



District of Columbia Water and Sewer Authority

Board of Directors

MEETING MINUTES

Thursday, March 4, 2010

Present Directors

Chairman William M. Walker, District of Columbia
David J. Bardin, District of Columbia
Kathleen Boucher, Alternate to Timothy Firestine, Montgomery County
Robert Hoyt, Montgomery County
Ralph Moultrie, Prince George's County
David Byrd, Prince George's County
Alan Roth, District of Columbia
F. Alexis Roberson, District of Columbia
Alethia Nancoo, District of Columbia

Present Alternate Directors

Beverly Warfield, Prince George's County
Dr. Joseph Cotruvo, District of Columbia
Maurice Boissiere, District of Columbia
Brenda Richardson, District of Columbia
David Lake, Montgomery County
Paivi Spoon, Prince George's County
Howard Croft, District of Columbia
Howard Gibbs, District of Columbia

WASA Staff

George S. Hawkins, General Manager
Avis M. Russell, General Counsel
Linda R. Manley, Secretary to the Board of Directors

Chairman Walker called the 152nd Meeting of the District of Columbia Water and Sewer Authority's Board of Directors to order at 9:34 a.m.

Chairman Walker asked Ms. Manley to confirm a quorum

Board Secretary Linda Manley confirmed a quorum.

Approval of the February 4, 2010 Meeting Minutes

Chairman Walker asked for a motion to approve the February 4, 2010 minutes. The minutes were Moved and Seconded with approval by the Board.

Presentation

Chairman Walker presented Jimmie Jenkins and Keith Stone a plaque on behalf of the Board for its appreciation of their serving the Authority for many years, putting a tremendous amount of time and effort into their roles as Board members.

Chairman's Overview

Chairman Walker noted that the help the Authority provided DDOT and DPW during the snow storm was invaluable. He thanked the General Manager and the management team for reaching out and those members of the DCWASA team who were out in those difficult conditions.

Chairman Walker stated that there has been a lot of discussion as it relates to Board committees. He noted that the Governance Committee was given the assignment to look at the existing committee structure and bring to the Chairman recommendations. However, since the Chair of the Governance Committee went off the Board after this was assigned to the Committee, he thought about it in conjunction with discussions with the General Manager to get a sense of his priorities for the entity going forward.

Chairman Walker discussed committee chairs and noted that previous chairs of the standing committees of the Board were principal members of the Board and during his predecessor's tenure, he decided to ask alternate members of the Board to be chairs of various committees. He noted that the input, dedication and effort that have been put into those committees by the alternate members is nothing less than outstanding. However, he wants to put the Committee chairmanships back with just principal members of the Board. Chairman Walker noted that David Lake and Joseph Cotruvo have incredibly deep knowledge of the issues of the Committees they chaired and have done an incredible job of running the Committees. He noted that from a standpoint of governance, it is important to make sure that it is the principal members who are accountable for what comes out of the committees and what the Board votes on, since principal members are the voting members of the Board.

Chairman Walker noted that there was some discussion with Mr. Firestine in combining the Finance and Budget and Audit Committees and the agreement

was not to combine the committees. Therefore, he is asking Mr. Firestine to chair the Finance and Budget Committee, David Byrd to chair the Audit Committee.

The Environmental Quality and Operations Committee will be separated, and the Environmental Quality Committee will be given the responsibility for environmental mandates, environmental regulation and the overall environmental stewardship of the organization. Chairman Walker is asking Robert Hoyt to Chair the Environmental Quality Committee of the Board, given his extensive work in Montgomery County on environmental issues.

Chairman Walker stated that he is asking David Bardin to Chair the Retail Rates Committee. Mr. Bardin has been one person who consistently has been a leader on making sure that retail rates are heavily considered, thought through and that they are taking into account the entire population base.

Chairman Walker is asking Mr. Roth to Chair the Human Resources (HR) and Labor Relations Committee. Mr. Roth has been very involved in all of the HR issues and attacks all issues with great legal vigor. He noted that Mr. Griffin has done a fantastic job on the Human Resources Committee. However, he wants to utilize Mr. Griffin's skills in another area.

He is establishing a Long-Range Planning Committee and he is asking Mr. Griffin to chair that Committee. He has the historical knowledge of where this Board has gone since becoming the District of Columbia Water and Sewer Authority.

Chairman Walker is asking Alethia Nancoo to chair the Governance Committee. He noted that Ms. Nancoo's legal background would be very helpful in chairing the Governance Committee.

The final committee will be the Water Quality/Water Services Committee which is the retail services piece and somewhat taking the operations side putting an emphasis on water quality. He is asking Neil Albert to be the chairman of the Water Quality/Water Services Committee.

Mr. Walker will make committee assignments before the next Board meeting.

Audit Report

Reported by: David Byrd

The Committee was provided a status on the Internal Audit Report .

The Committee discussed the hotline for employees to report inappropriate or suspicious activities, and the methods to be utilized to advertise the hotline. In addition, the Committee discussed the communication process within every business unit of the Authority.

Mr. Freiburger, SC&H Group, LLC informed the Committee that the audit of the Procurement Review which was scheduled to be performed in the 3rd quarter was being moved up to the 2nd quarter. The Committee requested that the

consultants evaluate the size of contracts that WASA enters into, as well as the minority business opportunities. The Committee recommended that the consultant review the Biosolids cost charged from WSSC. After discussion the Committee suggested that consideration be given to perform the audit from 2003 to 2009.

The Committee reviewed the Internal Audit Charter and recommended several amendments.

Mr. Lucas, TCBA walked through the audited financial statements and explained that there were no weaknesses or significant deficiencies. A discussion took place regarding the four items noted within the report on control deficiencies. Ms. Preston, Customer Service Director, explained the enhancements which have been made to address the comments regarding meter reading, and bill adjustment approval. Mr. Siddiqui, Manager IT Systems, explained the process which was used in updating the Disaster Recovery Plan.

Chairman Walker asked when the Authority goes through the contracting process of its external as well as internal auditors. Mr. Madrid, DCWASA Controller replied that for the external auditor it is for five years; three years with a two-year renewal. The Authority has already gone through one year of the three-year contract. Teresa Scott, Acting Procurement Director, stated that the internal audit outsourcing contract was awarded in August and it is one year with four one-year renewal options.

Environmental Quality and Operations Committee

Reported by: David Lake, Chairperson

The Committee met on Thursday, February 18, 2010.

Avis Russell, General Counsel, informed the committee that there has not been an issuance of a discharge permit for Blue Plains.

The Committee discussed the quarterly Capital Improvement Program (CIP) report and is still working on some input to the staff in terms of how the report can meet the Board's needs.

The Committee discussed a mid-year CIP review and felt that it would be a good idea for both the Environmental Quality and Operations Committee, or a Long-Term Planning Committee in the future, to review the CIP mid year to get a sense of the details in terms of what projects are moving forward.

The Committee received a presentation on the Chesapeake Bay Program/Nitrogen Allocation and Joint Use Sewers Cost Share Analysis.

The Committee is recommending eight action items for Board approval.

Chairman Walker asked if there was any consequence to WASA related to EPA and having issued the NPDES permit. Mr. Lake replied that the existing permit was still in force and that WASA was moving forward with projects for the nitrogen limits in the draft permit since they were not subject to change in the final permit; accordingly, there was not an issue for WASA due to the delayed permit.

Retail Services Committee

Reported by: Joseph Cotruvo, Chairman

The Committee met on February 18, 2010.

Mr. Charles Kiely, Assistant General Manager, reported that zero (0) samples tested positive for coliform in the month of January. Also, no samples have tested positive this month through February 17th.

The Committee was provided an update on the status of the Lead and Copper Rule (LCR) compliance testing. He reported that 27 samples have been collected to this point for the first semester. These samples are currently in the laboratory awaiting analysis. The results are expected in a couple of weeks.

The Committee discussed the temporary change to free chlorine while it considers alternative approaches.

Mr. Kiley presented the Committee with a status of the Fire Hydrant Program. He noted that the current number of public "out-of-service" fire hydrants stands at 113 and half of those were considered defective and required significant work.

The Committee received a presentation concerning the water and sewer repair activities on Spring Place, N.W.

Mr. Tom Jacobus, General Manager of the Washington Aqueduct (WAD), made a presentation on WAD's Future Treatment Alternative Study.

The Committee had a short discussion on the consumer confidence reports and the need to make them valuable to the public.

Chairman Walker asked the status of the funding for the \$400,000 study that District Department of Environment (DDOE) proposed. Mr. Hawkins requested a change in the minutes where it stated that "WASA was aware of the study but did not want to play a more active role." The change is to take out "want to". Mr. Hawkins noted that the Authority is very interested in becoming involved

Mr. Hawkins informed the Board that he still has a request from DDOE for the Authority to pay for the \$400,000 study. The Authority is actively talking with the advocates, who are the primary drivers of seeking to have the independent study

to determine whether or not the study should be done. Another option is to enhance the Authority's internal process with the advocates participating to achieve the outcome expected, which is to understand what is being done and any issues that remain over the lead question for the water supply, without funding the independent study. Chairman Walker stated that a decision needs to be made between now and the April Board meeting on whether to find \$400,000 in the budget or come up with a set plan to enhance the Authority's internal process with the participation from the water advocates. Mr. Hawkins agreed to come to a conclusion or a strong enough report prior to the next Board meeting.

General Manager's Report

Reported by: General Manager, George S. Hawkins

The General Manager noted that the Authority stepped up under very challenging circumstances during the snow storm and assisted in plowing out the entrances to the fire houses east of the river.

The General Manager noted in response to Ms. Nancoo's question that the quantified cost with respect to snow removal and snow activities was a little over \$400,000 and has been submitted to the District in hopes that the Authority will be reimbursed by the Federal Government.

The General Manager highlighted some of the internal workings of the Authority to foster a culture of teamwork and mutual support.

Mr. Moultrie asked what the internal dynamics are, how well the Authority is performing and when that report would be completed. Chris Carew, Chief of Staff, replied that he and the General Manager will receive a draft report for review by mid-April.

The General Manager noted that there are three awards that are coming to the Authority for operational excellence.

The General Manager noted that the Authority is behind on revenues primarily due to deferring the drawdown of the Rate Stabilization Fund and the ongoing difference between the costs of the Fire Hydrant Program and the amount that the Authority is reimbursed by the District.

In the permit processing, the Authority reports the performance relative to a service-level agreement. Mr. Bardin wanted a definition of a service level agreement. Mr. Hawkins responded that the Authority has created service level agreements for each of the different kinds of permits it receives and how it achieves those levels. He noted that if the Board is interested, he will provide what the service level agreements are for the different permits.

Ms. Nancoo noted that on page two of the General Manager's Report, it appears that the Authority has two consecutive months of not meeting its targeted financials and asked how revenues are trending for February. The General Manager responded that the Authority is below on the revenue line because of the deferring of the drawdown of the Rate Stabilization Fund and an issue that the Authority is working to resolve with the District on hydrants, where the Authority is spending more money on hydrant issues than it is receiving from the District.

Mr. Bardin requested that Mr. Hawkins provide the Board periodically in the General Manager's Report under the financial highlights information on how the Authority is doing in carrying out the 10-year financial plan that was approved by the Board in January. Chairman Walker requested that a CFO's update as it relates to the financial performance of the entity be added to the report.

Ms. Spoon requested that the energy consumption measures be added to the General Manager's Report and that the previous year numbers are added on the chart as a reference point.

Administrative Item

After a lengthy discussion on the contract extension with Hess Corporation, and the Chairman's suggestion to take the contract extension back to the Finance and Budget Committee for its recommendation to the full Board in April, Chairman Walker asked for a motion to move Resolution #10-30. Mr. Roth moved that the Board approve the authorization of Resolution #10-30 and Mr. Bardin seconded. Chairman Walker asked for discussion. Mr. Roth noted that Mr. Bardin made an important point that the Board would be authorizing the General Manager to enter into the contract. Mr. Roth noted that he is prepared to vote to authorize the General Manager to enter into the contract on the basis that the General Manager would exercise his best discretion in locking in on the rates. The motion was passed by a roll call vote - six yes and three nos.

Consent Items (Joint Use)

Mr. Bardin moved the adoption of Resolutions No. 10-31 through 10-38. The resolutions were moved and seconded with unanimous approval by the Board of Directors.

Consent Items (Non-Joint Use)

Mr. Bardin moved the adoption of Resolutions No. 10-40 and 10-41. The resolutions were moved and seconded with unanimous approval by the District members of the Board of Directors.

Ms. Nancoo requested discussion on Resolution No. 10-39. Ms. Nancoo asked if the change order that the Board is being asked to approve is due to the increased work that was provided during the 35-day work period or does it relate to increased costs of the provider, Flippo Construction Company, Inc. Mr. Kiely noted that the infrastructure contract is used to supplement the crews, mainly to do repair work and valve replacement work and some hydrant work. In addition, the contract handles emergency situations. Ms. Nancoo requested that the General Manager look at the procurement of the services to allow for a slate of entities to be available to the Authority for the work requested.

Resolution No. 10-39 was moved and seconded with unanimous approval by the District members of the Board of Directors.

Other Business

Chairman Walker noted that he has had discussion with the General Manager regarding the Board meeting every other month. The question is can the Board have extra meetings to be able to approve contractual items that come up between Board meetings. Chairman Walker has asked the General Manager to go back and talk that through. Therefore, the Board is on hold for any changes to the monthly Board meetings. Chairman Walker requested that proposed changes to the bylaws get put into a redline document and given to Ms. Nancoo's committee to take a look at during their next meeting and bring the recommendations to the full Board.

The Board convened into an executive session at 12:09 p.m. The Board reconvened into the public session at 12:50 p.m.

The 152nd meeting of the DCWASA Board was adjourned on 12:52 p.m.


Secretary to the Board of Directors