



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

BOARD OF DIRECTORS

Governance Committee

Thursday, August 4, 2005

MEETING MINUTES

BOARD MEMBERS

Bruce Romer, Committee Chairman
David J. Bardin
Alfonso Cornish
Glenn Gerstell
Anthony Griffin
Alexander McPhail

WASA STAFF

Jerry Johnson, General Manager
Avis M. Russell, General Counsel
Michelle Cowan, Acting Chief Financial Officer
Linda Manley, Secretary to the Board

Mr. Romer called the telemeeting to order at 10:00 a.m.

Governance Study Update

Mr. Romer asked Edward Donahue of Municipal & Financial Services Group (MFSG) to report to the Committee concerning the status of the governance study.

The Governance Study Progress Report dated August 4, 2005 served as the framework for discussions. Mr. Donahue continued with a review of the project approach, scope of work, status, schedule and Committee feedback and guidance needed.

Project Approach

Mr. Donahue reported that the governance study will compile previous studies and existing data, interview Board members, management and other stakeholders to identify potential governance issues. The study will also identify and evaluate comparable agencies, develop alternative governance models for consideration as well as evaluation criteria. Finally, the study will provide conclusions and recommendations.

Data Collection and Interviews

With cooperation from WASA staff, Mr. Donahue reported that the consultants have accumulated an electronic data repository that will be forwarded to WASA at the culmination of the study.

As of today, the consultants have met with 14 of the Board members and alternates, and most of WASA's senior managers. An external stakeholders interview schedule has been prepared and interviews are underway. Four out of 22 planned interviews have been completed and all will be completed within the next three weeks. No one has declined the opportunity to meet with the governance consultants.

Mr. Johnson asked if the team has made contacts with the Washington Aqueduct to arrange an interview. Larry Tropea, a Senior Manager of MFSG, responded that an interview with an executive-level manager from the U.S. Army Corps of Engineers is scheduled for later this month.

In addition to other District Government interviews, Mr. Bardin asked the consultants to consider interviewing District of Columbia executives such as the Director of the Department of Transportation, the City Administrator and other executives who may have input. Mr. Donahue responded that interviews are scheduled with the Department of Health, representatives of the City Council, the District's Chief Financial Officer. Ken Tatum reported that an interview was held on Wednesday, August 3 with Mr. James Collier of the Department of Health's Bureau of Environmental Quality. Mr. Donahue said that the consultants would try to schedule an interview with the Director of the Department of Transportation.

Governance Issues Identified

Next, Misters Donahue and Tropea, reported to the Board concerning issues identified and feedback provided as a result of interviews already conducted. The consultants will update the listing as additional interviews are conducted and other issues are raised.

Potential Governance Models and Proposed Evaluation Factors

Mr. Donahue provided the Committee with an overview of potential governance models and recommended the following evaluation factors:

- Financial
- Customer service
- Environmental
- Practicality
- Public Acceptability

Mr. Romer noted that after assigning weights to each evaluation factor, the Committee will debate the pros and cons of each potential structure at a later date.

Committee Feedback

Mr. Gerstell noted that he is pleased with the study efforts thus far. Mr. Donahue assured the Committee that the consultants are on schedule to deliver the report on October 1 and within budget.

Next Meeting of the Governance Committee

The Committee scheduled its next meeting for Thursday, September 1 at 8:00 am prior to the regularly scheduled Board meeting and will reconvene the meeting immediately following the Board meeting. Also, Mr. Johnson informed the Committee additional discussions will occur at the Board's fall retreat scheduled for September 29 and 30.

Chairman Romer adjourned the telemeeting at 11:15 a.m.