



District of Columbia Water and Sewer Authority

Board of Directors

MINUTES

Thursday, December 4, 2008

Present Directors

Vice Chairman Dan Tangherlini, District of Columbia
Anthony Griffin, Fairfax County
David J. Bardin, District of Columbia
Keith Stone, District of Columbia
Timothy Firestine, Montgomery County
Robert Hoyt, Montgomery County
Dr. Jacqueline Brown, Prince George's County
David Byrd, Prince George's County
Brenda Richardson for Alan Roth, District of Columbia
F. Alexis Roberson, District of Columbia
Joseph Cotruvo, Alternate to Vacant Principal

Present Alternate Directors

Kathleen Boucher, Montgomery County
Jimmie Jenkins, Fairfax County
Paivi Spoon, Prince George's County
Beverly Warfield, Prince George's County
Howard Gibbs, District of Columbia
George Hawkins, District of Columbia
Howard Croft, District of Columbia
David Lake, Montgomery County

WASA Staff

Jerry N. Johnson, General Manager
Avis M. Russell, General Counsel
Linda R. Manley, Secretary to the Board of Directors

Vice Chairman Dan Tangherlini called the 138th meeting to order at 9:35 a.m.

Vice Chairman Tangherlini asked everyone to give Mr. William Walker a warm welcome and appreciation for accepting the opportunity to serve as the Chairman of the District of Columbia Water and Sewer Authority.

Vice Chairman Tangherlini asked Mr. Walker to make a few remarks and provide the Board some sense of his agenda as the incoming Chairman.

Mr. Walker stated that it is an honor to be at the meeting and to have been appointed by the Mayor and confirmed by the DC City Council on Tuesday. He stated that he is chairman of a board of a large publicly traded company and also runs two privately held companies in the District of Columbia. Mr. Walker noted that he has read a lot of documentation from WASA and it is evident that DC WASA is an extremely well-run organization. He congratulated the General Manager for running an organization that is so well regarded from third parties across many fronts.

Mr. Walker stated that there are significant challenges going forward that not only WASA faces, and it is not his typical operating modus operandi to allow debates to go on endlessly. His goal is to focus on the major issues. He noted that the Board has committees to focus on the minutiae of issues, debate those issues, and bring to the board proposals to act upon. He is relying on committees to do a lot of the work at their level and when the Board convenes it should be dealing with the major and strategic decisions facing the organization going forward. Mr. Walker noted that he looks forward to working with the Board and the employees who make WASA work on a day-to-day basis.

Vice Chairman Tangherlini asked the secretary to dispense with the calling of the roll and confirm that there is a quorum to conduct the business of the Board.

Board Secretary Linda Manley confirmed a quorum.

Approval of the November 8, 2008 Meeting Minutes

Vice Chairman Tangherlini asked for a motion to approve the November 8, 2008 minutes. The minutes were Moved and Seconded with unanimous approval by the Board.

Environmental Quality and Operations Committee

Reported by: David Lake, Chairman

The Committee met on Monday, November 17, 2008.

The Committee was informed that the plant is operating in compliance with one exception because there was an excursion at the plant relating to a pH violation. The violation was due to a nitrification unit being taken out of service for maintenance which caused a drop in the pH. Caustic soda was added to the system to counter the drop in pH, following the standard operating procedure. An unusually high amount of caustic soda was added due to a problem with a valve in the chemical addition system and resulted in the pH rising which caused a short period violation. The Committee reviewed the action report following the excursion and was impressed with the speed in which the long-term corrections are being addressed.

The Committee received an update on the NPDES Permit Appeal/EAB Ruling and Appeal in which the status is unchanged from last month.

Mr. Lake noted that there has been discussion at the board level of the need to pursue any delay to the long-term control plan because of water quality concerns and what that does to the total nitrogen project at Blue Plains.

Mr. Benson advised the Committee that there are projects that can move forward for the Total Nitrogen project even if the long-term control plan is delayed.

The Committee was informed that the Potomac Interceptor Sewer Odor Abatement Project is on schedule and the progress continues.

An update on the Potomac Sewage Pumping Station regarding the failure of the facility to meet regulatory pumping capacity was provided to the Committee. EPA was notified that WASA's position is that the issue was force majeure and WASA should not be responsible for any fines in not meeting the deadline of the consent decree. WASA has received no response from EPA.

The Committee is recommending four joint use contracts for Board approval.

Dr. Brown requested that Contract No. DCFA #418-WSA, Metcalf & Eddy Management, P.C., be removed from the consent agenda for proposed language to the resolution to memorialize the language that there will be an effort made to look for grant funding for WSSC and Fairfax County with the understanding that if funding is not provided they are still obligated to pay their portion. Vice Chairman Tangherlini noted that he would recommend removing the contract from the consent agenda for proposed language to the resolution.

**Joint Meeting – Environmental Quality and Operations/District of Columbia
Retail Services/Finance and Budget Committees**

Reported by: David Lake, Chairperson

Mr. Lake noted that the first order of business was more of a Finance and Budget Committee meeting.

Mr. Adebo provided the Committee a summary of financial highlights for the month of October for both operating and capital expenditures.

The Committee discussed the Series 2003 bonds – Surety/Letter of Credit and is recommending to the Board management’s proposal for approval.

The Committee then discussed the Authority’s bond financing which is for \$325 million of senior lien tax exempt scheduled for January 2009 and is recommending Board approval.

The Committee moved into a review of the revised Fiscal Year 2009 and Proposed Fiscal Year 2010 budgets. The review of the budget was consistent with past years and the Committee was comfortable with the direction that the fiscal year 2010 budget is headed. The Board will have additional opportunities for review and comment of the proposed budgets.

D.C. Retail Services Committee

Reported by: Joseph Cotruvo, Chairperson

The Committee met on Monday, November 17, 2008 and received a report on the coliform testing. In October one site tested positive, and in November no sites tested positive.

The Authority is still in compliance with the first reporting from the present period for the Lead and Copper Rule.

The Committee was provided with a status of the LSR Mitigation Extended options. Staff received comments from the Authority’s General Counsel and is still awaiting a response from WASA’s health and risk communication advisors.

The Committee discussed the cost of implementation of the revised Lead Service Line Replacement Program and the Board’s action significantly reduced the cost. The Committee then discussed a \$16 million expenditure to occur in the next fiscal year and requested that staff look at the expenditure to see if the expenditure is mandatory.

The Committee is recommending one contract for Board approval.

Mr. Walker requested that the DC Retail Services Committee take a look at how clean the water is.

Mr. Hawkins provided the Board an update on the Independent Water Quality Committee with three points: (1) The Committee is driving on a time schedule; (2) the Committee will have an independent look at the way LCR is done; and (3)

the Committee is seeking technical support to draft an RFP and find an enterprise to do the study.

Customer and Community Services Committee

Reported by: Brenda Richardson, Chairperson

The Committee met on Tuesday, November 18, 2008 and reviewed draft policies and procedures for the Freedom of Information Act requests to include reporting requirements within a short period of time of any cases that may be problematic.

The Committee discussed the Authority's complaint process.

The Committee requested staff to provide at its next meeting a six-month review of the Urban League's performance regarding the Authority's SPLASH Program.

Mr. Stone noted that there was a 16-inch water main break in Ward 7 on Tuesday and commented on the excellent customer service he received from a WASA representative when he called. Mr. Tangherlini also noted excellent interagency cooperation when there was a possibility of a neighborhood losing water pressure.

Governance Committee

Reported by: Keith Stone, Chairperson

The Committee met on November 12, 2008 and reviewed a draft policy on public videotaping of Board and Committee meetings. The policy does not require Board approval.

The Committee received an update from Gordon Fry, Director of Intergovernmental Relations, on the Impervious Area charge legislation. In addition, Mr. Fry noted that Councilmember Graham will not address the definition of joint use facilities in the current legislation, but will address it at a later date.

The Committee discussed travel and training for Board members. The General Manager noted that based on other surrounding agencies, the common practice was for Board members to follow the travel and training practices adopted by an agency for its employees.

Mr. Walker asked the Governance Committee to come up with a Board evaluation document to evaluate the effectiveness of the Board and present it at the next Board meeting for circulation.

District of Columbia Retail Rates Committee

Reported by: Dan Tangherlini, Chairperson

The Committee met this morning and received briefings on the status of the database development associated with the Impervious Area billing system, and as a result the Impervious Area charge. In addition, the Committee discussed the schedule for establishing both the retail and the impervious area charge rates.

In January, the Committee and Board will move for proposal of the 2009 IAC and the 2010 retail rates, followed in February by an adoption of the IAC rates and in September the adoption of the FY 2010 retail rates.

The Committee discussed how the Authority will meet the legislative request to analyze the impact of rate increases on low-income residents. The Committee felt that it is important that it get a sense of how the Authority will address the concerns raised in the legislation which would be passed in second reading later in the month.

The Committee discussed the IAB process on how WASA will establish the billing for the charge. The Committee was informed that 13 to 15,000 additional customers who do not have existing business relationship with the Authority will be added to the customer base.

The Committee then discussed the Authority's outreach efforts regarding the Impervious Area charge. The Committee will discuss in detail at its next meeting whether the Authority is ready to move forward with the IAC.

The Committee discussed potential rate increases and the underlying context of those rate increases and seeking additional effort through the stimulus proposal discussions on Capitol Hill around the total nitrogen project.

Human Resources and Labor Relations Committee

Reported by: Anthony Griffin, Chairperson

The Committee met on November 25, 2008 and received a presentation from Everett Lallis, Safety and Security Director, on the Authority's Safety Program. The Committee discussed the Authority's higher lost-work incident rate than the national average and the objective of the program and ways to lower the rate.

The Committee discussed the Authority's sick leave accrual rates, and carryover amounts. It was noted that the provisions for sick leave and carryover amounts were taken out of the personnel regulations so that any future modifications would not be subject to the rulemaking process.

The Committee supports staff recommendations regarding sick leave accrual rates and carryover amounts and is recommending Board approval of the resolution.

The Committee received an update on the CIGNA HealthCare contract and is recommending Board approval of the resolution.

Mr. Tangherlini requested information based on the cost for the CIGNA HealthCare contract and the incremental cost that is reflected in the budget.

Mr. Griffin informed the Board that they will receive early next week by mail, an evaluation instrument for the General Manager to include the General Manager's self evaluation based on his work program. Mr. Griffin requested that the Board return their evaluations by December 18th or 19th. The goal is to present the final evaluation of the General Manager at the Committee's December meeting and the Board to take action at its January meeting.

The Committee went into executive session regarding a complaint from a former employee of the Authority. The Committee will move forward to present a resolution of the complaint after its review.

General Manager's Report

Reported by: Jerry Johnson

The General Manager presented his report by exception and highlighted several items.

The General Manager informed the Board that WASA will meet today with the Environmental Protection Agency and the Department of Environment to discuss the water quality issue as it relates to the CSO long-term control plan.

The General Manager noted that the plant excursion reported by Mr. Lake in his report has been officially classified as an action that occurred because of a construction outage. WASA is making every effort to treat that as a force majeure event and work with EPA to avoid it showing up as an excursion on WASA's permit.

In addition, WASA is working with EPA regarding the Potomac Pumping Station in which WASA believes is a force majeure event and is working with EPA as they review and bring their engineering experts onboard to take a look at the particular issue.

The General Manager began discussing the Authority's bond issuance. He noted that a question was asked of what happens if the Authority goes to the bond market and receives a high interest rate or is not able to sell bonds, etc. The General Manager informed the Board that staff looked at the Authority's cash flow needs to carry the Authority for an additional sixty days beyond the January timeframe that the bond issuance is planned. As a result, the Authority lowered its spending projections and the spending rate by reducing the level of activity on several contracts. In addition, there are opportunities to reduce or

defer payments to carry the Authority for an additional thirty days if needed. The other option, which is the last resort, is to draw out of the reserves. This would be an action for Board approval. However management's thought is that the cash flow can be managed without having to take from the reserves.

The General Manager informed the Board that staff and Chairman Walker will be going to New York to make presentations to the rating agencies.

Karen DeMoors, Public Finance, provided a synopsis of what is currently happening in the market.

Ryan Chandler of Squire Sanders & Dempsey, the Authority's bond counsel explained the bond documents that the Board will take action on today.

The Board moved to the consent items (Joint-use).

Vice Chairman Dan Tangherlini removed Item 1, Contract No. DCFA #418-WSA, Metcalf & Eddy Management, P.C., from the consent agenda for discussion. He requested a motion for items 2 through 8.

2. Approval to execute Contract No. DCFA #421, Jacobs Associates – **Resolution No. 08-102**
3. Approval to execute Contract No. 060090, Ulliman Schutte Construction, LLC. – **Resolution No. 08-103**
4. Approval to execute Option Year Four (4) of Contract No. WAS-04-053-AA-MB, J. Givoo Consultants, Inc. – **Resolution No. 08-104**
5. Revised Authority to Obtain a Letter of Credit for the Series 2003 Bonds – Subordinate Debt Service Reserve Account – **Resolution No. 08-105**
6. Approving the Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2009A Subordinated Bonds – **Resolution No. 106**
7. Approval of Option Year Two (2) of Contract No. WAS-06-020-AA-MB, CIGNA HealthCare – **Resolution No. 107**
8. Approval of Annual and Sick Leave Provisions for Non-Union Employees – **Resolution No. 108**

The motion for Items 2 through 8 was moved and seconded and approved by the Board.

Item No. 1, Contract No. DCFA #418-WSA, Metcalf and Eddy Management, P.C., Resolution No. 08-101, was moved and second. Dr. Brown asked for discussion of the item. She requested that wording be added to the resolution stating "In addition, WASA will work to try to ensure that the cost shares are grant

fundable for all users.” Mr. Bardin accepted Dr. Brown’s revision as a friendly amendment.

Item No. 1 was moved and seconded with approval by the Board of Directors.

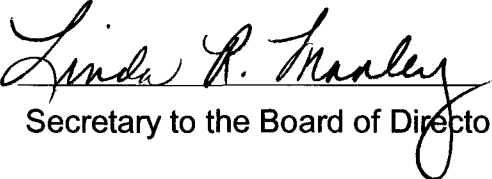
The Board moved to the consent items (Non-Joint use)

Vice Chairman Dan Tangherlini requested a motion for Items 1 through 3.

1. Approval to execute Contract No. 080040, Insituform Technologies, Inc. - **Resolution No. 08-109**
2. Approval to execute Option Year Four (4) of Contract No. WAS-04-047-AA-DW, Rodger Brothers Custodial Services – **Resolution No. 08-110**
3. Approval to execute Contract No. 7507000445AD, Criswell Chevrolet, Inc. – **Resolution No. 08-111**

The motion for Items 1 through 3 was moved and seconded and approved by the District members of the Board.

The 138th meeting of the District of Columbia Board of Directors adjourned at 11:45 a.m.


Secretary to the Board of Directors