this subsection, "daily maximum concentration" shall be determined using grab samples for pH, cyanide, total phenols, oil and grease, sulfide, and volatile organic compounds. For all other pollutants, the daily maximum concentration shall be determined using twenty-four (24) hour flow-proportional composite samples collected over the daily operation, unless time-proportional composite or other composite sampling or grab sampling is representative of the discharge and is authorized by DC Water in accordance with § 1507.6; and

3. Subsection 1501.9 is amended to read as follows:

1501.9 Where an Industrial User continuously measures the pH of a wastewater discharge and either voluntarily or pursuant to a requirement in a permit, the Industrial User shall maintain the pH of such wastewater within the range set forth in the permit, except excursions from the range are authorized subject to the following limitations:

- (a) No excursion below five (5.0) or above twelve (12.0) is authorized;
- (b) The total time during which the pH values are outside the permitted range of pH values shall not exceed seven (7) hours and twenty-six (26) minutes in any calendar month; and
- (c) No individual excursion from the permitted range of pH values shall exceed sixty (60) minutes.

4. Subsections 1501.14, 15, and 16 is amended to read as follows:

1501.14 [RESERVED]

1501.15 [RESERVED]

1501.16 The following shall apply to discharges of non-wastewater flows to the District's wastewater system:

- (a) All uncontaminated non-wastewater flows that do not result from an industrial process, including all storm waters (including snow melt), surface waters, ground waters, subsurface drainage (including foundation, footing, and under drainage), roof drainage, irrigation waters, diverted stream flows, or spring waters shall not be discharged to sewers specifically designated as sanitary sewers;
- (b) Whenever DC Water determines that a User is discharging uncontaminated non-wastewater flows to a sewer specifically designated as sanitary sewer, DC Water shall notify the User and require such discharge to be connected to the storm sewer system or natural outlet at the expense of the User, in accordance with District laws and regulations;
- (c) For permanent connections, if there is no separate storm sewer within one hundred feet (100 ft.) of the property line of a residential property or two hundred fifty feet (250 ft.) of a commercial property, the uncontaminated non-wastewater flows may be discharged to the combined sewer system, if authorized in writing by DC Water through approval of a District of Columbia Department of Consumer and Regulatory Affairs (DCRA) Construction Permit; and
- (d) Where combined sewers are provided, DC Water may authorize the discharge of storm water to the combined sewer system provided that:
 - (1) Where a DCRA Construction Permit is required, the post-

development peak storm water discharge to the combined sewer for the twenty-four (24) hour two (2) and fifteen (15) year frequency storm events shall be equal to or less than the peak discharge for the predevelopment condition; and

- (2) The provisions of subparagraph (d)(1) shall not apply to:
 - (A) Additions, or modifications to existing single family residential structures, detached garages, sheds, swimming pools or similar improvement; and
 - (B) Construction or grading operations or both that do not disturb more than five thousand square feet (5,000 sq. ft.) of land area, unless such construction or grading operation is part of an approved subdivision plan;
- (e) A User may petition the General Manager to reconsider DC Water's determination that their uncontaminated non-wastewater flows are discharging to a sewer specifically designated as sanitary sewer, by notifying the General Manager in writing no later than fifteen (15) days after the date of the notice issued pursuant to § 1501.16(b). The petition shall include all documents and data in support of the petition;
- (f) Upon receipt of the petition for reconsideration, the General Manager shall investigate DC Water's determination, review the supporting documentation provided, and notify the User of the results of the determinations of the General Manager; and
- (g) A User may appeal the determinations of the General Manager by filing a petition for an administrative hearing within fifteen (15) days of the date of receipt of the notice issued pursuant to § 1501.16(f). This petition shall be filed in accordance with the requirements set forth in § 1519 and 21 DCMR § 412.

1501.17 All Industrial Users shall comply with National pretreatment regulations in 40 C.F.R. Part 403 and the applicable National Categorical Pretreatment Standards set forth in 40 C.F.R. Chapter I, Subchapter N, Parts 405 through 471.

1501.18 When wastewater subject to a Categorical Pretreatment Standard is mixed with wastewater not regulated by the same Categorical Pretreatment Standard, DC Water shall impose an alternate limit in accordance with 40 C.F.R. § 403.6(e).

5. Paragraph 1509.5(a) is amended to conform to proposed amendments to 1501.14 to read as follows:

1509.5 The TDA Permit may be issued under the following conditions:

- (a) The discharge consists entirely of treated or untreated non-wastewater flows or other approved wastewater discharges and is being discharged to the combined sewer system or consists of contaminated non-wastewater flows or approved wastewater discharges to the sanitary sewer system in conformance to § 1501.16(a);

6. Section 1501.99 is amended the definition for the phrase “non-wastewater flows” to read as follows:

Non-wastewater flows – discharges that do not result from an industrial process, which include storm waters (including snow melt), surface waters, ground waters, subsurface drainage (including foundation, footing, and under drainage), roof drainage, irrigation waters, diverted stream flows, and spring waters.

Comments on these proposed rules should be submitted in writing no later than thirty (30) days after the date of publication of this notice in the D.C. Register to Linda R. Manley, Secretary to the Board, District of Columbia Water and Sewer Authority, 1385 Canal Street, S.E., Washington, D.C. 20003, by email to Lmanley@dcwater.com, or by FAX at (202) 787-2795. Copies of these proposed rules may be obtained from DC Water at the same address or by contacting Ms. Manley at (202) 787-2332.

Presented and Adopted: October 7, 2021
SUBJECT: Approval of Revised Statement of Financial Policies
and Debt Policy and Guidelines

#21-84
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority ("DC Water"), at the Board meeting held on October 7, 2021, upon consideration of a joint-use matter, decided by a vote of () in favor and () opposed, to approve the Revised Statement of Financial Policies and Debt Policy and Guidelines.

WHEREAS, the Board at its meeting December 4, 1997 approved Resolution #97-121 stating financial policies for the District of Columbia Water and Sewer Authority; and

WHEREAS, from 1998 to 2013, the Board revised the Statement of Financial Policies through Resolution #98-08, dated March 5, 1998; Resolution #04-30, dated April 2, 2004, Resolution 09-86, dated July 2, 2009, and Resolution #13-57, dated May 2, 2013 to establish strong levels of cash reserves, strong debt service coverage, set the level of debt service coverage, set operating and renewal & replacement reserve levels; and

WHEREAS, from 2012 to 2015, the Board revised the Debt Policy and Guidelines through Resolution #12-123, dated December 6, 2012; Resolution 14-36, dated June 5, 2014; and Resolution #15-83, dated October 1, 2015 to establish guidelines for the issuance and use of debt to fund capital projects or to refund, refinance or restructure outstanding debt; and

WHEREAS, on February 3, 2011, the Board, through Resolution #11-22, approved the 'Pay-As-You-Go' Capital Financing Policy ("Paygo Policy"); and

WHEREAS, on September 23, 2021, the Finance & Budget Committee met to consider the proposed revisions to the Statement of Financial Policies and incorporation of Paygo Policy, and revisions to Debt Policy and Guidelines; and

WHEREAS, the General Manager recommends rescinding the current Paygo Policies, incorporating those provisions into the revised Statement of Financial Policies and making other revision including establishing a minimum cash balance of 250 days of

operating expenses and coverage of 160%; and

WHEREAS, based on the recommendation of the General Manager, the Finance and Budget Committee recommended the Board approve rescinding the current Paygo Policy and the revision of the Statement of Financial Policies; and

WHEREAS, based on the recommendation of the General Manger and Finance and Budget Committee, the Board approves revising the Statement of financial Policies, rescinding the Paygo Policy and incorporating it into the Statement of Financial Policies, and conforming the debt service coverage requirements in the Debt Policy and Guidelines with those in the proposed Statement of Financial Policies; and

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves the attached revised "Statement of Financial Policies", as provided in Attachment A, and authorizes the General Manager to implement the policy.
2. The Board hereby rescinds Resolution #11-22, the 'Pay-As-You-Go' Capital Financing Policy.
3. The Board hereby approves the attached revised "Debt Policy and Guidelines", as provided in Attachment B, and authorizes the General Manager to implement the policy.
4. This resolution is effective immediately.

Secretary to the Board of Directors

Attachment A - Statement of Financial Policies

District of Columbia Water and Sewer Authority

Statement of Financial Policies

Adopted by the Board of Directors on October 7, 2021

District of Columbia Water and Sewer Authority

Statement of Financial Policies

Purpose

The purpose of this document is to set forth financial policies for the District of Columbia Water and Sewer Authority (DC Water).

These policies are designed to promote sound financial management, achieve high-quality investment grade bond ratings to help ensure the lowest cost of debt necessary to finance DC Water's long-term capital program, guide day-to-day financial and management decisions by DC Water, and reduce financial risk associated with events that would interrupt customer payments, require a large unanticipated outlay of cash (major repair), or the interruption to financial markets.

It shall be the policy of DC Water that all financial decisions meet or exceed the Master Indenture requirements.

Scope of the Financial Policy

The Financial Policy governs financial planning and management. The policy does not include the issuance of debt, rate setting, the Rate Stabilization Fund, or investments. Those items are addressed in stand-alone policies.

Definitions

The following are definition for terms used in this policy. See the Master Indenture for definitions of additional terms.

Annual Debt Service - the total principal and interest paid in a calendar year, fiscal year, or bond fiscal year.

Average Annual Debt Service - the average debt service payable each year on an issue.

Combined Debt Service Coverage – the ratio of net revenues available annually to pay debt service to meet the annual debt service requirement including all senior and subordinate debt.

Days of Cash on Hand – the Operating Expenses calculated on an average daily balance.

Debt Defeasance – the use of available cash to reduce outstanding debt.

Debt Service – the amount of money necessary to pay interest on outstanding bonds, the principal of maturing bonds and the required contributions to a sinking fund for term bonds. This amount is also known as the “debt service requirement.”

Debt Service Coverage – the ratio of net revenues available annually to pay debt service to meet the annual debt service requirement.

Master Indenture of Trust (Master Indenture) - the Master Indenture of Trust dated as of April 1, 1998, between DC Water and the Trustee, including all amendments.

Operating Cash Reserve – the cash balance and includes the reserve funds established and required by the Master Indenture (Renewal and Replacement Reserve, and the Operating Reserve Fund). The Operating Cash Reserve does not include the Rate Stabilization Fund, DC Insurance Reserve Fund, bond funds, or debt service reserve funds.

Operating Revenues – revenues received from providing services in connection with DC Water’s principal ongoing operations, including water and wastewater user charges and charges for wholesale wastewater treatment. Revenues from user charges and sales of services are recognized as the related services are provided.

Operating Expenses – current expenses directly or indirectly attributable to the ownership or operation of the system, including personnel services, chemicals, materials and supplies, water purchases, utilities and rent, contractual services, Payment in lieu of taxes and right of way fee, depreciation and amortization and the purchase of small equipment. Operating costs do not include capital expenditures or debt service.

Net Revenues – revenues less operating expenses.

Pay-As-You-GO (PAYGO) – the use of any cash for capital project expenditures, in contrast with debt financing.

Senior Debt – payments of DC Water’s bonds and other system indebtedness.

Subordinate Debt - payments of the DC Water’s subordinate debt is made after payments of senior debt and after certain reserves have been funded.

Total Debt Service - the total principal and interest paid throughout the life of a bond issue.

Financial Plan

As part of the annual budget process, DC Water will propose and the Board will approve a financial plan that includes a ten-year projection of capital and operating costs, rates required to support those costs, assumptions about current and projected debt to support the capital program, fund balances, the use of PAYGO. The Financial Plan will meet the requirements of the Master Indenture and this Financial Policy.

Operating Cash Reserves

DC Water will maintain strong levels of Operating Cash Reserves that exceed the Master Indenture requirements. Strong cash reserves are important to maintaining DC Water's bond rating.

In the Financial Plan that is proposed by the CEO and General Manager and approved by the Board, 250 days of cash will be maintained in each fiscal year based on projected Operating Expenses. Days of Cash on Hand will be calculated on an average daily balance basis for the projections in the Financial Plan.

The calculation of Operating Cash Reserves will include any reserve funds established and required by the Master Indenture (including the Renewal and Replacement Reserve Fund, and the Operating Reserve Fund). In recognition of the importance of consistency in managing operating cash balances and the distinct purpose of the Rate Stabilization Fund (as defined in the Rate Stabilization Fund Policy), the Rate Stabilization Fund balance will be excluded from the calculation of the Operating Cash Reserve requirement.

The Renewal and Replacement Fund is \$35 million. The Operating Reserve Fund is equivalent to 60 days operating costs. The Renewal and Replacement Fund and Operating Reserve Fund requirements will be evaluated every five years by DC Water's independent rate consultant in conjunction with the system assessment required by the Master Indenture.

Debt Service Coverage

Debt service coverage is a key financial metric that impacts DC Water's credit quality and borrowing costs. In order to maintain the highest credit quality and lowest borrowing costs, it is the policy of the Board that the Financial Plan developed by the CEO and General Manager and adopted by the Board will contain a minimum combined debt service coverage of 1.60x for the budget and all years of the Financial Plan. Debt service coverage will be calculated in accordance with the Master Indenture.

Use of Debt

DC Water will, whenever possible, use the least costly type of financing for capital projects, based on a careful evaluation of DC Water's capital and operating requirements and financial position for each year. DC Water will attempt to match the period of debt repayment, in total, with the lives of the assets financed by any such debt.

The Financial Plan will include reasonable assumptions about the timing and cost of debt required to finance the projected capital expenditures.

PAYGO

The use of cash for the capital program reduces long-term borrowing costs. However, DC Water's capital program is extensive, and the useful life of assets to be funded is generally many years. In recognition thereof, DC Water will use a combination of debt and cash for the capital program. One-time sources of funding (such as from Legal Settlements) will be considered for use as PAYGO in order to reduce the use of debt while maintaining structural balance.

The Financial Plan will include the projected annual cash balances and planned annual PAYGO financing of capital projects. The Board may consider using any net cash surplus for PAYGO.

In October, the CEO and General Manager will report to the Board of Directors the actual usage of PAYGO for the just-completed fiscal year.

One-Time Revenues

DC Water will use operating cash in excess of the Board's Operating Cash Reserve requirement and any other significant one-time cash infusions for capital financing, repayment of higher cost debt (debt defeasance), or non-recurring expenses that reduce ongoing costs.

The budget and the financial plan will be structurally balanced; DC Water will use one-time revenues for one-time expenses.

Financial Performance

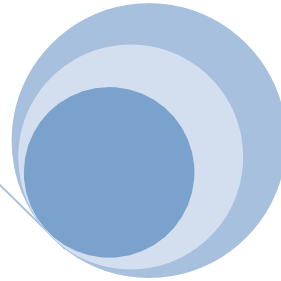
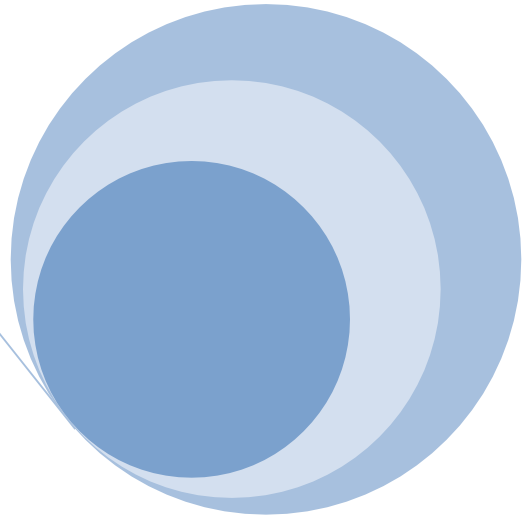
In the third quarter of the fiscal year the CEO and General Manager will present a report to the Board of Directors that includes year-to-date and a forecast of annual expenditures and revenues.

The CEO and General Manager will also present a recommendation regarding a projected surplus or shortfall of funds versus the Board-approved Financial Plan.

Potential uses of excess funds include a deposit into the Rate Stabilization Fund, utilization for PAYGO, the repayment of higher interest debt, or an increase in the cash balance.

If the projected net cash position is a shortfall, the CEO and General Manager will propose measures to reduce expenditures.

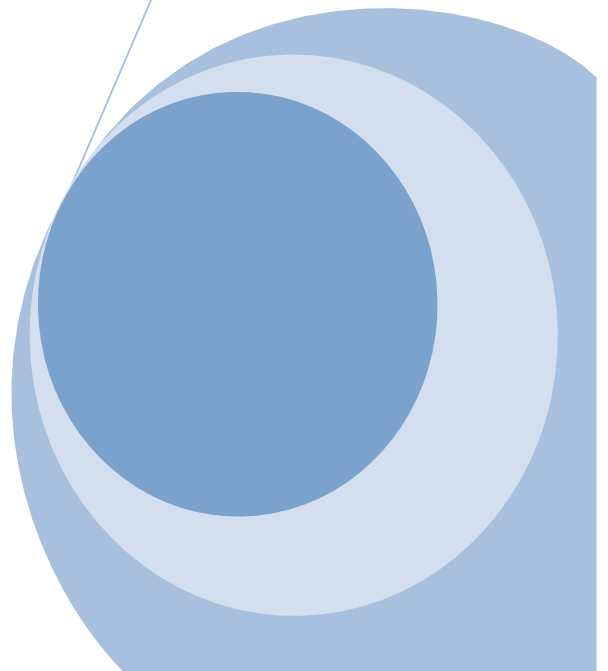
Attachment B - Debt Policy and Guidelines



DC Water Debt Policy and Guidelines

Chief Financial Officer

As of: October 7, 2021



*See Glossary for definitions for terms capitalized in the document.

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SECTION I: INTRODUCTION

The District of Columbia Water and Sewer Authority (“DC Water”) is an independent Authority of the District of Columbia (the “District”). DC Water was created in April 1996 and began operating on October 1, 1996, under and pursuant to an act of the Council of the District (the “Council”) entitled the “Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996” (D.C. Law 11-111) (D.C. Code §§ 34-2201.01 *et seq.*), as amended and supplemented (the “Act”), and an act of the United States Congress entitled the “District of Columbia Water and Sewer Authority Act of 1996” (Public Law 104-184) (the “Federal Act”). The same legislation (§§ 34-2201.01) that created DC Water in 1996 also delegated to DC Water the authority to issue debt.

SECTION II: PURPOSE

The purpose of DC Water’s Debt Policy and Guidelines (the “Debt Policy”) is to provide DC Water officials and staff a comprehensive guide to DC Water’s issuance and use of debt to fund capital projects or to refund/refinance/restructure outstanding debt. The advantages of adopting and adhering to a clear, concise and comprehensive debt policy are:

- Enhancing the quality of decisions
- Documenting the decision-making process
- Identifying objectives clearly to facilitate staff implementation
- Demonstrating a commitment to Long-Term financial planning objectives that result in a sound financial position
- Enhancing the positive assessment of credit quality by the bond Rating Agencies in order to maintain and improve DC Water’s high credit ratings
- Integrating the Debt Policy with the operating and capital budgets, the multi-year Capital Improvement Program (CIP), Multi-Year Financial Plan and other financial policies

The financial policies outlined in this document, in most cases, impose higher standards than the legal requirements contained in DC Water’s Master Indenture of Trust dated as of April 1, 1998 as amended and supplemented from time to time (the “Indenture”) and other legal requirements.

SECTION III: SCOPE

This Debt Policy applies to all debt issued by DC Water and debt issued on behalf of DC Water.

SECTION IV: DEBT POLICY OBJECTIVES

DC Water's Debt Policy objectives are:

1. **Compliance:** Ensure compliance with all laws, legal agreements, contracts, best practices and adopted policies related to debt issuance and management, including:
 - Enabling Legislation, Master Indenture of Trust and Supplemental Indentures
 - Policies adopted by DC Water's Board of Directors (the "Board")
 - Government Finance Officers Association (GFOA) Best Practices
 - Federal, State and local laws and regulations, as applicable
2. **Efficiency:** Promote cooperation and coordination with all stakeholders in the financing and delivery of services by:
 - Seeking the lowest cost of capital reasonably available and minimizing financing costs for capital projects and other debt issuances.
 - Establishing criteria to determine use of financing sources (Long and Short-Term debt, Pay-As-You-Go (PAYGO) financing, grants and other Alternative Forms of Financing).
 - Evaluating debt issuance options including the amount and type of debt.
 - Minimizing the use of unplanned, Short-Term cash flow borrowings by maintaining adequate working capital and authorizing the minimum amount required to offset mismatches between available cash and cash outflows determined by cash flow analysis.
3. **Effectiveness:** Promote sound financial management to maximize and best utilize future debt capacity by:
 - Maximizing administrative and operating flexibility.
 - Minimizing Legal and Financial Risk to current and future budgets.
 - Protecting DC Water's credit ratings in order to maintain access, on the best available terms, to local, regional and national credit markets.
 - Maintaining an appropriate level of operating cash reserves to meet both expected and unexpected cash flow needs, including amounts sufficient to address potential short maturities or put redemptions of DC Water's various debt instruments
 - Maintaining reasonable and justifiable levels of rates and fees that address the current and future needs of stakeholders.
 - Improving the quality of decisions and parameters for justification on debt structure.
4. **Accountability and Transparency:** Ensure that the duties and responsibilities of those charged with the implementation of the Debt Policy are clearly conveyed and understood, and that the Debt Policy is implemented in accordance with the following tenets:

- Providing the Board and all of DC Water’s stakeholders with the required information, in sufficient detail and with ample time, to allow for assessment and guidance.
- Addressing and mitigating debt portfolio risks to DC Water’s Short and Long-Term operations. For example, if DC Water has SIFMA-Index Floating Rate Notes outstanding, the Board will review potential options and provide feedback to address a mandatory tender of the bonds approximately 9 months prior to the mandatory tender date. Similarly, for DC Water’s Extendable Municipal Commercial Paper Program (EMCP), the Board will be apprised of the program’s status and the potential for the need to address a redemption or extension of the EMCP.
- Avoiding conflicts of interest.
- Fully disclosing all proposed and actual costs in a timely manner, to include the selection of and payment for professional services associated with the issuance of debt.
- Reviewing the debt financing decision, implementation, and maintenance plans with the Board.
- Timely providing all disclosures required by law.

SECTION V: USE OF DEBT

Debt is a financing tool which should be used judiciously. Generally, DC Water will issue debt for two purposes:

1. Finance the costs associated with the CIP.
2. Refund existing debt to obtain Debt Service savings and/or restructure certain terms of existing debt, (See the attached checklist, “Refunding Guidelines”).

SECTION VI: RESPONSIBLE PARTIES

Several DC Water officials and staff, District officials and outside advisors are critical in the debt issuance process. This includes but is not limited to:

- DC Water’s Board is responsible for authorizing all debt (including Refunding Bonds, notes or other obligations) issuance via a Board resolution. The Board is also responsible for approving the Debt Policy and any material changes to it.
- DC Water’s Board Chairman, General Manager and/or the Chief Financial Officer, by delegation through a Board resolution, are responsible for executing all documents related to debt issuance.
- DC Water’s Chief Financial Officer (the “CFO”), through the Office of Treasury and Debt Management, is responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this Debt Policy.

- DC Water’s General Counsel is responsible for providing an opinion on certain legal matters associated with the debt transaction.
- Bond Counsel will be retained by DC Water to issue an opinion as to the legality and tax status of all debt obligations. DC Water also may seek the advice of Bond Counsel on other types of financing and on any other questions involving local, state or federal law. Bond Counsel is also responsible for the preparation of the resolution authorizing issuance of obligations, certain bond and Closing documents necessary for the execution of the debt issuance, and the performance of other services as defined by contract approved by the Authority.
- Disclosure Counsel will be retained by DC Water to assist with development of the Official Statement and Continuing Disclosure agreements. Disclosure Counsel will advise DC Water on matters pertaining to Continuing Disclosure needs and requirements. Disclosure Counsel will also provide a Due Diligence Opinion (“Rule 10(b)(5) opinion”) at Closing to DC Water. Disclosure Counsel may also be Bond Counsel.
- Financial Advisor(s) will be retained by DC Water to provide DC Water with a comprehensive analysis of options available to DC Water. The Financial Advisor(s) will advise on the structuring and execution of all debt and debt-related transactions and provide other services as defined by approved contracts.
- Feasibility Consultant(s) will be retained by DC Water, as required by the Master Indenture, to provide a necessary engineering feasibility report as well as a financial feasibility opinion. The engineering feasibility report will have findings and recommendations regarding the maintenance of DC Water’s system and the adequacy of the CIP. The financial feasibility opinion addresses DC Water’s ability to effectively execute its mission, operate its system to provide uninterrupted service, maintain regulatory compliance and finance and implement the current CIP within the parameters established in the indenture as well as Board policies. In addition, for debt associated with the Clean Rivers Project, DC Water will evaluate the need to have a feasibility consultant review the program in order to provide a “Green Bond” opinion on the debt. All reports can be incorporated into the bond offering documents, as necessary.

SECTION VII: FINANCING TEAM

DC Water must assemble a Financing Team that will provide advice and support for the best execution of each debt financing. The following applies to members of the Financing Team:

1. May consist of multiple parties with distinct responsibilities and is generally comprised of both DC Water staff and outside professional consultants. These outside professional consultants include the Financial Advisor; Bond, Disclosure and Tax Counsel; feasibility consultant; Independent Consulting Engineer; Underwriters; Underwriter’s Counsel; printer; Trustee; Verification Agent; escrow agent; and others as deemed necessary by the CFO.
2. DC Water will select the members of the Financing Team through a competitive process. However, DC Water may also directly engage consultants on a case-by-case basis, if it is determined to be in the best interest of DC Water.

3. DC Water requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of DC Water's financial plans, and be free from any conflicts of interest.
4. All Financing Team Members will be required to provide full and complete disclosure, relative to agreements with other Financing Team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements shall be permitted which could compromise the firm's ability to provide independent advice which is solely in the Authority's best interests or which could reasonably be perceived as a conflict of interest.

VIII: GUIDELINES FOR A DEBT TRANSACTION

The following section discusses several of the decisions that must be made for each debt issuance. Each and every debt transaction is unique. DC Water's Chief Financial Officer, when making these decisions, will confer with the Financial Advisors and other members of the Financing Team to evaluate the relative costs and benefits of each decision individually and collectively. DC Water's Chief Financial Officer will review these options with the Board and provide a recommendation on the preferred option, to be specified in the Board's resolution, authorizing that Series of debt. The following areas must be addressed to successfully close a transaction:

1. **Debt Capacity Limits:** DC Water's is authorized to issue additional debt only to the extent that it can satisfy the Debt Service Coverage (annual net revenues as a percent of annual Debt Service) requirements established in the Indenture and certain Board policies as set forth below:

Debt Service Coverage Requirements			
Debt Security Level	Master Indenture	Board Resolution	Management Practice
Senior	120%	140%	140%
Subordinate	100%	100%	100%
Combined	Not Applicable	160%	160%

2. **Size of the Bond Transaction:** DC Water shall use a variety of tools for determining the size of the debt issuance. The CIP is the primary driver of funding requirements. Debt will be issued to fund that portion of the CIP which will not be financed through other sources such as PAYGO, wholesale customer contributions and grants. Additional factors that may impact the size of the bond transaction include the amount of Costs of Issuance/Underwriter's Discount, the use of a Debt Service Reserve Fund and/or Capitalized Interest for the transaction.
 - **Costs of Issuance/Underwriter's Discount:** Costs of Issuance are those fees and expenses incurred by DC Water during, or associated with, the sale of debt. Underwriter's Discount represents the fees and expenses of the Underwriters payable

by DC Water. These costs are typically funded through the issuance of Additional Bonds and are capped by the Board via the Authorizing Resolution.

All the agreed upon Costs of Issuance/Underwriter's Discount, will be communicated to all parties by the Chief Financial Officer prior to the sale date.

- **Debt Service Reserve Fund (the "DSRF"):** DC Water may consider providing a DSRF as market conditions dictate. A DSRF can be established to support each individual series of bonds or as a common reserve that can support more than one series of bond's Debt Service. The DSRF is typically funded in its entirety with bond proceeds at the time of issuance but can also be funded through a Letter of Credit or a Surety Bond.
- **Capitalized Interest:** DC Water may choose to issue bonds to pay interest on all or a portion of that bond issue for a specified time after issuance and during the construction period.

3. Timing of the Debt Issuance: The scheduling and timing of the sale of debt will be determined by:

- **Multi-Year Financial Plan and CIP Needs:** Represent the primary drivers of the timing of the bond transaction.
- **Refunding Timeline:** When economic conditions are advantageous and/or other considerations demand, DC Water may refund existing debt. The nature of the Refunding – Current Refunding or Advance Refunding – will impact the timing of the Refunding transaction. See the Attached checklist, "Refunding Guidelines". Additionally, see DC Water's "Multi-Modal (SIFMA Index) Bonds Policy" and the attached checklist, "Timing and Considerations for Variable Rate Debt".
- **Market Access and Conditions:** DC Water, with advice of its Finance Team, prefers to issue debt in favorable market conditions. However, in the event of debt market stress, it might be difficult to issue debt in a cost effective manner. If this situation arises, DC Water may choose to initially fund project costs with cash on hand and to reimburse these expenditures from a future debt financing. Likewise, certain variable rate debt, such as SIFMA notes and EMCP, have a "put" feature or short maturity date and requires the Finance Team to be aware of market access conditions as that redemption date approaches.

4. Method of Sale: The method of sale determines the process by which debt will be sold, the purchasers of the debt, and how the purchase price will be established. There are three primary options for each debt transaction:

- **Negotiated Sale:** DC Water can sell its bonds to the Underwriter(s) selected by DC Water at a price to be determined pursuant to negotiation. Bonds with complex security structures (e.g. revenue bonds), certain structural characteristics (e.g. Variable Rate bonds), and/or certain credit ratings (e.g. lower) frequently achieve best Pricing execution via a Negotiated Sale process.
- **Competitive Sale:** DC Water can sell its bonds to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official

Notice of Sale. Competitive Sales lend themselves most readily to very highly rated, simple security structures (e.g. general obligation bonds).

- **Private Placement:** From time to time, DC Water may elect to privately place its debt. Such placement shall only be considered if this method is demonstrated to result in a cost savings or other benefit to DC Water relative to other methods of debt issuance.
5. **Security Provisions:** DC Water's Bond Indenture pledges the net operating revenues (generally, the revenues net of operating expenses) to secure the debt obligations that DC Water issues under the Bond Indenture. In connection with each particular bond issue, DC Water must determine whether to issue the proposed bonds with a Senior or Subordinate pledge of net revenues. In addition, DC Water also has the ability to use a third lien, when appropriate and approved by the Board.
6. **Debt Structure:** In addition to making the decisions detailed previously, DC Water must also make several significant structural choices regarding the proposed bonds. These structural decisions directly impact the associated Debt Service and, consequently, the Multi-Year Financial Plan, DC Water's operations and ratepayers. These structural decisions address:
- **Term:** When determining the final maturity of proposed bonds, DC Water will primarily consider the useful life of the assets being financed, the depreciation schedule relating to the financed assets and the time period ratepayers have beneficial use of these assets. Other factors that DC Water will consider when determining the term of a bond issuance are the absolute level of interest rates, the relative level of interest rates, applicable rating agency criteria, and the marketability of the bonds. Generally, the term of the bonds shall not exceed the useful life of the assets being financed so DC Water must make a decision regarding the use of Long-Term or Short-Term debt:
 - Long-Term Debt is generally structured where the Amortization of the debt approaches the expected useful life of a long-lived asset. Long-term debt may be issued as fixed or variable rate debt. Long-term debt is defined as debt with a final maturity greater than or equal to 15 years.

For capital projects that have been identified as part of the DC Clean Rivers Projects (DCCR), the final maturity will be further informed by a technical memorandum from DC Water's Department of Engineering and Technical Services (DETS) establishing the minimum service life of the assets associated with DCCR, as well as by a second opinion obtained from an independent engineering review that confirms the estimated useful life of the assets. In any case, the maximum maturity of long-term debt associated with DCCR may not exceed the lesser of the useful life of the assets being financed or 100 years. Further, the weighted average maturity of all the outstanding debt associated with DCCR may not exceed 60 years.

- Short-Term Debt may take several forms, including variable rate demand bonds, commercial paper (both traditional CP and Extendable Municipal CP), and bond anticipation notes with either fixed or variable Rates. DC Water will consider using Short-Term debt to finance shorter-term assets, obtain lower interest costs, and/or provide interim financing for certain projects. Short term debt is defined as debt with a final maturity of less than 15 years.

- **Fixed versus Variable Rate:** When determining the balance between Fixed and Variable Rate debt, the goal is to provide DC Water with a balanced debt portfolio that manages the desire for the certainty of known quantity of future Debt Service payments provided by Fixed Rate debt versus the historically lower interest costs provided by Variable Rate debt. The Fixed and/or Variable Rate decision will be influenced and guided by several factors:
 - Market Conditions: In certain market conditions, Variable Rate issuance may provide DC Water with a material cost advantage.
 - Cash and Investment Balances: The amount of cash and short term assets DC Water has on hand provides a “natural hedge” for Variable Rate debt. While changes in interest rates impact both assets and liabilities, the change is in opposite directions. For example, an increase in interest rates results in increased Debt Service on Variable Rate debt. However, this increased Debt Service is offset by the increased interest earnings on the short term investments.
 - Credit Considerations: In general, Rating Agencies prefer a prudent balance between Fixed and Variable Rate debt. This preference is to insulate issuers from sudden, sharp increases in interest rates and Debt Service costs. In general, Rating Agencies prefer the percentage of variable-rate debt outstanding shall not exceed 20-25%. For calculation purposes, this ratio will exclude both Variable Rate debt which has been converted through a hedging transaction to synthetically Fixed Rate debt and debt that is “naturally hedged” by cash and investment balances.
 - Target Variable Rate Percentage: Given the historical cost advantage of variable rate debt compared to fixed rate debt, DC Water will have a target of net variable rate debt comprising 20-25% of the total debt portfolio. DC Water will plan for the prudent use of its variable rate debt component while considering market alternatives and the risk profile of the overall debt portfolio when adding additional variable rate debt.

- **Debt Service Payments (Level, Wrapped or Loaded):** DC Water has to determine the Amortization Schedule of the bonds. This is a significant decision that will directly influence the amount of Debt Service required each year and, as a result, will have a significant impact on the amount of revenue which must be raised each year. DC Water will have a balanced approach when determining debt service structures. In general, there are three primary options available:
 - Level Debt Service: Creates equal annual Debt Service payments (i.e., principal plus interest) over the life of the issued bonds. The debt will be structured while

- still matching Debt Service to the useful life of the financed facilities (discussed previously).
- **Wrapped Debt Service:** Conforms the Debt Service on the new debt to DC Water's existing Debt Service burden, projected cash flows and other circumstances to create an overall Debt Service schedule that meets the objectives and parameters of DC Water.
 - **Loaded Debt Service:** Creates a principal maturity structure to achieve a desired goal for DC Water. Generally, principal can be either "front-loaded" or "back-loaded".
- **Serial versus Term Bonds:** To achieve desired Debt Service levels while balancing the Marketability of the bonds, DC Water may issue a combination of Serial and Term Bonds and can, if appropriate, incorporate Sinking Funds.
 - **Redemption Provisions:** In some circumstances, DC Water may redeem (repurchase bonds from the bond holder) outstanding debt prior to its stated maturity. The most common redemption provisions are:
 - **Optional Redemption (Call option):** Allows DC Water the ability, at its option and subject to certain conditions, to re-purchase selected bonds prior to their stated maturity. Pursuant to the Act, all bonds issued by DC Water shall be callable not more than 11 years from the date of the issuance of the respective bond.
 - **Mandatory Redemption:** Requires DC Water to re-purchase outstanding debt prior to its stated maturity according to a Sinking Fund schedule established in the authorizing documents. Usually, Mandatory Redemption provisions allow issuer's to structure the annual Debt Service to match projected repayment sources. In other instances, a Mandatory Redemption can be triggered by the occurrence of certain one-time or extraordinary events.
 - **Couponing of Bonds:** The Coupons associated with bonds compared to the Yield determine if the bonds will sell at a Premium, Discount or at Par. DC Water will consider the relative benefits and costs of Couponing each maturity based on specific structuring requirements, prevailing market conditions and the Marketability of the bonds.
7. **Credit Enhancement:** DC Water may consider the use of credit enhancement such as letter-of-credit or bond insurance in order to reduce the cost of borrowing. For variable rate debt transactions that require credit enhancement (such as Variable Rate Demand Bonds), DC Water will consider credit enhancement products such as a Standby Bond Purchase Agreement or a Letter of Credit, that are typically required by investors. DC Water will consider the cost and marketability implications of each variable rate product and supporting credit enhancement product prior to each transaction on a case-by-case basis. In addition, to manage business and counterparty risk, DC Water will consider a diversity of credit enhancement providers.

- a. **Liquidity Considerations:** For certain variable rate issuance, DC Water may consider utilizing products that do not require a traditional bank letter of credit or standby bond purchase agreement facility (such as Extendable Municipal Commercial Paper). DC Water will limit the amount of such products to a maximum of \$100 million or an amount approved by the Board.

8. Derivative Instruments: DC Water recognizes that, in certain circumstances, a derivatives transaction (e.g., Swaps, Swaptions and interest rate collars) can manage risk exposures and produce a lower cost of financing. However, each Derivative instrument can raise complex risk and credit issues. DC Water's over-arching goals for a derivatives transaction address the following:

- DC Water shall not enter into a derivatives transaction for the purpose of speculation.
- When compared to conventional market transactions, DC Water will achieve more savings or more flexibility in meeting its overall financial objectives.
- Achieve diversification of a bond offering or achieve a debt management goal through the Derivative instrument.
- Reduce or hedge exposure (to changes in interest rates, commodity prices, etc) in relation to the overall asset/liability portfolio management of DC Water.
- Take advantage of market opportunities to produce a lower net cost of borrowing with respect to debt obligations.

By recommendation of the CFO, the Board is responsible for the approval to execute a derivatives transaction. The authorizing derivatives resolution will approve the derivatives transaction and its details, including notional amount, security, payment, risks and other conditions relating to the transaction. In the Authorizing Resolution, DC Water must state the goals of the derivatives transaction and each resolution will identify the appropriate official to execute and make changes, within limits, to the derivatives transaction being considered.

DC Water must receive an evaluation from its Financial Advisor(s) stating that the proposed Derivative transaction is in DC Water's best interest. DC Water must also receive an opinion from Bond Counsel that the approved Derivative transaction is a legal and valid obligation of DC Water. Actions approved by the Board must comply with applicable law and not violate existing Indenture and other contracts.

IX: DOCUMENTATION

The completion of a debt transaction requires the Financing Team to develop, review, and adopt/execute several documents. While not exhaustive, the following represents the key documents in a debt transaction:

1. **Authorizing Resolution:** A document, approved by the Board, that authorizes DC Water to issue the bonds subject to several financial and other parameters as set forth in Authorizing Resolution as well as the Indenture and other Board Resolutions. Bond Counsel is the primary drafter of this document.
2. **Supplemental Indenture:** A document, approved by the Board, that amends the terms of the Indenture to incorporate the provisions of the additional debt being issued. Bond Counsel is the primary drafter of this document.
3. **Official Statement:** The offering document that is used to disclose details about the transaction as well as DC Water's financial and operating information. The document, in preliminary form (the Preliminary Official Statement), is used to assist in marketing the transaction Investors prior to Pricing. Disclosure Counsel is the primary drafter of this document.
4. **Bond Purchase Agreement (BPA):** The contract between the Underwriter and DC Water sets forth the final terms, prices and conditions upon which the Underwriter purchases a new issue of municipal securities in a Negotiated Sale. Underwriter's Counsel is the primary drafter of this document.

X: MARKETING

The goals of a marketing plan are to achieve the lowest cost of finance for a transaction and to have a diversified investor base. This is achieved by clearly developing and delivering the requisite message and information to key DC Water stakeholders, Investors and the Rating Agencies. Marketing involves different channels of communication:

1. **Investors:** Retail, Professional Retail and Institutional Investors purchase DC Water's bonds. While both classes of investors rely on the formal credit ratings, Institutional investors generally do an independent review and approval of DC Water's credit before making an investment decision. Information is critical for these investor classes and, in addition to providing a Preliminary Official Statement to the Underwriters, DC Water will endeavor to maintain timely financial and operational data on the DC Water's web site and Investor Relations web page. DC Water can target these investors through different channels:
 - **Retail Investors.** Retail marketing plans typically include print and online advertising and radio ads. Retail proxies (investment managers, trust departments, etc.) also can be reached via internet road show.
 - **Professional Retail Investors.** Professional Retail investors (money managers and bank trust departments that manage money on behalf of wealthy clients and often aggregate individual orders in a given transaction) have emerged recently and can have an important influence on the pricing of a transaction. Typically, marketing to Professional Retail is accomplished in the same way as marketing to Institutional Investors.
 - **Institutional Investors.** To reach these investors, DC Water can conduct an Institutional investor outreach program for each transaction. This program might include face-to-face meetings, calls with investors (individually or in groups) or an Internet-based presentation (e.g., NetRoadShow). All of these can inform investors

and brokers of the upcoming sale and provide other salient updates. In addition; print, radio and internet advertising is also an available marketing channel. DC Water can also engage Institutional Investors throughout the year to keep them informed of DC Water's current financial and operational position and the status of the CIP.

At the end of each sale, certain metrics will be used to assess the most suitable and successful means of marketing the new issue of bonds to investors. This information will inform the next transaction and improve future marketing efforts.

- 2. Rating Agencies:** The Rating Agencies evaluate the credit quality of DC Water by measuring the probability of the timely repayment of principal and interest on the bonds. To help achieve the lowest cost of debt, DC Water will strive to achieve the highest, most cost-effective credit Ratings. DC Water's debt management activities will be conducted to maintain its strong credit Ratings, consistent with DC Water's financing objectives. Generally, DC Water obtains at least one credit rating for each debt issuance.

XI. PRICING THE TRANSACTION

Pricing represents the process by which DC Water, with assistance from the Financial Advisor(s) and Underwriters, determines the interest rates and prices at which the new issue will be offered to the public. The goal of Pricing is to sell the bonds to a wide variety of investors at the lowest rate through the development of:

- 1. Syndicate Policies:** Syndicate policies describe the Priority of Orders, designation policy, definition of "Retail Order", and Underwriters' Liability governing the upcoming sale.
- 2. Priority of Orders:** The agreed upon Priority of Orders will establish the sequence in which Orders are honored or "filled" during the allocation process.
- 3. Designation Policies:** Establishes the rules that will govern the allocation of the takedown or sales commission among the Underwriting Syndicate in the case of a Net Designated order.

XII: POST-PRICING AND CLOSING ACTIVITIES

Immediately following the Pricing of the bond transaction, several events occur:

- 1. Bond Purchase Agreement:** DC Water and the Senior Manager are the signatories to the BPA. Prior to signing the BPA, the Senior Manager will review the orders and allocations of the Bonds with DC Water. The purpose of this review is to ensure an equitable distribution of the bonds across investor classes and Underwriters.
- 2. Posting the Official Statement:** The Official Statement is required to be delivered to investors within business 7 days of signing the BPA.
- 3. Closing and Bond Transcript:** Typically 1-2 weeks after Pricing, the transaction is Closed. This is the formal signing of all of the required legal documentation for the bond transaction. Once all Closing documents are executed, DC Water will deliver the securities in exchange for the Purchase Price of the bonds from the Underwriter. The Purchase Price will be wired to the designated accounts in the pre-determined amounts to

achieve the purpose of the transaction as detailed in the Closing memorandum. Closing involves the participation of DC Water, Bond Counsel, Disclosure Counsel, the Underwriter(s), Underwriter's Counsel, the Trustee and the Financial Advisor. Subsequent to Closing, Bond Counsel will deliver the Closing transcript. The Closing transcript includes all of the legal and financial documents, including Bond Counsel's opinion and other legal opinions (e.g. Disclosure Counsel's Rule 10(b)(5) Opinion), associated with the transaction. DC Water will incorporate the Closing transcript into their official records.

4. **Evaluation:** Determining the efficiency and effectiveness of the transaction and the performance of the Finance Team is an important activity. DC Water, through both formal and informal means, will review the bond transaction purpose, process and timing and compare this to the goals that were established for the transaction. The performance of all members of the Finance Team will be reviewed and evaluated for future reference. In addition, the Financial Advisor will provide a written report to DC Water of the transaction and how the Pricing of the bonds compared to similar transactions concurrently in the market. This comparison will illustrate the borrowing costs of DC Water's new issue compared to similarly-rated entities. A review of investor's orders and allotments will also be provided.
5. **Reports:** The CFO, the Financial Advisor and Underwriter will provide the evaluation to the Board. This will be done no later than 30 days after the transaction and will also address market conditions, Pricing results, investor response and a review of the Cost of Issuance and Underwriter's Discount (and applicable expenses) associated with the transaction.

XIII. INVESTMENT OF PROCEEDS, POST ISSUANCE COMPLIANCE AND MONITORING, OTHER COMPLIANCE REQUIREMENTS

The Treasury and Debt Management department under the CFO is responsible for the investment of proceeds, as well as all post issuance and compliance activities.

1. **Investment of Bond Proceeds.** The Treasury and Debt Management department, after receipt of Bond proceeds, will invest the funds based on the Bond Indenture, DC Water's Investment Policy and Federal regulations.
2. **Project Compliance (See attached "Use of Proceeds Checklist" and "Private Use Checklist")**
 - **Arbitrage:** DC Water does not pay federal income tax and generally DC Water's bond holders do not pay federal income tax on interest earned from bonds issued by DC Water. With the investment of Bond proceeds, the treatment of interest earned on the permitted investments during this period is governed by IRS Arbitrage rules designed to eliminate any Arbitrage incentive to:
 - Issue more bonds than needed,
 - Issue bonds earlier than needed, and
 - Leave bonds outstanding longer than needed

To accomplish the purpose of the bond issuance, DC Water must follow IRS rules governing the Yield restriction (when you may legally earn the Arbitrage Yield from investing bond proceeds) and Arbitrage rebate (when you must return the invested earnings above the Arbitrage Yield back to the IRS). The following guidelines apply:

- The Tax Certificate for the transaction provides the relevant information.
 - DC Water may retain the services of a qualified Arbitrage rebate agent to calculate any Arbitrage due to the IRS on outstanding bond issuances with proceeds remaining.
 - Arbitrage consultant selected by a RFP or RFQ will be used to determine compliance and rebates (see attached flowcharts).
- **Annual Review:** DC Water will review expenditures and reimbursements to determine if any private business use in facilities that were constructed using tax-exempt debt, except as specifically disclosed prior to sale of debt or as subsequently opined by nationally recognized Bond Counsel, do not impact the tax-exempt status of the debt.
 - **Bond Proceeds:** DC Water will track Bond proceeds, ensuring expenditures are within the legally allowable construction period and other parameters to comply with legal requirements.
 - **Document Retention:** DC Water will retain documents related to the debt issue for the life of an issue or the life of the Refunding of the issue plus three years.
3. **Continuing Disclosure Compliance.** The Official Statement and the Continuing Disclosure Agreement for the transaction will detail what information is required to be disclosed and on what timeline. To meet these disclosure requirements:
- DC Water will use a Dissemination / Disclosure Agent whom shall be named as responsible for the required reporting for each debt issue requiring Continuing Disclosure under Securities and Exchange Commission Rule 15(c)(2)(12).
 - Dissemination of the required information is accomplished through the Electronic Municipal Market Access system (EMMA).
 - Treasury and Debt staff will monitor required reporting dates to ensure annual and periodic reporting requirements are satisfied.
 - Disclosure Counsel shall be consulted to determine compliance and updates in Continuing Disclosure.
 - Compliance status shall be reported annually to the Board at a public meeting.
4. **Refunding Opportunities Monitoring**
- The CFO through the Office of Treasury and Debt Management staff and in conjunction with the Financial Advisor(s), will periodically monitor Refunding opportunities.
 - As Refunding opportunities are more further defined and achieve financial targets, this information shall be reported to the Board.

- See the Attached checklist, “Refunding Guidelines.”

5. Municipal Advisor Rule Compliance.

- The Securities and Exchange Commission and the Municipal Securities Rulemaking Board, as mandated by the Dodd-Frank Wall Street Reform Act, are expected to issue the procedures and requirements associated with the registration and conduct of Municipal Advisors (“MA Rules”) by July 1, 2014. The MA Rules will generally impose additional requirements for financial advisors to municipal entities, including DC Water’s Municipal Advisors. The MA Rules will also impact the way and manner in which DC Water relates and receives information and recommendations from municipal bond underwriters, to include underwriters already approved in DC Water’s Underwriting Pool. DC Water will continue to monitor the implementation of the MA Rules and implement changes as necessary.

DC Water Debt Policy and Guidelines

Glossary¹

For additional information see
<http://www.dewater.com/about/board.cfm>

ADDITIONAL BONDS – An issue of bonds having a lien on the revenues or other security pledged to outstanding bonds issued under the same bond contract. Additional bonds typically are issued on a parity with the outstanding bonds, although in some cases additional bonds can have either a junior lien or a senior lien on pledged revenues or other security.

ADDITIONAL BONDS TEST – The financial test, sometimes referred to as a “parity test,” that must be satisfied under the bond contract securing outstanding revenue bonds as a condition to issuing additional bonds. Typically, the test would require that historical revenues (plus, in some cases, future estimated revenues) exceed projected debt service requirements for both the outstanding issue and the proposed issue by a certain ratio.

ADVANCE REFUNDING – For purposes of certain tax and securities laws and regulations, a refunding in which the refunded issue remains outstanding for a period of more than 90 days after the issuance of the refunding issue. The proceeds of the refunding issue are generally invested in Treasury securities or federal agency securities (although other instruments are sometimes used), with principal and interest from these investments being used (with limited exceptions) to pay principal and interest on the refunded issue. Bonds are “escrowed to maturity” when the proceeds of the refunding issue are deposited in an escrow account for investment in an amount sufficient to pay the principal of and interest on the issue being refunded on the original interest payment and maturity dates, although in some cases an issuer may expressly reserve its right (pursuant to certain procedures delineated by the SEC) to exercise an early call of bonds that have been escrowed to maturity. Bonds are considered “prerefunded” when the refunding issue’s proceeds are escrowed only until a call date or dates on the refunded issue, with the refunded issue redeemed at that time. The Internal Revenue Code and regulations thereunder restrict the yield that may be earned on investment of the proceeds of a refunding issue.

ALTERNATIVE FORMS OF FINANCING AND FINANCING PRODUCTS – As the economic and political landscape changes, new forms of debt and debt instruments may become available as an alternative to traditional debt financing through a bond transaction. Some of the more common types are listed below:

Inter-fund Transfers – Under some circumstances, one fund, often the general fund, will provide financial resources to another fund to support its operations. This support can take place either as a transfer payment of a loan. Board approval is generally required for the Inter-fund transfers.

¹ Adapted from the Municipal Securities Rulemaking Board (www.msrb.org) glossary.

Leases – Lease debt encompasses a wide-range of instruments (lease-purchase agreements, lease revenue bonds and certificates of participation) whose most common characteristic is usually the lower cost of issuance and whose payment is specified in the multi-year annual financial plan. Leasing is usually appropriate for smaller borrowings where the interest rate disadvantage of a lease (compared to traditional borrowing) do not have as big of an impact.

Other Forms of Debt – As the municipal market adapts to legislative, regulatory and economic change, new products will avail themselves to potential use as a means to issue debt. DC Water will consider each product on a case by case basis with a thorough examination of the risks associated with each product. An example of this was the establishment in 2009 of Build America Bonds program which provided a federal subsidy on the taxable interest expense associated with the bonds issued under this program.

AMORTIZATION – The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

AMORTIZATION SCHEDULE – A table showing the periodic repayment of an amount of indebtedness, such as a mortgage or bond. This table is often set up to show interest payments in addition to principal repayments.

ARBITRAGE – (1) With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

AUTHORIZING RESOLUTION – With respect to an issue of municipal securities, the document adopted by the issuer that implements its power to issue the securities. The legal grant of such authority may be found in the enabling provisions of the constitution, statutes, charters and ordinances applicable to the issuer. Adoption of an authorizing resolution by the issuer's governing body is a condition precedent to the issuance of the proposed securities. Typically, an issuer will be required to adopt a final "award" or "sale" resolution setting forth the specific terms of the offering. In certain jurisdictions, the governing body will act by means of an ordinance ("authorizing ordinance") rather than by resolution.

BOND – A security evidencing the issuer's obligation to repay a specified principal amount on a date certain (maturity date), together with interest either at a stated rate or according to a formula for determining that rate. Bonds are distinguishable from notes, which usually mature in a much shorter period of time. Bonds may be classified according to, among other characteristics, maturity structure (serial vs. term), source of payment (general obligation vs. revenue), issuer (state vs. municipality vs. special district), price (discount vs. premium), rating (rated vs. unrated, or among different categories of ratings) or purpose of financing (transportation vs. health care).

BOND COUNSEL – An attorney or law firm, typically retained by the issuer, to give a legal opinion that the issuer is authorized to issue proposed municipal securities, the issuer has met all

legal requirements necessary for issuance and interest on the proposed securities (if they are intended to be tax-exempt bonds) will be excluded from gross income of the holders thereof for federal income tax purposes and, where applicable, from state and local taxation. Typically, bond counsel may prepare, or review and advise the issuer regarding, authorizing resolutions, trust indentures, official statements, validation proceedings and litigation.

BOND PURCHASE AGREEMENT (BPA) – The contract between the underwriter and the issuer setting forth the final terms, prices and conditions upon which the underwriter purchases a new issue of municipal securities in a negotiated sale. A conduit borrower also is frequently a party to the bond purchase agreement in a conduit financing. The bond purchase agreement is sometimes referred to as the “purchase contract” or, less commonly, the “underwriting agreement.”

BOND RESOLUTION – The document or documents in which the issuer authorizes the issuance and sale of municipal securities. Issuance of the securities is usually approved in the authorizing resolution, and sale is usually authorized in a separate document known as the “sale” or “award” resolution. All such resolutions, read together, constitute the bond resolution, which describes the nature of the obligation, the issuer’s duties to the bondholders and the issuer’s rights with respect to the obligations and the security for the obligations. In certain jurisdictions, the governing body will act by means of an ordinance (“bond ordinance”) rather than by resolution.

CALLABLE BOND – A bond that the issuer is permitted or required to redeem before the stated maturity at a specified price, usually at or above par, by giving notice of redemption in a manner specified in the bond contract. Bond is said to have a “Call Option” as part of an Optional Redemption at the discretion of the issuer. Optional redemptions often can be exercised only on or after a specified date, typically beginning approximately ten years after the issue date.

CAPITAL IMPROVEMENT PROGRAM (CIP) – The CIP represents a 10 year plan of major capital asset investments. These investments address programs and projects that will improve and enhance the operation of the system. The CIP normally includes all mandated projects as well as rehabilitation of assets required to meet permit and other regulatory requirements and all service needs. The CIP development process includes a review of major accomplishments, priorities, status of major projects and emerging regulatory and related issues impacting the capital program. The CIP is integrated into the Multi-Year Financial Plan. Due to the size of the CIP, it is the primary driver of rate changes as well as the timing and size of debt transactions.

CAPITALIZED INTEREST – A portion of the proceeds of an issue that is set aside to pay interest on the securities for a specified period of time. Interest is commonly capitalized for the construction period of a revenue-producing project, and sometimes for a period thereafter, so that debt service expense does not begin until the project is expected to be operational and producing revenues. Capitalized interest is sometimes referred to as “funded interest.”

CLOSING – The exchange of securities for payment in a new issue. This generally involves participation of representatives of the issuer, bond counsel, the underwriter and other relevant parties on the date of delivery of a new issue of municipal securities. On the closing date, the issuer delivers the securities and the requisite legal documents in exchange for the purchase price. In the case of book-entry securities, global certificates typically are delivered to a

registered clearing agency in advance of closing, with the registered clearing agency effecting final delivery of the securities to the underwriter on the closing date by means of book entries. Sometimes a “pre-closing” is held before delivery, typically on the day preceding closing, to review the adequacy of the closing procedures and documents.

COMPETITIVE SALE – A method of sale where underwriters submit proposals for the purchase of a new issue of municipal securities and the securities are awarded to the underwriter or underwriting syndicate presenting the best bid according to stipulated criteria set forth in the notice of sale. The underwriting of securities in this manner is also referred to as a “public sale” or “competitive bid.”

CONSULTING ENGINEER – An industry-recognized expert who assists in the preparation of feasibility studies for proposed construction projects and whose products and analysis may be included in the offering document.

CONTINUING DISCLOSURE – Disclosure of material information relating to municipal securities provided to the marketplace from time to time by the issuer of the securities or any other entity obligated with respect to the securities. Such disclosures include, but are not necessarily limited to, annual financial information and material event notices provided by the issuer or obligor to various information repositories for the benefit of holders of the issuer’s securities under Rule 15c2-12.

COSTS OF ISSUANCE – The expenses associated with the sale of a new issue of municipal securities, including such items as printing, legal and rating agency fees and others. In certain cases, the underwriter’s discount may be considered one of the costs of issuance. The Internal Revenue Code restricts the use of bond proceeds to pay costs of issuance for certain types of tax-exempt bonds, such as private activity bonds.

COUPON – A colloquial term for a bond’s interest rate.

COUPON RATE – The annual rate of interest payable on a security expressed as a percentage of the principal amount. The coupon rate, sometimes referred to as the “nominal interest rate,” does not take into account any discount (or premium) in the purchase price of the security.

COVENANT or BOND COVENANT – The issuer’s enforceable promise to perform or refrain from performing certain actions. With respect to municipal securities, covenants are generally stated in the bond contract. Covenants commonly made in connection with a bond issue may include covenants to charge fees sufficient to provide required pledged revenues (called a “rate covenant”); to maintain casualty insurance on the project; to complete, maintain and operate the project; not to sell or encumber the project; not to issue parity bonds unless certain tests are met (called an “additional bonds covenant”); and not to take actions that would cause the bonds to be arbitrage bonds. A covenant whereby the issuer is affirmatively obligated to undertake a duty in order to protect the interests of bondholders (e.g., to maintain insurance) is called a “protective covenant.” A covenant whereby the issuer obligates itself to refrain from performing certain actions (e.g., not to sell the project) is called a “negative covenant.”

COVERAGE – The ratio of pledged revenues available annually to pay debt service to the annual debt service requirement. This ratio is one indication of the availability of revenues for payment

of debt service. The formula for determining coverage, often referred to as “debt service coverage” or the “coverage ratio,” is as follows:

Coverage	=	$\frac{\text{Pledged Revenues}}{\text{Debt Service Requirement}}$
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EXAMPLE:

Coverage	=	$\frac{\$2,000,000}{\$1,200,000}$	=	1.66
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CURRENT REFUNDING – A refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the refunding issue. Certain federal income tax rules relating to permitted yields of invested proceeds of the refunding issue, rebate of arbitrage earnings and the ability to refund certain types of municipal securities are significantly less restrictive in the case of current refundings as contrasted with advance refundings. In addition, underwriters are not obligated to submit refunding documents to the MSRB under Rule G-36 in the case of current refundings.

DEBT SERVICE – The amount of money necessary to pay interest on outstanding bonds, the principal of maturing bonds and the required contributions to a sinking fund for term bonds. This amount is also known as the “debt service requirement.” “Annual debt service” refers to the total principal and interest paid in a calendar year, fiscal year, or bond fiscal year. “Total debt service” refers to the total principal and interest paid throughout the life of a bond issue. “Average annual debt service” refers to the average debt service payable each year on an issue.

DEBT SERVICE RESERVE FUND (DSRF) – The amount required by the bond contract to be maintained in the debt service reserve fund. A typical debt service reserve fund requirement (sometimes referred to as the “reserve fund requirement” or “reserve requirement”) might be 10% of the par value of the issue, although the size and investment of the debt service reserve fund generally is subject to arbitrage regulations. Other options for sizing include maximum annual debt service or average annual debt service.

DEBT SERVICE SCHEDULE – A table listing the periodic payments necessary to meet principal and interest requirements over the period of time securities are to be outstanding.

DEFEASANCE – Termination of the rights and interests of the bondholders and of their lien on the pledged revenues or other security in accordance with the terms of the bond contract for an issue of securities. This is sometimes referred to as a “legal defeasance.” Defeasance usually occurs in connection with the refunding of an outstanding issue after provision has been made for future payment of all obligations under the outstanding bonds through funds provided by the issuance of a new series of bonds. In some cases, particularly where the bond contract does not provide a procedure for termination of these rights, interests and lien other than through payment of all outstanding debt in full, funds deposited for future payment of the debt may make the pledged revenues available for other purposes without effecting a legal defeasance. This is sometimes referred to as an “economic defeasance” or “financial defeasance.” If for some

reason the funds deposited in an economic or financial defeasance prove insufficient to make future payment of the outstanding debt, the issuer would continue to be legally obligated to make payment on such debt from the pledged revenues.

DERIVATIVE or DERIVATIVE INSTRUMENT– A product, whose value is derived from an underlying security, structured to deliver varying benefits to different market segments and participants. The term encompasses a wide range of products offered in the marketplace including interest rate swaps, caps, floors, collars and other synthetic variable rate or synthetic fixed rate products.

DISCLOSURE COUNSEL – An attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and to prepare the official statement and continuing disclosure agreement.

DISSEMINATION / DISCLOSURE AGENT – Acts on behalf of the issuer or obligated person to provide timely and accurate disclosure information to meet regulatory and other mandates.

DUE DILIGENCE OPINION – A letter of counsel, often referred to as a “10b-5 opinion,” generally based upon an investigation of specified facts, and addressing the accuracy and completeness of the official statement. A due diligence opinion customarily states that, based on certain specified inquiries, nothing has come to such counsel’s attention indicating that the official statement contains any misstatements of material facts or any material omissions. A due diligence opinion may or may not be issued, depending on the nature and complexities of the new issue of municipal securities.

ENABLING LEGISLATION – a piece of legislation by which a legislative body grants an entity, which depends on it for authorization or legitimacy, the power to take certain actions.

ESCROW ACCOUNT – A fund established to hold monies pledged and to be used solely for a designated purpose, typically to pay debt service on an outstanding issue in an advance refunding.

ESCROWED SECURITIES – Securities that are held, typically in an escrow account, to be used solely for a designated purpose.

FINANCING TEAM – A team of internal staff and outside consultants that will provide advice and support for the execution of each debt financing. Outside professional consultants that may include Financial Advisor, Bond and Tax Counsel, Feasibility Consultant, Independent Consulting Engineer, Underwriters, Underwriter’s Counsel, Printer, Trustee, Verification Agent, Escrow Agent, and others as deemed necessary by the CFO.

FINANCIAL ADVISOR – With respect to an issue of municipal securities, a consultant who advises the issuer on matters pertinent to the issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings. A financial advisor may also be employed to provide advice on subjects unrelated to an issue of municipal securities, such as advising on cash flow and investment matters. The financial advisor is sometimes referred to as a “fiscal consultant” or “fiscal agent.” A broker-dealer that acts as a financial advisor is subject to MSRB rules.

FIXED RATE – An interest rate on a security that does not change for the remaining life of the security

FLOW OF FUNDS – The order and priority of handling, depositing and disbursing pledged revenues, as set forth in the bond indenture and documents. Generally, the revenues are deposited, as received, into a general collection account or revenue fund for disbursement into the other accounts established by the bond contract. Such other accounts generally provide for payment of the costs of debt service, debt service reserve deposits, operation and maintenance costs, renewal and replacement and other requirements. Described below are funds and accounts commonly used in the bond indenture and documents. Not all such funds and accounts may exist in every bond contract and other funds and accounts not described below may be created under a particular bond contract:

Debt Service Fund – A fund into which the issuer makes periodic deposits to assure the timely availability of sufficient moneys for the payment of debt service requirements. Typically, the amounts of the revenues to be deposited into the debt service fund and the timing of such deposits are structured to ensure a proper matching between debt service fund deposits and debt service payments becoming due. For many issues, the debt service fund may contain a separate “principal account” and “interest account” in which moneys for such respective purposes are held. In addition, the debt service fund for many variable rate securities may contain a “letter of credit account” or “reimbursement account” in which moneys are held to reimburse the issuer of a liquidity facility for draws made to pay amounts owing on the securities.

Debt Service Reserve Fund or Reserve Fund – A fund in which moneys are placed in reserve to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements. The debt service reserve fund may be entirely funded with bond proceeds at the time of issuance, may be funded over time through the accumulation of pledged revenues, or may be funded only upon the occurrence of a specified event (e.g., upon failure to comply with a covenant in the bond contract). In addition, issuers may sometimes authorize the provision of a surety bond or letter of credit to satisfy the debt service reserve fund requirement in lieu of cash. If the debt service reserve fund is used in whole or part to pay debt service, the issuer usually is required to replenish the fund from the first available revenues.

Sinking Fund – A fund into which moneys are placed to be used to redeem securities in accordance with a redemption schedule in the bond contract. This term is sometimes used interchangeably with the term “mandatory redemption fund.”

INSTITUTIONAL CUSTOMER or INSTITUTIONAL INVESTOR – For purposes of MSRB rules, the account of (i) a bank, savings and loan association, insurance company, or registered investment company; (ii) an investment adviser registered either with the SEC under the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions); or (iii) any other entity (whether a natural person, corporation, partnership, trust, or otherwise) with total assets of at least \$50 million. The term is sometimes used more generally to refer to an institutional customer.

INSTITUTIONAL INVESTOR – A term that generally refers to banks, financial institutions, bond funds, insurance companies or other business organizations that possess or control considerable assets for large scale investing.

LETTER OF CREDIT (LOC) – A commitment, usually made by a commercial bank, to honor demands for payment of a debt upon compliance with conditions and/or the occurrence of certain events specified under the terms of the commitment. In municipal financings, bank letters of credit are sometimes used as additional sources of security for issues of municipal notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay principal of and interest on the securities in the event that the issuer is unable to do so. A letter of credit may also be used to provide liquidity for commercial paper, variable rate demand obligations and other types of securities.

LEVEL DEBT SERVICE – A debt service schedule in which the combined annual amount of principal and interest payments remains relatively constant over the life of the issue of bonds.

EXAMPLE:

Level Debt Service Assumptions:

Size of issue: \$10,000,000

Interest rate: 7%

Maturity of issue: 5 years

Debt Service Schedule

Years	<u>Principal</u>	<u>Interest</u>	Total*
1	\$ 1,740,000	\$ 700,000	\$ 2,440,000
2	1,860,000	578,200	2,438,200
3	1,990,000	448,000	2,438,000
4	2,130,000	308,700	2,438,700
5	2,280,000	159,600	2,439,600
Total	\$ 10,000,000	\$ 2,194,500	\$ 12,194,500

*Total of principal and interest remains substantially level throughout life of issue.

EXAMPLE:

Level Principal Assumptions:

Size of issue: \$10,000,000Interest rate: 7%Maturity of issue: 5 years

<u>Debt Service Schedule</u>			
Years	<u>Principal*</u>	<u>Interest</u>	Total*
1	\$ 2,000,000	\$ 700,000	\$ 2,700,000
2	2,000,000	560,000	2,560,000
3	2,000,000	420,000	2,420,000
4	2,000,000	280,000	2,280,000
5	2,000,000	140,000	2,140,000
Total	\$ 10,000,000	\$ 2,100,000	\$ 12,100,000

*Principal remains level and total debt service declines throughout life of issue.

LIQUIDITY FACILITY – A letter of credit, standby bond purchase agreement or other arrangement used to provide liquidity to purchase securities that have been tendered to the issuer or its agent but which cannot be immediately remarketed to new investors. The provider of the liquidity facility, typically a bank, purchases the securities (or provides funds to the issuer or its agent to purchase the securities) until such time as they can be remarketed.

LONG-TERM – A designation given to maturities of a serial issue and term bonds typically having maturities of more than 15 years from issuance.

MANAGEMENT FEE – (1) A component of the underwriter’s discount. (2) A fee paid by an issuer of municipal fund securities to its investment advisor for management of the underlying investment portfolio and other services rendered. Typically, the management fee is based on a percentage of the portfolio’s asset value and is paid from portfolio assets. Thus, the management fee ultimately is paid by the investor.

MANAGER – The member (or members) of an underwriting syndicate charged with primary responsibility for conducting the affairs of the syndicate. The manager generally takes the largest underwriting commitment.

Lead Manager, Senior Manager or Bookrunning Manager – The underwriter serving as head of the syndicate. The lead manager generally handles negotiations in a negotiated underwriting of a new issue of municipal securities or directs the processes by which a bid is determined for a competitive underwriting. The lead manager also is charged with allocating securities among the members of the syndicate according to the terms of the agreement among underwriters and the orders received.

Joint Manager or Co-Manager – Any member of the management group (although the term is often used to refer to a member other than the lead manager).

MARKETABILITY – The ease or difficulty with which securities can be sold in the market. An issue’s marketability depends upon many factors, including its coupon, security provisions, maturity, credit quality and the existence of ratings. In the case of a new issue, marketability also depends upon the size of the issue, the timing of its issuance, and the volume of comparable issues being sold.

MASTER INDENTURE – The document stating the general terms and conditions under which an issuer can offer more than one series of bonds. Among the terms that generally must be satisfied in order for a new series of bonds to be issued is the “additional bonds” test. Typically, an issuer will enter into a supplemental indenture in connection with each series of bonds issued under a master indenture.

MASTER RESOLUTION – The document stating the general terms and conditions under which an issuer can offer more than one series of bonds. Among the terms that generally must be satisfied in order for a new series of bonds to be issued is the “additional bonds” test. Typically, an issuer will adopt a series resolution in connection with each series of bonds issued under a master resolution.

MATURITY SCHEDULE – An amortization schedule listing the maturity dates and maturity values of each maturity of an issue of bonds.

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB) – The Municipal Securities Rulemaking Board is an independent self-regulatory organization, consisting of representatives of securities firms, dealer banks and the public, that is charged with primary rulemaking authority over dealers, dealer banks and brokers in connection with their municipal securities activities. MSRB rules are approved by the SEC and enforced by NASD for broker-dealers other than dealer banks and by the appropriate regulatory agencies for dealer banks.

MSRB Rule G-17. A rule published by the MSRB that details each broker, dealer, municipal securities dealer, and municipal advisor shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice. In particular, G-17 requires that underwriters disclose to municipal issuers (who must acknowledge) the risks associated with both fixed and variable rate bond offerings. Some of these risks are:

Financial Risk – Umbrella term for multiple types of risk associated with financing.

Issuer Default Risk – Funds pledged to secure bonds are not sufficient to pay the debt service or maintain specific financial ratios as detailed in the covenants of the Indenture. A default will likely negatively impact credit ratings as well as limit future access to capital borrowings at market rates.

Legislative (Legal) Risk – Decisions made by a legislative body can impact the operations of issuers. Laws that made a given debt instrument permissible or attractive to employ (such as tax laws) can change.

Political Risk– Broadly refers to the complications issuers may face as a result of political decisions that may change or alter the expected outcome and value of a given economic action by changing the probability of achieving the issuer desired objectives. Political Risk exists at all levels of government, from local to national, as governing bodies are asked to vote on issuer plans or legislation that might impact the issuer. In most instances, political risk can be understood and managed with reasoned foresight, planning and communication.

Redemption Risk – Depending on the optional redemption terms in the offering documents of a bond issue, the ability to redeem bonds at the specified call date may be limited. In the events that market rates increase, there would be no incentive to redeem outstanding bonds for a higher rate compared to the existing bonds.

Refinancing Risk – If the financing plan contemplates the refinancing of some or all bonds when those bonds reach maturity, there is a risk that market conditions or changes in law could limit or prevent this refinancing. For example, limitations in the federal tax rules on advance refunding of bonds may restrict the ability to refund bonds to take advantage of lower interest rates.

Reinvestment Risk – Proceeds from bonds can be invested for a period of time prior to their intended use. Based on market conditions, the rate of interest actually earned on these invested proceeds can be lower than the forecasted and anticipated rate.

Tax Compliance Risk – The issuance of tax-exempt bonds is subject to a number of requirements under the U.S. Internal Revenue Code, as enforced by the Internal Revenue Service. Prior to the issuance of tax-exempt bonds, certain steps and representations are required. Additionally, issuers must covenant to take certain actions after the issuance of the tax-exempt bonds. A breach of these representations and covenants may cause the interest of the bonds in question to be retroactively taxed to the date of issuance. This change in tax status could cause a higher rate of interest to be paid on the bonds or require a mandatory tender of the bonds. Additionally, the IRS may also elect to do an audit of the bonds and issuer. If the bonds are declared taxable or the IRS is conducting an audit, the market price of the bonds may be impacted and the future ability to issue tax-exempt debt may come into question.

Interest Rate Risk – Reflects the risk that the debt service costs associated with variable rate debt increase and negatively impact coverage ratios and liquidity. Overall market rates can increase due to broader economic conditions or to specific concerns about the region/sector or issuer.

Liquidity Risk – Some debt issues carry an imbedded option, where the investor can “put” the bond to the issuer and demand payment. For Floating Rate Notes (FRNs), this is typically a pre-determined date. For other variable rate debt, such as Variable Rate Demand Obligations (VRDO), this put option can be as often as weekly or even daily. If these “put” bonds cannot be remarketed and resold to another investor or refinanced, the issuer must have sufficient liquidity or liquidity support to purchase these tendered bonds on the day in question.

MULTI-YEAR FINANCIAL PLAN – The Multi-Year Financial represents a strategic budget that uses a 10 year planning horizon to address regulatory requirements, infrastructure needs, Board-determined priorities, general operations as well as funding and rate impacts on customers. A component of the Multi-Year Financial Plan is the Capital Improvement Program.

NEGATIVE ARBITRAGE – Investment of bond proceeds and other related funds at a rate below the bond yield.

NEGOTIATED SALE – The sale of an issue of municipal securities by an issuer directly to an underwriter or underwriting syndicate selected by the issuer. A negotiated sale is distinguished from a sale by competitive bid, which requires public bidding by the underwriters. Among the primary points of negotiation for an issuer are the interest rate, call features and purchase price of the issue. The sale of a new issue of securities in this manner is also known as a negotiated underwriting.

OFFICIAL STATEMENT (O.S.) – A document or documents prepared by or on behalf of the issuer of municipal securities in connection with a primary offering that discloses material information on the offering of such securities. For primary offerings subject to Rule 15c2-12, the “final official statement” must include, at a minimum, information on the terms of the securities, financial information or operating data concerning the issuer and other entities, enterprises, funds, accounts or other persons material to an evaluation of the offering, and a description of the continuing disclosure undertaking made in connection with the offering (including an indication of any failures to comply with such undertaking during the past 5 years). Official statements typically also include information regarding the purposes of the issue, how the securities will be repaid, and the financial and economic characteristics of the issuer or obligor with respect to the offered securities. Investors may use this information to evaluate the credit quality of the securities. Although functionally equivalent to the prospectus used in connection with registered securities, an official statement for municipal securities is exempt from the prospectus requirements of the Securities Act of 1933.

ORIGINAL ISSUE DISCOUNT (O.I.D. or Discount) – An amount by which the par value of a security exceeded its public offering price at the time of its original issuance. The original issue discount is amortized over the life of the security and, on a municipal security, is generally treated as tax-exempt interest. When the investor sells the security before maturity, any profit realized on such sale is calculated (for tax purposes) on the adjusted book value, which is calculated for each year the security is outstanding by adding the accretion value to the original offering price. The amount of the accretion value (and the existence and total amount of original issue discount) is determined in accordance with the provisions of the Internal Revenue Code and the rules and regulations of the Internal Revenue Service.

ORIGINAL ISSUE DISCOUNT BOND or O.I.D. BOND – A bond that was sold at the time of issue at a price that included an original issue discount.

ORIGINAL ISSUE PREMIUM (O.I.P. or Premium) – The amount by which the public offering price of a security at the time of its original issuance exceeded its par value. The original issue premium is amortized over the life of the security and results in an adjustment to the basis of the security. Original issue premium generally is not deductible for federal income tax purposes.

The amount of original issue premium received by the issuer in a primary offering, also known as the “bond premium,” is generally treated as proceeds of the issue.

PARITY BONDS – Two or more issues of bonds that have the same priority of claim or lien against pledged revenues or other security. Parity bonds are also referred to as “pari passu bonds.”

PRELIMINARY OFFICIAL STATEMENT (P.O.S.) – A preliminary version of the official statement, which is used to describe the proposed new issue of municipal securities prior to the determination of the interest rate(s) and offering price(s). The preliminary official statement may be used to gauge interest in an issue and is often relied upon by potential purchasers in making their investment decisions. Normally, offers for the sale of or acceptance of securities are not made on the basis of the preliminary official statement and a statement to that effect appears on the face of the document generally in red print, which gives the document its nickname, “red herring.”

PREMIUM – The amount by which the price paid for a security exceeds the security’s par value. For tax purposes, the actual amount of premium with respect to a particular security may be affected by the existence of any original issue premium or original issue discount.

PRESENT VALUE – The current value of a lump sum of funds or a stream of funds over time that are expected to be received (or disbursed) in the future discounted at a given interest rate or rates.

PRESENT VALUE SAVINGS – Difference expressed in terms of current dollars between the debt service on an refunded bond issue and the debt service on a refunding bond issue for an issuer. It is calculated by discounting the difference in the future debt service payments on the two issues at a given rate.

PRICING – In a negotiated offering of an issue of municipal securities, the process by which the issuer and underwriters determine the interest rates and prices at which the issue will be offered to the public. The pricing of an issue typically occurs immediately before, or the day preceding, the execution of the bond purchase agreement between the issuer and the underwriters.

PRIORITY OF ORDERS (PRIORITY PROVISIONS AND DESIGNATION) – The rules adopted by an underwriting syndicate specifying the priority to be given different types of orders received by the syndicate. MSRB rules require syndicates to adopt priority provisions in writing and to make them available to all interested parties. For competitive underwritings, orders received prior to the sale (“pre-sale orders”) generally are given top priority. In some negotiated offerings, retail orders or other restrictions designated by the issuer are given priority. Once the order period begins for either negotiated or competitive underwritings, the most common priority provision gives group net orders top priority, followed by designated orders and member orders. These types of orders are described below:

Designated Order – An order submitted by a syndicate member on behalf of a buyer on which all or a portion of the takedown is to be credited to certain members of the syndicate. The buyer directs the percentage of the total designation each member will receive. Generally two or more syndicate members will be designated to receive a portion of the takedown.

Group Net Order – An order that, if allocated, is allocated at the public offering price without deducting the concession or takedown. A group net order benefits all syndicate members according to their percentage participation in the account and consequently is normally accorded the highest priority of all orders received during the order period.

Member Order – An order submitted by a syndicate member where the securities would be confirmed to that member at syndicate terms (e.g., less the total takedown). Other priorities, such as retail orders or orders from local residents, may supercede those noted above.

PROFESSIONAL RETAIL CUSTOMER or PROFESSIONAL RETAIL INVESTOR – A customer other than an institutional customer that typically purchases large blocks of bonds for centrally managed individual accounts or for municipal bond funds.

RATING AGENCY – A company that provides ratings that indicate the relative credit quality or liquidity characteristics of securities.

RATINGS – Evaluations of the credit quality of notes and bonds made by rating agencies. Ratings are intended to measure the probability of the timely repayment of principal of and interest on municipal securities. Ratings often are assigned upon issuance and are periodically reviewed and may be amended to reflect changes in the issuer's credit position. Ratings also are sometimes assigned after the initial issuance, often on bonds that have been advance refunded. The factors upon which the rating agencies base their credit ratings vary with each type of issue. The ratings may derive from the credit worthiness of the issuer itself or from a credit enhancement feature of the security (e.g. guarantor, letter of credit provider, bond insurer, etc.). In the case of short term obligations, liquidity generally is a significant factor in determining a short term rating. Some rating agencies provide both long term and short term ratings on variable rate demand obligations.

The principal rating agencies in the municipal securities market use the following system of ratings as of the date of this publication – ratings from different rating agencies with the same or similar designation do not necessarily represent equivalent ratings – explanations of the significance of each rating classification are available from the rating agencies at the websites indicated:

Fitch Ratings (www.fitchratings.com)	Moody's Investors Service (www.moodys.com)	Standard & Poor's (www.standardandpoors.com)
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Long Term Ratings:

<u>AAA</u>	<u>Aaa</u>	<u>AAA</u>
AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-
A+, A, A-	A1, A2, A3	A+, A, A-
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-
BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-
B+, B, B-	B1, B2, B3	B+, B, B-
CCC+, CCC, CCC-	Ca1, Ca2, Ca3	CCC+, CCC, CCC-
CC	Ca	CC
C	C	C
DDD	--	D
DD	--	--
D	--	--

Short Term Ratings:

F1+, F1	MIG 1/VMIG 1	SP-1+, SP-1
F2	MIG 2/VMIG 2	SP-2
F3	MIG 3/VMIG 3	SP-3
B	SG	--
C	--	--
D	--	--

REFUNDING – A procedure whereby an issuer refinances outstanding bonds by issuing new bonds. There are generally two major reasons for refunding: to reduce the issuer's interest costs or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited in escrow to pay the debt service on the outstanding bonds when due or used to promptly (typically within 90 days) retire the outstanding bonds. The new bonds are referred to as the "refunding bonds," and the outstanding bonds being refinanced are referred to as the "refunded bonds" or the "prior issue." Generally, refunded bonds are not considered a part of the issuer's debt because the lien of the holders of the refunded bonds, in the first instance, is on the escrowed funds, not on the originally pledged source of revenues.

REFUNDING BONDS – Bonds issued to refund outstanding bonds.

REQUEST FOR PROPOSALS (RFP) – A formal process by which an issuer gathers written information from professionals for the purpose of selecting underwriters, financial advisors, attorneys and providers of other services.

RETAIL CUSTOMER or RETAIL INVESTOR – Any customer other than an institutional customer. Retail customers generally include individual investors and small organizations.

RULE 10(b)(5) – An SEC rule that makes it unlawful for any person, in connection with the purchase or sale of any security, to employ any device, scheme, or artifice to defraud; to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. Normally pertains to Disclosure and the information contained in the Official Statement.

RULE 15(c)(2)(12) – An SEC rule setting forth certain obligations of (i) underwriters to receive, review and disseminate official statements prepared by issuers of most primary offerings of municipal securities, (ii) underwriters to obtain continuing disclosure agreements from issuers and other obligated persons to provide material event disclosures and annual financial information on a continuing basis, and (iii) broker-dealers to have access to such continuing disclosure in order to make recommendations of municipal securities in the secondary market.

SERIAL BONDS – Bonds of an issue that mature in consecutive years.

SERIES OF BONDS – Bonds of an issue sharing the same lien on revenues and other basic characteristics. A series of bonds may consist of serial bonds, term bonds or both. An issue of bonds can consist of one or more series of bonds. Typically, where a single issue consists of more than one series of bonds, the series are distinguished from one another based on one or more key characteristics. For example, one series may be senior lien bonds and the other may be junior lien bonds; two series may have liens on different revenue sources; one series may consist of capital appreciation bonds and the other may consist of current interest paying bonds; one series may be tax-exempt bonds and the other may be taxable municipal securities; one series may bear interest at a fixed rate and the other may bear interest at a variable rate.

SHORT-TERM – Generally have a maturity of less than 15 years. A designation given to maturities of a serial issue typically having maturities of shorter than three years from issuance. However, depending upon the context, a shorter period to maturity may be intended (e.g., nine or thirteen months).

SLGS – An acronym (pronounced “slugs”) for “State and Local Government Series.” SLGS are special Treasury securities sold by the United States Treasury Department to states, municipalities and other local government bodies. The interest rates and maturities of SLGS can be subscribed for by an issuer of municipal securities in such a manner as to comply with arbitrage restrictions imposed under the Internal Revenue Code. SLGS are most commonly used for deposit in an escrow account in connection with the issuance of refunding bonds.

SUPPLEMENTAL INDENTURE – An agreement entered into by an issuer that supplements the issuer’s master indenture or trust indenture. Often, a supplemental indenture is executed in

connection with the issuance of one or more series of additional bonds under the master or trust indenture. In some cases, a supplemental indenture merely amends terms of the master or trust indenture without providing for the issuance of additional bonds.

SURETY BOND – An instrument that provides security against a default in payment. Surety bonds are sometimes used in lieu of a cash deposit in a debt service reserve fund.

SWAP – A derivative transaction involving the sale of a security and the simultaneous purchase of another security for purposes of enhancing the investor’s holdings. The swap may be used to achieve desired tax results, to gain income or principal, or to alter various features of a bond portfolio, including call protection, diversification or consolidation, and marketability of holdings.

SWAPTION – An option held by one party that provides that party the right to require that a counter-party enter into a swap contract on certain specified terms.

SYNDICATE – A group of underwriters formed to purchase an issue of municipal securities from the issuer and offer it for resale to the general public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase an issue and broadening the distribution channels of the issue to the investing public. One of the underwriting firms will be designated as the syndicate, senior or lead manager to administer the operations of the syndicate.

SYNDICATE POLICIES - Syndicate policies describe, among other things, the priority of orders, designation policy, definition of “Retail Order”, and Underwriters’ Liability governing the upcoming sale.

TERM BONDS – Bonds comprising a part or all of a particular issue that come due in a single maturity, typically due more than one year after the final amortization of the serial bonds. The issuer agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

TRUSTEE – A financial institution with trust powers that acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the trust indenture. In many cases, the trustee also acts as paying agent, registrar and/or transfer agent for the bonds.

TRUST INDENTURE – A contract between the issuer of municipal securities and a trustee for the benefit of the bondholders. The trustee administers the funds or property specified in the indenture in a fiduciary capacity on behalf of the bondholders. The trust indenture, which is generally part of the bond contract, establishes the rights, duties, responsibilities and remedies of the issuer and trustee and determines the exact nature of the security for the bonds. The trustee is generally empowered to enforce the terms of the trust indenture on behalf of the bondholders. In many governmental issues (particularly for general obligation bonds and some types of limited tax bonds and revenue bonds), the issuer may forego using a trust indenture and set forth the duties of the issuer and the rights of bondholders in the bond resolution.

UNDERWRITER – A broker-dealer that purchases an issue of municipal securities from the issuer for resale in a primary offering. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.

UNDERWRITER'S COUNSEL – An attorney or law firm retained to represent the interests of an underwriter in connection with the purchase of a new issue of municipal securities. The duties of underwriter's counsel may include review of the issuer's bond resolution and documentation on behalf of the underwriter; review of the accuracy and adequacy of disclosure in the official statement; preparation of the agreement among underwriters, purchase contract and/or the official statement; assisting the underwriter in meeting the underwriter's due diligence obligation; and delivery of a due diligence opinion.

UNDERWRITER'S DISCOUNT – The costs incurred/charged by the underwriter and the underwriting syndicate. It normally includes several cost categories. The costs of operating the syndicate for which the senior manager may be reimbursed is Underwriter Expense. The Management Fee is the amount paid to the senior manager and/or co-managers for handling the affairs of the syndicate and providing guidance on the transaction. Takedown is normally the largest component of the Underwriter's Discount, similar to a commission, and represents the income derived from the sale of the securities by syndicate members. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated

VARIABLE RATE – An interest rate, sometimes referred to as a “floating rate,” on a security that changes at intervals according to market conditions or a predetermined index or formula.

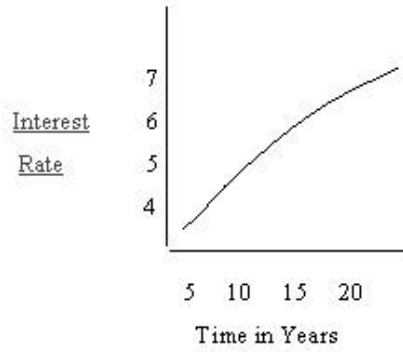
VERIFICATION AGENT – A certified public accountant or other independent third party that provides the Verification Report.

VERIFICATION REPORT – In a refunding, a report, prepared by a certified public accountant or other independent third party, that demonstrates that the cash flow from investments purchased with the proceeds of the refunding bonds and other moneys are sufficient to pay the principal of and interest on the refunded bonds that are being defeased.

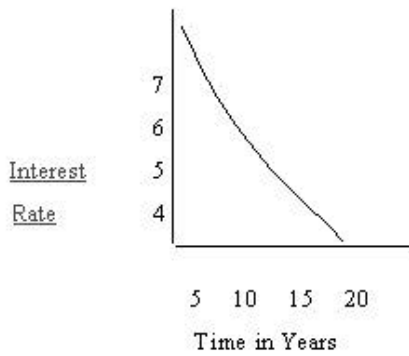
YIELD – The annual rate of return on an investment, based on the purchase price of the investment, its coupon rate and the length of time the investment is held.

YIELD CURVE – A graph that plots market yields on securities of equivalent quality but different maturities at a given point in time. The vertical axis represents the yields, while the horizontal axis depicts time to maturity. The relationship of interest rates over time, as reflected by the yield curve, will vary according to market conditions, resulting in a variety of yield curve configurations, as follows:

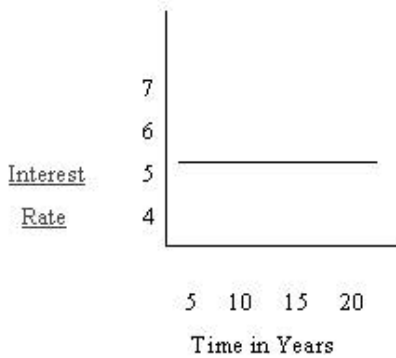
Normal or Positive Yield Curve – Indicates that short-term securities have a lower interest rate than long-term securities.



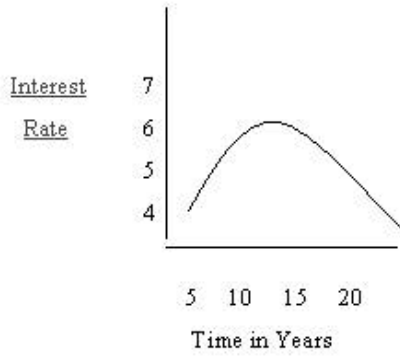
Inverted or Negative Yield Curve – Reflects the situation of short-term rates exceeding long-term rates.



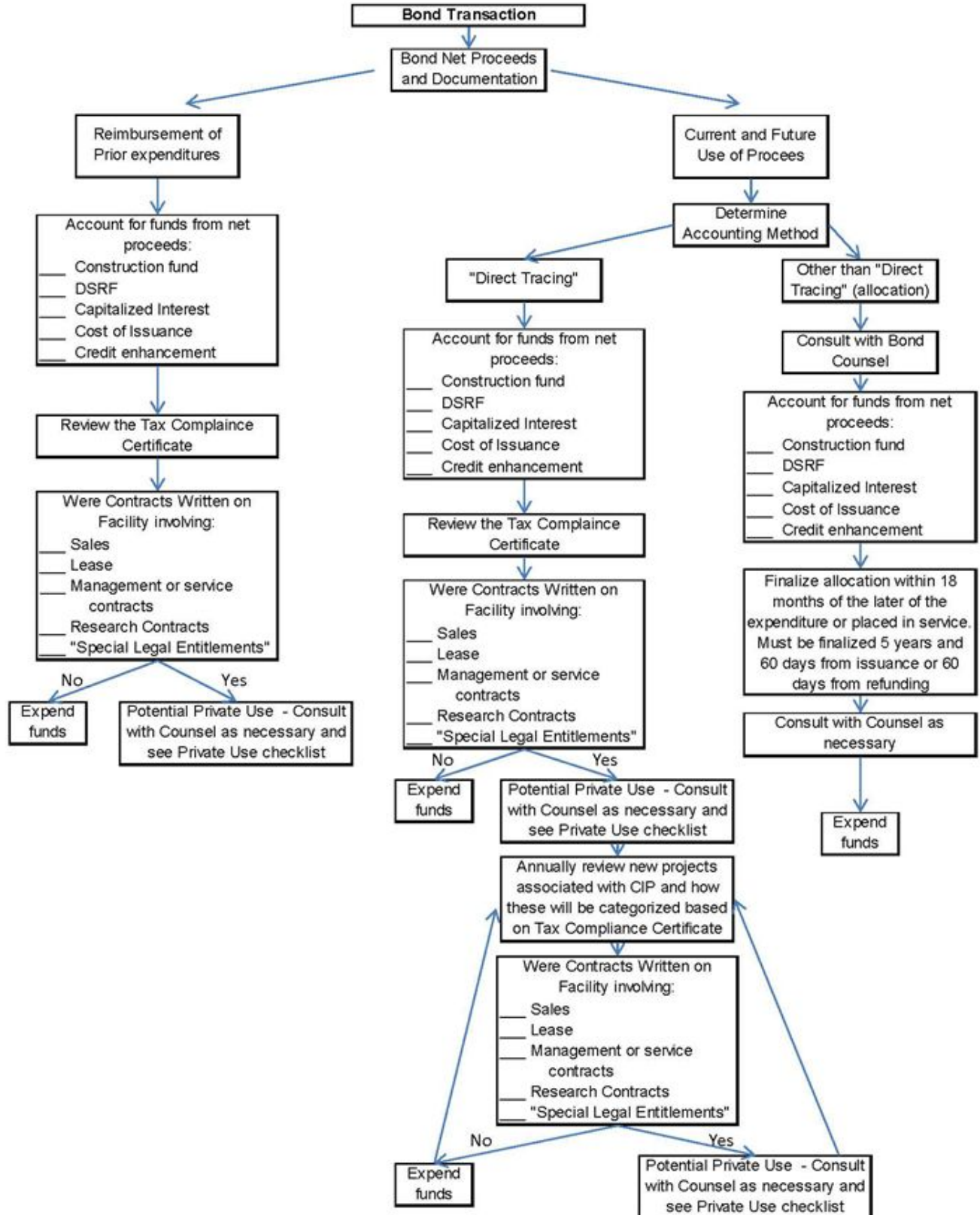
Flat Yield Curve – Reflects the situation when short- and long-term rates are approximately the same.



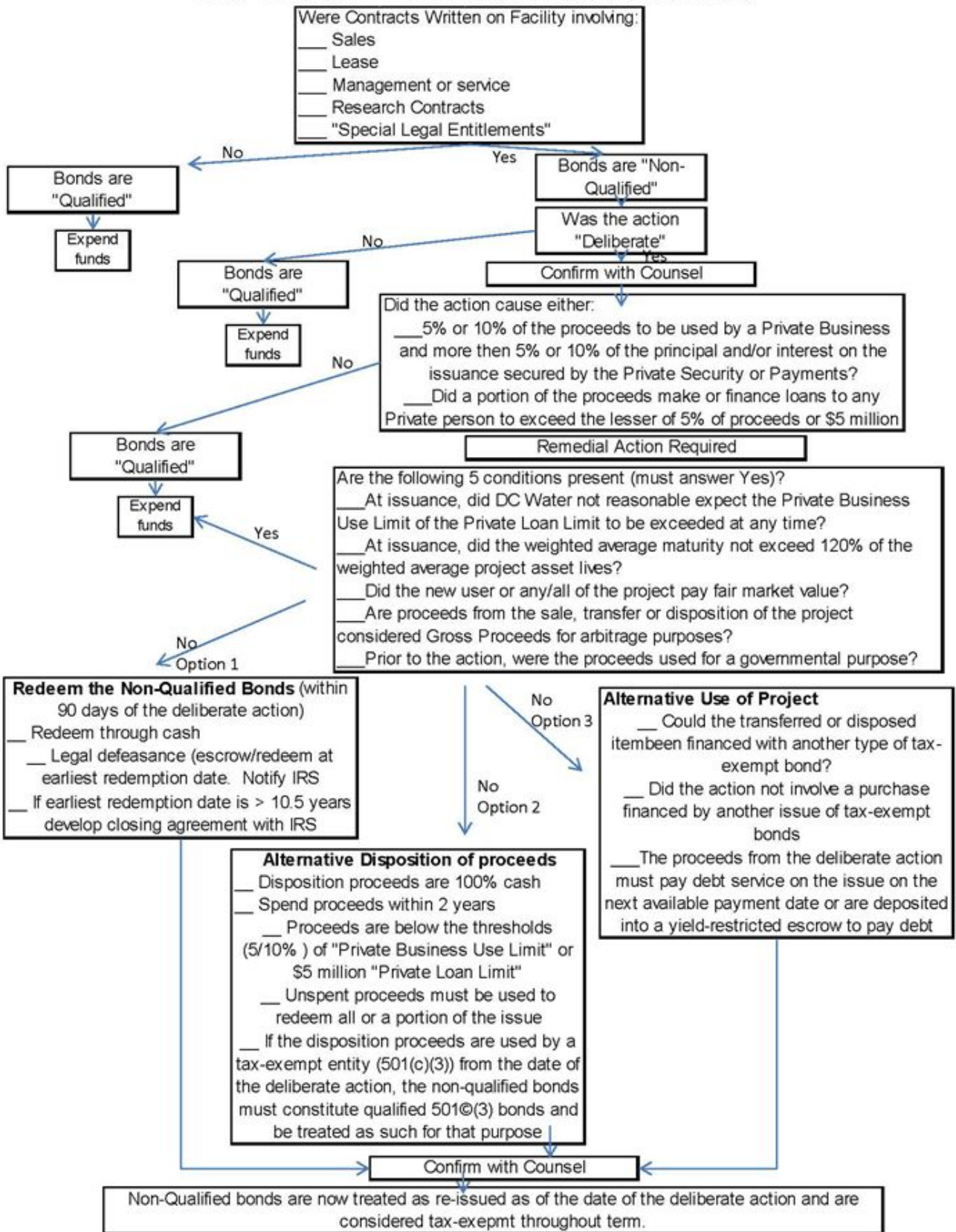
Humpbacked or Bell-Shaped Yield Curve – An unusual shape, indicating that rates are low in the early years, peak in the middle years and decline in later years.



DC Water – Use of Proceeds Checklist



DC Water – Private Use Checklist



DC Water – Refunding Guidelines (1 of 2)

The CFO (or designee), with assistance from DC Water’s Financial Advisor, has the responsibility to analyze outstanding bond issues for refunding opportunities. Normally, DC Water will refinance bonds to accomplish a Current Refunding, an Advanced Refunding or a Restructuring of existing debt. Such refunding will be limited to restructuring to meet unanticipated revenue expectations, achieve cost savings, mitigate irregular debt service payments, release reserve funds, and/or remove unduly restrictive bond covenants or administrative requirements.

DC Water will consider the following criteria when analyzing possible Refunding and Restructuring opportunities:

Cash Flow Savings: by maturity or by total issue, the newly issued bonds’ (the refunding bonds) debt service to the current debt service of the proposed refunded bonds.

Net Present Value Savings: by maturity or by total issue, the newly issued bonds’ (the refunding bonds) debt service to the current debt service of the proposed refunded bonds and discounts the debt service difference back to the proposed closing date. This can be viewed in the aggregate or, as preferred, the present value savings for that maturity is calculated as a percentage of the par value of the refunded bonds.

DC Water has minimum present value savings threshold target of 3% based on the entire transaction.

However, other factors may be considered.

Option Value: Refunded bonds have an imbedded call option and this call option has value based on several variables (e.g. prevailing rates, market volatility, yield curve environment, time to exercise option). This value can be calculated and compared to the present value savings of the refunded bonds. DC Water has a goal of capturing 70% of the option value. However, other factors will also be considered.

Negative Arbitrage: For bonds that are advanced refunded, an escrow will normally be established to legally defease the bonds debt service over time. An escrow, as detailed previously, is normally invested in low yielding, SLGS or Treasury securities. The difference between the yield of the escrow and the yield of the refunded bonds represents the negative arbitrage for that maturity. DC Water has a goal of minimizing the negative arbitrage in the escrow. However, other factors will also be considered.

DC Water – Refunding Guidelines (2 of 2)

Holistically, DC Water will review all of the above criteria for each refunded maturity. While DC Water will strive to achieve the applicable thresholds, other circumstances and considerations may warrant refunding bonds that do not meet these thresholds. For example, the Board will normally delegate to the CFO or his designee for the transaction, the ability to complete a refunding if it is determined that there will be limited opportunities in the future to achieve the necessary savings. The decision to take savings on an upfront or deferred basis must be explicitly approved by DC Water. For debt restructuring, the Board can waive the present value savings goal if it is in the best interest of DC Water to complete the restructure without achieving the refinancing savings. DC Water will refund bonds within the term of the originally issued debt. However, DC Water may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible based on remaining asset life. DC Water may also consider shortening the term of the originally issued debt to realize greater savings.

Criteria for Current Refundings: For bonds redeemed within 90 days of their respective redemption date, the following criteria will be used to determine which bonds to be current refunded: Cash Flow Savings, Net Present Value Savings, and Option Value.

Criteria for Advanced Refunding: For bonds redeemed more than 90 days of their respective redemption date, the following criteria will be used to determine which bonds to be advanced refunded: Cash Flow Savings, Net Present Value Savings, Option Value and Negative Arbitrage.

DC Water – Timing and Considerations for variable Rate Debt (i.e. Floating Rate Notes (FRNs))

DC Water recognizes that variable rate debt can be prudently issued in order to lower the effective cost of borrowing to DC Water and its ratepayers.

Currently, DC Water’s Series 2012B are Floating Rate Notes that provide variable rate exposure. The interest rate for these bonds is based on a set spread to the floating SIFMA index. One of the unique features of the 2012 Series B notes is that they have a “hard put” date (called the “Initial Index Rate Bonds Purchase Date”) where the bondholders will tender their bonds to purchase prior to the stated final maturity. Specifically:

Sub-Series	Par	Maturity	Initial Index Rate Bonds Purchase Date	Rate
2012B-1	52,690,000	10/1/2044	6/1/2015	SIFMA Index + .48%
2012B-2	47,310,000	10/1/2040	6/1/2016	SIFMA Index + .58%

One of the risks associated with FRNs is refinancing risk. In this case, as the Initial Index Rate Bonds Purchase Date approaches, DC Water must have a comprehensive plan that addresses the upcoming tender of the bonds. The following actions will assist DC Water in addressing this risk:

When planning a FRN transaction:

- _____ Limit the amount subject to a mandatory tender in any one year.
- _____ Compare the planned transaction size with DC Water’s planned cash balance and/or CP capacity to ensure the tender amount can be addressed if there are market access problems. Make adjustments to the cash balance / CP as needed.
- _____ Include 6 month call option on FRNs in the documentation, allowing for additional time to remarket tendered bonds.
- _____ Incorporate provisions into documentation that allow DC Water to purchase tendered bonds.

Once FRNs are issued (for financial planning):

- _____ Determine the years in which there is a hard put for the bonds.
- _____ Incorporate the hard put date and call date into the multi-year financial plan.
- _____ Review timing of planned bond transactions to ensure alignment with call date and hard put date.
- _____ Determine if FRN’s should be refinanced with fixed-rate or variable rate debt
- _____ Incorporate necessary tender amount into planned bond offering
- _____ Review cash balance and CP capacity to address tender in the event of market access problems.

D.C. Water and Sewer Authority Multi-modal (SIFMA Index) Bonds Policy

SUBJECT	
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Multi-modal (SIFMA Index) Bonds	
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This policy sets-forth the methodologies and procedures that DC Water will undertake in structuring and utilizing SIFMA-Indexed Bonds.

The purpose of this policy is to provide more than adequate time to effect the remarketing or refunding of SIFMA Indexed Bonds well in advance of any mandatory tender or maturity date and, in addition, provides significant redundancy to safeguard against any liquidity risk to the Authority of the hard put/hard maturity feature of SIFMA Index Bonds.

In order to prudently manage its debt portfolio and ensure the orderly and timely remarketing or refunding of such securities prior to any mandatory tender dates or hard maturity dates, DC Water will:

1. Structure any SIFMA-Indexed or similar bonds with an optional redemption feature of at least six months prior to any mandatory tender or maturity date which affords the Authority an extended window to remarket or refund the SIFMA Index Bonds and not be subject to limited periods of no market access.
2. Throughout the three months preceding any Purchase Date, maintain sufficient liquidity (either in cash or cash equivalents) to cover the full amount of the Purchase Price payable on that Purchase Date; and
3. Maintain strong credit ratings to ensure market access.

The Authority will adhere to the schedule set-forth below to ensure timely and orderly remarketing or refunding of such securities:

1. The Authority will begin its review, preparation and strategy for remarketing/ refunding approximately nine (9) months prior to each mandatory or stated maturity date for the SIFMA Index Bonds. During this period, the Authority will:
 - a. Assess and evaluate its options, taking into consideration the current market conditions;
 - b. Decide upon a preferred option and remarketing /refinancing strategy; and
 - c. Develop a formal plan of action with a timeline and details for completion, (including initiating the transactional dialogue with the rating agencies)

2. No later than 180 days (6 months) prior to the mandatory tender or stated maturity, the Authority will have determined the plan of finance, made the appropriate notifications as required by the Indenture, obtained, or be in the process of obtaining, all legal authorizations and will proceed with the bond issuance activities:

Approved by	Date Approved	Revision No.	Supersedes	Page
Olu Adebo, Chief Financial Officer	March 7, 2012			1 of 2

D.C. Water and Sewer Authority Multi-modal (SIFMA Index) Bonds Policy

SUBJECT <h3 style="text-align: center; margin: 0;">Multi-modal (SIFMA Index) Bonds</h3>	
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To the extent that the Authority determines to Refund the bonds:

- a. 180-120 days prior to mandatory tender or stated maturity: complete near-final drafts of financing documents; circulate credit package to rating agencies.
- b. No later than required: send required notices to trustee, bondholders and other notice parties. Finalize financing documents.
- c. Approximately 100 days prior to mandatory tender or stated maturity: receive credit ratings; mail offering documents; price refinancing bonds; prepare for closing;
- d. No later than 30 days prior to mandatory tender date or stated maturity: close on the refunding transaction for the outstanding SIFMA Index Bonds.

To the extent that the Authority determines to remarket the mandatory tender bonds:

- a. No later than 90 days, make all necessary arrangement to meet Indenture liquidity requirements, by ensuring availability of:
 1. Sufficient cash and/or cash equivalents; or
 2. Commercial Paper capacity;
- b. 120-90 days prior to mandatory tender: complete near-final drafts of financing documents; circulate credit package to rating agencies.
- c. No later than required, send required notices to trustee, bondholders and other notice parties. Finalize financing documents.

Approved by	Date Approved	Revision No.	Supersedes	Page
Olu Adebo, Chief Financial Officer	March 7, 2012			2 of 2

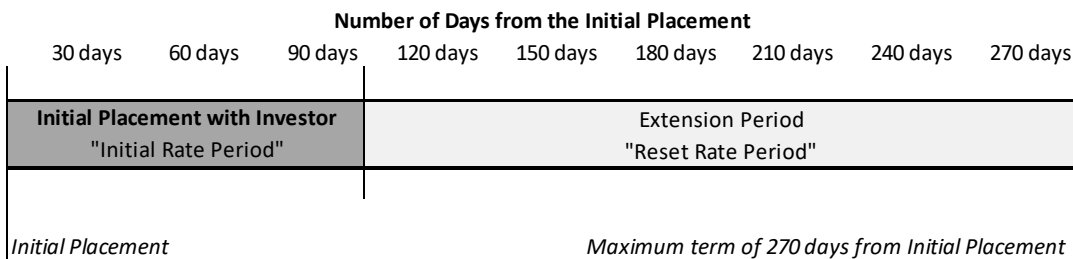
**DC Water
Extendable Municipal Commercial Paper Program Policy**

This policy sets-forth the methodologies and procedures that DC Water will undertake in structuring and utilizing Extendable Municipal Commercial Paper (EMCP).

The purpose of this policy is to ensure the successful remarketing or refunding of EMCP. Additionally, this policy provides a process to address any liquidity risk to the Authority of the short maturity date feature of EMCP.

General Characteristics and Mechanics of EMCP Compared to Commercial Paper (CP) are:

- Establishing the EMCP program provides diversification of the variable rate products available to address DC Water’s Interim Financing needs. EMCP can also be a lower cost financing vehicle given there is no additional cost associated for a credit facility. Additionally, the EMCP program can reduce the reliance on bank- supported financing products.
- EMCP, as with traditional CP, has a maximum maturity from its initial placement with an investor of 270 days.
- The EMCP is placed with an investor for an Initial Rate Period, at a market-based rate determined by the EMCP dealer with the concurrence and approval of DC Water.
- EMCP, as with traditional CP, typically relies on market liquidity provided by investors to “roll” the commercial paper at the end of each placement period. That is, the proceeds from the new investor are used, along with interest payment proceeds from DC Water, to pay off the original investor.
- In the event of a market dislocation where the EMCP dealer cannot identify a new investor, there is a provision with EMCP that allows DC Water to extend the maturity date of the outstanding EMCP beyond the Initial Rate Period to a maximum of 270 days from the date of the original issuance. If the EMCP is extended, the *existing* investors continue to hold the EMCP and the EMCP rate resets to a higher “penalty rate” (the “Reset Rate”) established by a pre-determined formula. The Reset Rate is intended to provide additional incentive to redeem the extended EMCP as soon as possible. The EMCP is callable at any time during the Reset Rate Period. Graphically, this is depicted below:



- If, at the end of the Reset Rate Period (270 days from the initial placement), the EMCP cannot be remarketed to a new investor, DC Water will be required to provide the total proceeds to the existing investor. Typically, proceeds are from the proceeds of other CP (backed with bank credit facilities), long term bonds, lines of credit, or available cash reserves.
- EMCP ratings are directly tied to the short-term ratings of DC Water, which reflect a combination of DC Water's long-term credit quality, ability to withstand short-term market events and market access. Conversely, traditional CP is backed by a bank-provided credit facility and in the event of a failed remarketing, this credit facility could be used to provide the proceeds to address the failed remarketing. Therefore, for traditional CP, the short-term ratings are based on the underlying credit ratings of the bank providing the credit facility.

Guidelines for the EMCP Program:

1. The **maximum authorized amount of the EMCP program will not exceed \$100 million** or an amount approved by the Board.
2. Given the maximum maturity of the EMCP is 270 days, the **Initial Rate Period will not exceed 90 days**. This allows DC Water up to 180 days (6 months) to address the maturity of the EMCP in the event the EMCP dealer cannot identify a new investor after the Initial Rate Period.
3. Given the potential for DC Water to fund the repayment of outstanding EMCP at the final maturity (in the event of an unremarketed maturity), **DC Water acknowledges the importance of maintaining timely market access**. For prudence, DC Water will **maintain sufficient cash reserves and traditional commercial paper capacity** to fully redeem any outstanding EMCP.
4. DC Water, in conjunction with the EMCP dealer, will **monitor market conditions during the Reset Rate Period to determine if the EMCP can be rolled** to a new investor.
5. DC Water, in conjunction with its Financial Advisors, will **determine an appropriate financing vehicle** to address a potential need to redeem the EMCP at the end of the Reset Rate Period. Options include:
 - a. Available cash reserves
 - b. Available capacity in DC Water's traditional commercial paper program, or proceeds from another credit facility
 - c. Capital markets, long-term debt transaction.
6. This policy will include a **form of Authorizing Resolution and Supplemental Resolution** to address a potential bond transaction to fix-out the EMCP.
7. **Reset Rate will not exceed the maximum rate (12% per annum)** authorized by DC Water's Board.

General Timing for the EMCP Program in Event of Extension/Potential Unremarketed Maturity:

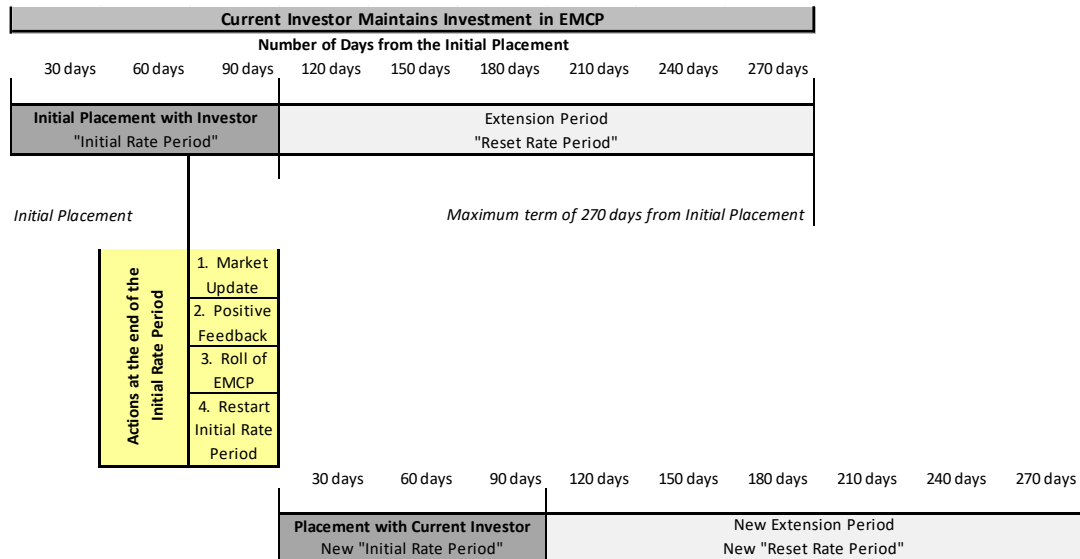
1. As long as there is EMCP outstanding, no less than two weeks prior to the end of the Initial Rate Period for any tranche of EMCP, the EMCP dealer and DC Water will have a market update call. At this market update, DC Water will detail whether the EMCP

should be rolled or if DC Water intends to redeem the EMCP. If electing to roll the EMCP, the EMCP dealer will provide thoughts on EMCP market tone and trends.

Specifically, the update will focus on three potential outcomes at the end of the Initial Rate Period and the following actions required:

- a. **Current Investor will maintain current position, with a new negotiated rate for the EMCP and a new Initial Rate Period. DC Water will:**
 - i. Monitor market conditions, with the assistance of the EMCP dealer, in the days leading to the end of the Initial Rate Period
 - ii. Discuss and define parameters of roll of the EMCP (new rate and new minimum Initial Rate Period) with the EMCP dealer
 - iii. Approve new rate and Initial Rate Period for roll of EMCP

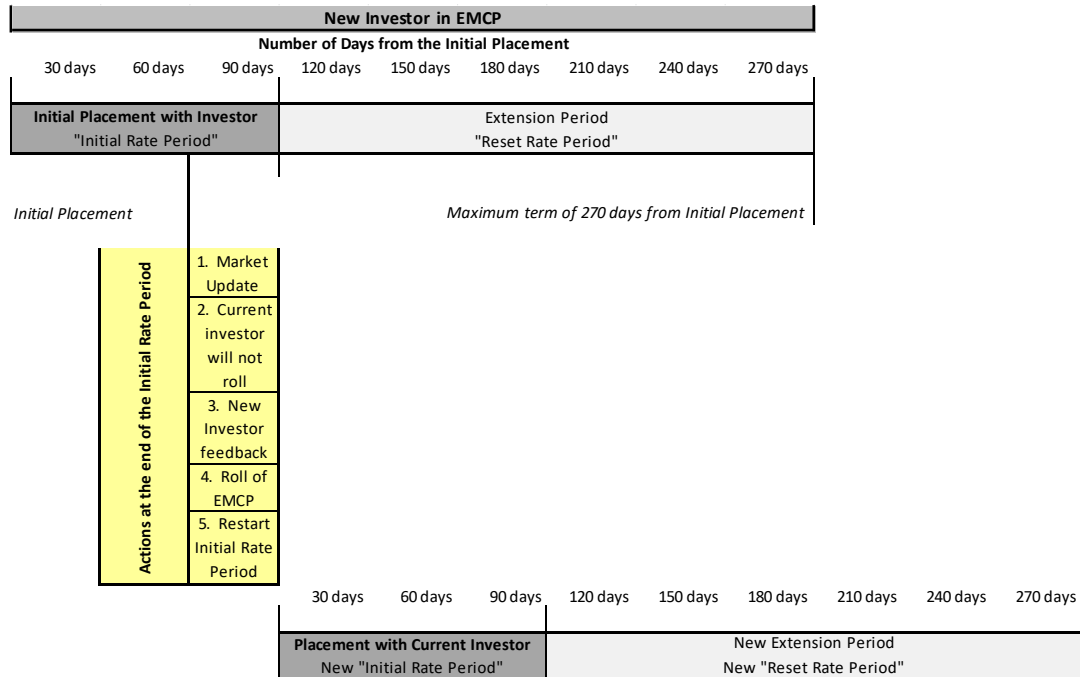
Graphically, this is depicted below:



- b. **Current Investor will no longer hold the EMCP but market conditions are favorable for a new investor and a successful roll of the EMCP, DC Water will:**

- i. Monitor market conditions, with the assistance of the EMCP dealer, in the days leading to the end of the Initial Rate Period.
- ii. Discuss and define parameters of roll of the EMCP (new rate and new minimum Initial Rate Period) with the EMCP dealer
- iii. Approve new rate and Initial Rate Period for roll of EMCP

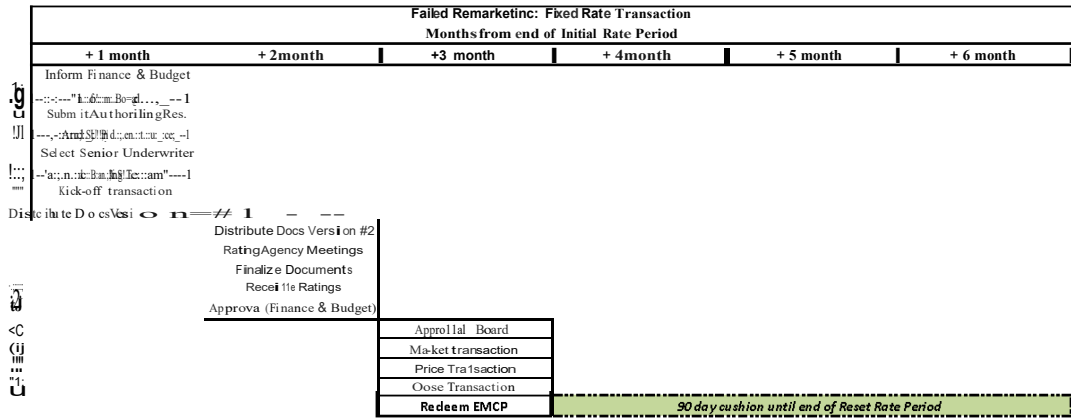
Graphically, this is depicted below:



c. Current Investor will no longer hold the EMCP and market conditions are not favorable for a new investor. Therefore, there is the potential for the EMCP to enter the extension period (Reset Rate Period).

- i. Inform the Finance & Budget Committee of the potential for an extension or “failed remarketing” of the EMCP based on market update.
- ii. Determine financing vehicle to address redemption of EMCP (cash reserves, traditional CP, bond transaction).
- iii. Inform the Finance & Budget Committee of an extension of the EMCP at the end of the Initial Rate Period, if not remarketed (or otherwise redeemed by DC Water).
- iv. Receive weekly updates from the EMCP dealer on remarketing efforts after the failed remarketing.
- v. Review with the financing team the options for addressing the Extension Period:
 1. Cash Reserves: Review balances and potential impacts on working capital requirements and operations
 2. Capacity in Commercial Paper or other available credit facilities and potential impacts.
 3. If a Bond transaction is the preferred vehicle for refinancing, submit, no later than 1 week after the failed remarketing, the necessary Authorizing Resolution and Supplemental Indenture (Exhibit A and B) in the event that poor EMCP market conditions are expected to continue for the duration of the Reset Rate Period.

a. Proceed with the activities required with a bond transaction, as depicted in the timeline below:



Presented and Adopted: October 7, 2021

SUBJECT: Approval to Extend the Rolling Owner Controlled Insurance Program 4 Services for an additional twelve (12) months, Contract No. 15-PR-CFO-32, AON Risk Insurance Services (AON)

**#21-85
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute the extension of Contract No. 15-PR-CFO-32, AON Risk Insurance Services (AON).

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute the extension of Contract No. 15-PR-CFO-32, AON Risk Insurance Services (AON). The purpose of this extension is to cover insurance premiums for construction contractors on DC Water Capital projects and cover excess program services. The extension amount is not to exceed \$739,770.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

**GOODS AND SERVICES CONTRACT MODIFICATION
ROCIP IV Insurance Services
(Joint Use-Direct)**

Approval to extend Rolling Owner Controlled Insurance Program (ROCIP IV) Insurance Services for an additional 12 months to cover excess program services in the total amount not to exceed \$739,770.00.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: AON Risk Insurance Services (AON) 2001 K Street, NW, Suite 625N Washington, DC 20036	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Original Insurance Premium Value:	\$11,070,945.00
Original Insurance Dates:	11-15-2015 - 11-14-2020
Contract Extension No. 1 Value:	\$0.00
Contract Extension No. 1 Dates:	11-15-2020 - 04-14-2021
Contract Extension No. 2 (18 Months) Premium Values:	\$536,893.00
Contract Extension No. 2 (18 Months) Dates:	04-15-2021 - 10-14-2022
Contract Extension No. 3 (12 Months) Premium Values:	\$739,770.00
Contract Extension No. 3 (12 Months) Dates:	10-15-2022 - 10-14-2023

Purpose of the Contract:

Payment of insurance premiums for construction contractors on DC Water Capital projects through DC Water's broker of record.

Scope of Services:

AON is the broker for the Rolling Owner Controlled Insurance Program (ROCIP IV) who markets and places specified insurance coverages and ensures premium payments until project completion.

Premium Extension:

Premium payment will ensure continued coverage for current ROCIP IV projects. The coverage includes Workers Compensation, General Liability and Excess Liability insurance for the term of 10/15/2022-10/14/2023.

Spending Previous Years:

Cumulative Contract Values:	11-15-2015 - 10-14-2022: \$11,607,838.00
Cumulative Contract Spending:	11-15-2015 - 09-15-2021: \$11,607,838.00

Contractor's Past Performance:

According to the COTR, the Contractor's quality of services; timeliness of responses; conformance to DC Water's policies, procedures and contract terms; and invoicing all meet expectations.

No LBE/LSBE participation

PROCUREMENT INFORMATION

Contract Type:	Fixed Unit Price	Award Based On:	Highest Ranked Offeror
Commodity:	Insurance Services	Contract Number:	15-PR-CFO-32
Contractor Market:	Open Market with Preference for LBE and LSBE Participation		

BUDGET INFORMATION

Funding:	Capital	Department:	Finance
Service Area:	DC Water Wide	Department Head:	Ivan Boykin

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	41.22%	\$304,936.00
Washington Suburban Sanitary Commission	45.84%	\$339,114.00
Fairfax County	8.38%	\$61,993.00
Loudoun Water	3.75%	\$27,594.00
Other (PI)	.83%	\$6,140.00
TOTAL ESTIMATED DOLLAR AMOUNT	100 %	\$739,770.00

 9/16/2021
 Ivan Boykin Date
 Director of Finance


Digitally signed by Dan Bae
 DN: cn=Dan Bae, o=DC Water, ou=DC District of Columbia Water and Sewer Authority, email=Dan.Bae@dcwater.com
 Dan Bae Date
 VP of Procurement and Compliance

Matthew T. Brown
Digitally signed by Matthew T. Brown
 Date: 2021.09.17 11:32:28 -0400
 Matthew T. Brown Date
 CFO and EVP of Finance and Procurement

 9/23/2021
 David L. Gadis Date
 CEO and General Manager

Presented and Adopted: October 7, 2021
SUBJECT: Approval of Green Bond Framework

#21-86
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority (the "DC Water"), at the Board meeting held on October 7, 2021, upon consideration of a joint-use matter, decided by a vote of (___) in favor and (___) opposed to approve the Green Bond Framework.

WHEREAS, on July 3, 2014, the Board, through Resolution #14-42, approved the issuance of Series 2014 Green Bonds to finance a portion of the DC Clean Rivers Project; and

WHEREAS, DC Water has been a leader in Green Bonds since its inaugural issue in 2014 of \$350 million; that issuance with a 100-year final maturity was the first municipal century bond issued by a water/wastewater utility in the United States and the first green bond in the US debt capital markets with an independent sustainability opinion; and

WHEREAS, DC Water has sought and received independent opinions for its Green Bonds and the Green Bond report that is published annually and reviewed DC Water's auditor; and

WHEREAS, DC Water strives to continue to be a leader in Green Bonds; and

WHEREAS, in June 2021, the International Capital Market Association (ICMA) issued its voluntary Green Bond Principles – Voluntary Process Guidelines for Issuing Green Bonds, which provides the best practices when issuing bonds and recommendations that promote transparency and disclosure; and

WHEREAS, DC Water has established a framework that meets the ICMA best practices, which will govern the use of proceeds, project evaluation and selection, management of proceeds, and reporting; and

WHEREAS, the Finance and Budget Committee met on September 23, 2021 to consider DC Water's adoption of the ICMA best practices; and

WHEREAS, the General Manager recommended enhancing the Green Bond Report;

publishing a separate report highlighting our leadership in Environmental, Social, and Governance (ESG) factors; and adopting a formal DC Water Green Book Framework based on the voluntary guidelines developed by the ICMA; and

WHEREAS, the Finance & Budget Committee considered the recommendation of the General Manager and recommended the Board approve the DC Water Green Bond Framework;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board hereby approves the attached "DC Water Green Bond Framework" as provided in Attachment A and authorizes the General Manager to implement it.
2. This resolution is effective immediately.

Secretary to the Board of Directors

Attachment A – DC Water Green Bond Framework

DC Water Green Bond Framework



Adopted by the Board of Directors on October 7, 2021

Background

The District of Columbia Water and Sewer Authority (DC Water) provides retail drinking water and wastewater services to the District of Columbia (District) and wholesale wastewater treatment services to several adjoining municipalities in Maryland and Virginia. DC Water was created in 1996 under District law, with the approval of the United States Congress, as an independent authority of the District government with legal, financial and operational autonomy. DC Water is governed by an 11-member Board of Directors, with representatives from the District, Montgomery and Prince George's counties in Maryland, and Fairfax County in Virginia. The Board is responsible for adopting DC Water's policies and procedures, and its District representatives are vested with the sole authority to set DC Water's rates, fees and charges.

Purpose

The purpose of this Green Bond Framework is to formalize the process and commitments that govern DC Water's issuance of Green Bonds.

Framework

This framework has been developed to correspond with the four pillars of the Green Bond Principles:

- Use of Proceeds
- Project Evaluation and Selection Process
- Management of Proceeds
- Reporting

Use of Proceeds; Project Evaluation and Selection Process

Issuance for Clean Rivers Project

DC Water may use the net proceeds of each Green Bond issuance to fund the Clean Rivers Project. The Clean Rivers Project meets the following specific Green Project Categories outlined in the Green Bond Principles: pollution prevention and control, sustainable water and wastewater management, climate change adaptation.

Issuance for Other Projects

DC Water may consider financing projects other than the Clean Rivers Project with the net proceeds of Green Bonds. Green Bond issuance for other projects must be authorized by the Board, at the recommendation of the CEO. The CEO's recommendation will include the environmental sustainability objectives, a statement of how the proposed projects meet the Green Project Categories, and the criteria that will be used to evaluate the project.

Net proceeds must be used to finance projects falling under one or more Green Project Categories. The

Green Project Categories include:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Terrestrial aquatic biodiversity
- Clean Transportation
- Sustainable water and wastewater management
- Climate change adaptation
- Circular economy adapted products, production technologies and process and/or certified eco-efficient products
- Green buildings

Amounts Used for Initial Project Financing and Refinancing

- DC Water will specify amounts to be used for initial project financing as well as any amounts used for refinancing. Such amounts will be contained within the Official Statement for the relevant Green Bond issuance.

Description of the Clean Rivers Project

Like many older cities in the United States, the sewer system in the District is comprised of both combined sewers and separate sanitary sewers. In a combined sewer system, sewage from homes and businesses during dry weather is conveyed to DC Water's Blue Plains Advanced Wastewater Treatment Plant (Blue Plains) located in the southwestern part of the District on the east bank of the Potomac River. At Blue Plains, wastewater is treated to remove pollutants prior to being discharged into the Potomac River. When the capacity of a combined sewer is exceeded during storms, the excess flow, which is a mixture of sewage and stormwater runoff, is discharged into the Anacostia and Potomac Rivers and Rock Creek. This excess flow is called combined sewer overflow (CSO). There are 47 active CSO outfalls in the District's combined sewer system.

Communities in the United States with combined sewer systems were required to prepare long term control plans for managing CSO in accordance with Section 402(q) of the Clean Water Act (CWA). A United States Environmental Protection Agency (EPA) Report to Congress on the Impacts and Controls of CSOs and Sanitary Sewer Overflows (EPA 833-R-04-001 dated August 26, 2004 or the "2004 EPA Report") concluded that occurrence of CSOs are widespread and cause or contribute to adverse environmental and human health impacts. DC Water, in compliance with the requirements of the CWA and its National Pollutant Discharge Elimination System (NPDES) permit issued by the EPA, prepared a Long-Term Control Plan (LTCP). The LTCP is a plan that outlines infrastructure improvements with a proposed implementation schedule to control CSO discharges into the area waterways.

In addition to controlling CSO discharges into the area waterways, select projects in the LTCP have also been deemed to relieve and mitigate flooding in certain areas of the District by the Mayor's Task Force on the Prevention of Flooding in Bloomingdale and LeDroit Park (Mayor's Task Force).

The LTCP infrastructure improvements that have been determined to provide flood relief and mitigation include:

- Irving Street Green Infrastructure
- First Street Tunnel
- Northeast Boundary Tunnel

A draft of the LTCP was submitted for public comment, as well as to the EPA and the District Department of Health in June 2001. After addressing public comments, the final LTCP proposed significant reductions in CSO compared to the draft plan and was approved by the District Department of Health in August 2003 and by EPA in November 2004. On March 25, 2005, DC Water and the District government entered into a Consent Decree (Civil Action No. 1:00-cv-00183-TFH) with the United States Department of Justice (DOJ) and the EPA. This Consent Decree established a schedule for the implementation of the LTCP. In 2010, DC Water renamed the LTCP the DC Clean Rivers Project. On May 20, 2015, DC Water, the District of Columbia, EPA and DOJ announced an agreement to modify the March 2005 consent decree to allow for large scale green infrastructure (GI) installations and other modifications to the DC Clean Rivers Project impacting the Potomac River and Rock Creek watersheds. The modification was approved and became effective on January 14, 2016.

Management of Proceeds

Net proceeds related to the issuance of Green Bonds will be specifically directed to pay the costs of design, construction, property acquisition, and other related expenses necessary for the eligible projects. Green Bond proceeds may also be used to pay the cost of issuance and underwriter's fees related to the transaction. The Department of Finance, within the Finance Division, is responsible for managing the funds.

The net proceeds of the Green Bond issuance will be deposited in a segregated account of the Construction Fund established under DC Water's Master Indenture of Trust, as amended and supplemented. Funds will be held exclusively in US Treasury securities or bank deposits.

All proceeds will be allocated within three years to eligible project expenses. Balances will be tracked and will be included in the annual audit and the Green Bond Report.

Reporting

DC Water will publish a Green Bond Report annually for projects until they have reached completion. The report will include appropriate performance measures for Environmental, Social, and Governance factors associated with the project and with DC Water. The report will transparently communicate the share of the total cost of the eligible project, which is financed by other funds, and to apply this ratio to the measured environmental and social benefits of the overall DC Clean Rivers project.

The Green Bond Report will include a description of the projects and reporting on the use of proceeds, environmental and social outcomes achieved, and responsible management of the project and DC Water. The report will be publicly available on DC Water's website and posted to the Electronic Municipal Market

Access website hosted by the Municipal Securities Regulatory Board, accessible at emma.msrb.org. The annual Green Bond Report will be reviewed by DC Water's external auditor.

Reporting for the Clean Rivers Project

For the Clean Rivers Project, these indicators will include:

- Use of Proceeds
 - The total amount of net proceeds deposited into the segregated Bond accounts
 - The total amount of Bond Draws
 - The total amount of unspent proceeds and details surrounding investment holdings (possible new indicator)
- Environmental and Social Outcomes
 - Percent Reduction in Predicted Pollutants
 - Tunnel Construction Progress
 - Flood Relief and Mitigation Projects Progress
 - Pollutants Removed at Blue Plains
 - Carbon measure (possible new indicator)
 - Biosolids re-use measure (possible new indicator)
- Responsible Management
 - DC Clean Rivers Project fulltime employees by gender, age, and ethnicity (indicators of diversity)
 - Total number of incidents of discrimination and actions taken
 - Percent of DC Clean Rivers Project employees receiving a performance review during the fiscal year
 - Number of project person hours spent on the DC Clean Rivers Project
 - Number of safety committee meetings
 - Number of safety observation reports
 - DC Clean Rivers Project recorded injuries incident rate
 - Health and safety incidents for contractors
 - Predicted volume of CSO discharged per average rainfall year
 - Percent of all DC Water invoices paid within 30 and 45 days
 - Percentage of EPA Fair Share Objective construction contracts awarded to Women and Minority Business Enterprises
 - Total number of contractors employed by the DC Clean Rivers Project and Percentage of DC Clean Rivers Project contractors that reside within the District or DC Water's service territory
 - Number of public meetings

Reporting for Other Projects

DC Water may consider financing projects other than the Clean Rivers Project with the net proceeds of Green Bonds. Prior to funding any such projects, DC Water will develop appropriate performance measures for Environmental Social, and Governance factors associated with the project. These performance measures will be incorporated into the annual Green Bond Report.

Second Party Opinion

At the time of issuance of a Green Bond, DC Water will seek an independent Second Party Opinion on the sustainability of the Green Bond to be issued by DC Water. The report associated with the Second Party Opinion will be made publicly available by DC Water.

Presented and Adopted: October 7, 2021
SUBJECT: Approval to Execute Change Order No. 1 of Contract No. 190030, Anchor Construction Corporation

#21-87
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a non-joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Change Order No. 1 of Contract No. 190030, Anchor Construction Corporation.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 1 of Contract No. 190030, Anchor Construction Corporation. The purpose of the change order is to provide Indefinite Delivery and Indefinite quantity of lead service line replacements and temporary pavement restoration at various locations in the District of Columbia. The change order amount is 7,000,000.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT CHANGE ORDER:

**Lead Service Line Replacement Contract FY20-FY22
(Non-Joint Use)**

Approval to execute Change Order No. 01 for \$7,000,000.00. The modification exceeds the General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Anchor Construction Corporation 2254 25th Place NE Washington, DC 20018	SJ Service Hyattsville, MD DBE	32.0%
DBE	United Construction Services, LLC Upper Marlboro, MD WBE	6.0%

DESCRIPTION AND PURPOSE

Original Contract Value:	\$7,289,400.00
Value of this Change Order:	\$7,000,000.00
Cumulative CO Amount, including this CO:	\$7,000,000.00
Total Contract Value, including this CO:	\$14,289,400.00
Original Contract Time:	1095 Calendar Days (3 Years)
Time extension, this CO:	0 Calendar Days
Total CO contract time extension:	0 Calendar Days
Contract Start Date (NTP):	10-01-2019
Contract Completion Date:	09-30-2022
Cumulative CO % of Original Contract:	96.03%
Contract completion %:	68%

Purpose of the Contract:

To provide Indefinite Delivery and Indefinite quantity (IDIQ) of lead service line replacements and temporary pavement restoration at various locations within the District of Columbia. The contract will also consist of providing private property side agreements and documentation. Scopes of work will be developed and issued to the contractor on a task order basis as needed by DC Water.

Original Contract Scope:

Remove and replace existing lead service lines. Install new copper service line from corporation stop to building. Installation of Meter Boxes, Frame and Covers. Replace Water Service lines. Installation of Curb Stop and Curb Stop Box. Private side tie-in and negotiation / coordination with homeowners.

Previous Change Order Scope:

N/A

Current Change Order Scope:

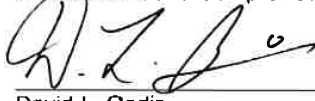
The current Lead Service Line Replacement Contract – FY20 – FY22 has seen increased demands from the District residents who wish to have their existing lead service line replaced under the Voluntary Full Lead Service Line Replacement Program (Voluntary Program). The passing of the District "Lead Bill" has also increased interest in the overall "Lead Service Line Replacement Programs". Due to the increased level of lead line replacements, the current contract ceiling will be

reached by the end of September 2021. In order to continue lead service replacements under the Voluntary Program a change order is requested to increase the contract value. A new contract will be advertised for FY23 and beyond.

PROCUREMENT INFORMATION			
Contract Type:	Fixed Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	190030
Contractor Market:	Open Market		

BUDGET INFORMATION			
Funding:	Capital	Department:	Engineering and Technical Services
Service Area:	Water	Department Head:	Jason Hughes
Project:	BW		

ESTIMATED USER SHARE INFORMATION		
User	Share %	Dollar Amount
District of Columbia	100.00%	\$7,000,000.00
Federal Funds	0.00%	\$0.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
Total Estimated Dollar Amount	100.00%	\$7,000,000.00

<i>Leonard R. Benson</i>	September 8, 2021	<i>Dan Bae</i>	September 8, 2021
Leonard R. Benson	Date	Dan Bae, VP	Date
SVP, CIP Project Delivery		Procurement and Compliance	
<i>Matthew T. Brown</i>	September 8, 2021		9/23/2021
Matthew T. Brown	Date	David L. Gadis	Date
CFO and EVP		CEO and General Manager	
Finance and Procurement			

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Change Order No. 2 of Contract No. 170170, Capitol Paving of D.C., Inc.

**#21-88
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a non-joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Change Order No. 2 of Contract No. 170170, Capitol Paving of D.C., Inc.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Change Order No. 2 of Contract No. 170170, Capitol Paving of D.C., Inc. The purpose of the change order is to continue restoration activities due to increased levels of lead service line replacements and ongoing rehabilitation activities for water and sewer. The change order amount is \$2,500,000.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

CONSTRUCTION CONTRACT CHANGE ORDER:

**Public Space Restoration Contract for FY18-FY21
(Non-Joint Use)**

Approval to execute Change Order No. 002 for \$2,500,000.00. The modification exceeds the General Manager's approval authority.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Capitol Paving of D.C., Inc. 2211 Channing St NE Washington, DC 20018	United Construction Services, LLC Washington, DC DBE	32.0%
	Acorn Supply & Distributing, Inc White Marsh, MD WBE	6.0%

DESCRIPTION AND PURPOSE

Original Contract Value:	\$21,584,324.00
Value of this Change Order:	\$2,500,000.00
Cumulative CO Amount, including this CO:	\$8,000,000.00
Total Contract Value, including this CO:	\$29,584,324.00
Original Contract Time:	1096 Calendar Days (3 Years)
Time extension, this CO:	0 Calendar Days
Total CO contract time extension:	270 Calendar Days
Contract Start Date (NTP):	04-09-2018
Contract Completion Date:	01-04-2022
Cumulative CO % of Original Contract:	37.06%
Contract completion %:	79.45%

Purpose of the Contract:

Permanent restoration of paved and non-paved surfaces in public space after the completion of repair and replacement activities by the Department of Water Services and the Department of Sewer Services.

Original Contract Scope:

Restore and/or replacement of asphalt and concrete roadways, brick and concrete sidewalks, landscaped areas, and other miscellaneous repairs that result from excavations performed in public space.

Previous Change Order Scope:

Time extension from April 8, 2021 to January 4, 2022 to ensure no lag between this contract and the next.

Current Change Order Scope:

The current Public Space Restoration Contract for FY18-FY21 which ends on January 4, 2022, has seen an increase in restoration activities due to increased level of lead service line replacements and ongoing rehabilitation activities for water and sewer.

PROCUREMENT INFORMATION


Contract Type:	Unit Price	Award Based On:	Lowest responsive, responsible bidder
Commodity:	Construction	Contract Number:	170170
Contractor Market:	Open Market		

BUDGET INFORMATION

Funding:	Capital	Department:	Water Services
Service Area:	Water	Department Head:	Jason Hughes
Project:	BW, KX		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$2,500,000.00
Federal Funds	0.00%	\$0.00
Washington Suburban Sanitary Commission	0.00%	\$0.00
Fairfax County	0.00%	\$0.00
Loudoun County & Potomac Interceptor	0.00%	\$0.00
Total Estimated Dollar Amount	100.00%	\$2,500,000.00

<i>Jason Hughes</i>	August 16, 2021	<i>Rudy Gonzalez</i>	September 3, 2021
Jason Hughes	Date	for Dan Bae, VP	Date
VP, Water Operations		Procurement and Compliance	
<i>Matthew T. Brown</i>	September 7, 2021		9/23/2021
Matthew T. Brown	Date	David L. Gadis	Date
CFO and EVP		CEO and General Manager	
Finance and Procurement			

Presented and Adopted: October 7, 2021

SUBJECT: Approval to Execute Contract No. DCFA #512-WSA – Rummel, Klepper, and Kahl

**#21-89
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority (“the Authority”) at its meeting on October 7, 2021 upon consideration of a non-joint use matter, decided by a vote of ___ () in favor and ___ () opposed to execute Contract No. DCFA #512-WSA – Rummel, Klepper, and Kahl.

Be it resolved that:

The Board of Directors hereby authorizes the General Manager to execute Contract No. DCFA #512-WSA – Rummel, Klepper, and Kahl. The purpose of the contract is to provide construction management services during the construction of Rock Creek Project B Green Infrastructure Facilities in support of the Clean Rivers Project. The contract amount is \$2,105,000.

Secretary to the Board of Directors

PROCUREMENT INFORMATION

Contract Type:	Cost Plus Fixed Fee	Award Based On:	Highest Ranking Score
Commodity:	Professional Services	Contract Number:	DCFA #512-WSA
Contractor Market:	Open Market with CBE Goal		

BUDGET INFORMATION

Funding:	Capital	Department:	DC Clean Rivers Project
Service Area:	Combined Sewer Overflow	Department Head:	Carlton Ray
Project:	DZ		

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	100.00%	\$ 2,105,000.00
Federal Funds	0.00%	\$
Washington Suburban Sanitary Commission	0.00%	\$
Fairfax County	0.00%	\$
Loudoun County & Potomac Interceptor	0.00%	\$
Total Estimated Dollar Amount	100.00%	\$ 2,105,000.00

Leonard Benson
 Digitally signed by Leonard Benson
 Date: 2021.09.08 11:37:02 -04'00'
 Leonard R. Benson, SVP Date
 CIP Project Delivery


 Dan Bae, VP Date
 Procurement & Compliance

Matthew T. Brown
 Digitally signed by Matthew T Brown
 Date: 2021.09.09 15:24:58 -04'00'
 Matthew T. Brown Date
 CFO and EVP
 Finance & Procurement


 David L. Gadis Date
 CEO & General Manager

**DCFA #512-WSA – Engineering Services
Rock Creek Project B Green Infrastructure**

**ATTACHMENT A
CBE CONSULTANT LISTING**

	TYPE	PARTICIPATION:
Hayat Brown 3715 Martin Luther King, Jr. Ave SE Washington, D.C. 20032	CBE	25.13%
Cube Root 1100 H Street NW, Suite 805 Washington, DC 20005	CBE	27.36%
CBE Total	CBE	52.49%