

**PRESENTED AND ADOPTED: February 3, 2011**  
**SUBJECT: Approval of 'Pay-As-You-Go' Capital Financing Policy**

**#11-22**  
**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" or the "Authority"), at its meeting on February 3, 2011, upon consideration of a joint-use matter, decided by a vote of nine (9) in favor and none (0) opposed to take the following action with respect to the approval of the the 'Pay-As-You-Go' Capital Financing Policy ("paygo").

**WHEREAS**, The Enabling Legislation, Public Law 104-84, which established the District of Columbia Water and Sewer Authority permits the expenditure of excess revenues for capital projects in excess of budget; and

**WHEREAS**, the Board at its meeting on July 2, 2009, approved Resolution #09-86, revised Statement of Financial Policies which directs the use of operating cash in excess of any reserve requirements be used for capital financing (paygo) or repayment of higher cost debt; and

**WHEREAS**, the Board at its meeting on January 6, 2011, approved Resolution #11-10, Revised Rate Setting Policy, which directs that revenues in excess of costs will be utilized to mitigate future customer and rate impacts, including transferring some or all of such excess funds to the Rate Stabilization Fund; and

**WHEREAS**, taken together, these financial policies require the General Manager or his designees to continually monitor and evaluate DC Water's financial position and to utilize all available options for use of excess cash to mitigate customer impacts and annual rate increases. Such options may include paygo financing and/or rate stabilization fund transfer; and


**WHEREAS**, the Board in resolution #10-76 provided specific guidance on the critical decision making for funding and draw down of funds in the Rate Stabilization Fund; and

**WHEREAS**, the Board desires to provide more specific guidance on the critical decision making of financing and use of excess cash for the capital program (paygo).

**NOW THEREFORE BE IT RESOLVED THAT:**

The Board hereby approves the attached 'Pay-As-You-Go' (Paygo) Capital Financing Policy.

This resolution shall take effect immediately.

  
Secretary to the Board of Directors