



## DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

### Board of Directors

*Finance and Budget Committee*

*Thursday, September 25, 2014*

11:00 a.m.

1. **Call to Order** ..... Timothy L. Firestine, Chairperson
2. **August 2014 Financial Report (Attachment 1)** ..... Gail Alexander-Reeves and Robert Hunt
  - A. Operating Revenues & Expenditures
  - B. Capital Disbursements Summary
  - C. Cash Reserves & Investments
  - D. **Investment Report**
3. **CIP Quarterly Update (Attachment 2)** ..... Dave McLaughlin
4. **Digester Project Financial Impact (Attachment 3)** ..... Dave McLaughlin
5. **Financing Update** ..... Mark Kim & Dan Hartman, PFM
6. **Action Items** ..... Mark Kim
  - A. **2015 Board Resolution – Refunding**
7. **Agenda for October Committee Meeting (Attachment 4)** ..... Timothy L. Firestine
8. **Executive Session** To discuss legal, confidential and privileged matters pursuant to Sections 2-575 (b) (2) and (4) (A) and (B) of the D.C. Official Code
9. **Adjournment**

#### ***FOLLOW-UP ITEMS – Finance & Budget Committee Meeting held July 26, 2014.***

1. Provide copies of credit rating agency reports regarding the century bonds **(Mr. Firestine)**  
**Status: Complete**
2. Provide a breakdown of expenses related to the bond sale **(Mr. Firestine)** **Status: Complete**



Fiscal Year 2014

## Monthly Financial Report

Period Ending August 31, 2014

### DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

**Mark Kim**, Chief Financial Officer

**Gail Alexander-Reeves**, Director, Budget

**Robert Hunt**, Finance Director (Acting)

**Syed Khalil**, Manager, Financial Planning & Revenues

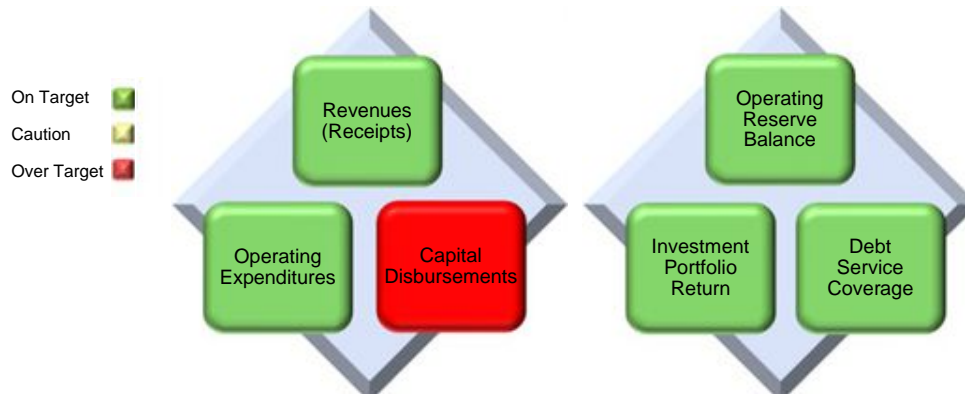
**John Madrid**, Controller

## Monthly Financial Report

### AUGUST 2014

#### EXECUTIVE SUMMARY

As of the end of August 31, 2014, with approximately 92 percent of the fiscal year completed, find below the current trend of budgetary expectations and targeted performance metrics.



(\$ in millions)

	Approved Budget	Revised Budget	YTD Budget	YTD Actual	Variance Favorable (Unfavorable)		% Revised Budget
<b>Revenues (Receipts)*</b>	\$477.6	\$467.2	\$428.3	\$445.7	\$17.4	4.1%	95%
<b>Expenditures*</b>	\$479.5	\$441.7	\$404.9	\$383.9	\$21.0	5.2%	87%
<b>Capital Disbursements</b>	\$557.1	\$557.1	\$520.4	\$622.0	(\$101.5)	(19.5%)	112%

\* *Straight-lined (11/12 of revised budget)*

#### Highlights:

- Government Finance Officers Association Distinguished Budget Presentation Award for the Fiscal Year beginning October 1, 2013 (FY 2014) for the thirteenth straight year
- FY 2016 Budget Planning Process continues with plans to presentation to the Board of Directors on November 6, 2014

**Mark T. Kim**, Chief Financial Officer

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Operating Revenues (\$000's)

Category	FY 2014 BUDGET	YTD BUDGET	YTD ACTUAL	YTD % BUDGET	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)
Res. / Comm. / Multi.	\$256,193	\$234,844	\$241,502	94.3%	\$6,659	2.8%
Federal	55,141	50,546	55,172	100.1%	4,626	9.2%
Municipal (DC Govt.)	9,675	8,869	11,585	119.7%	2,716	30.6%
DC Housing	6,685	6,128	6,772	101.3%	644	10.5%
Metering Fee	10,776	9,878	10,349	96.0%	471	4.8%
Wholesale	71,126	65,198	70,116	98.6%	4,917	7.5%
PILOT/ROW	25,181	23,082	21,706	86.2%	(1,377)	(6.0%)
All Other	32,410	29,710	28,465	87.8%	(1,245)	(4.2%)
<b>TOTAL</b>	<b>\$467,187</b>	<b>\$428,255</b>	<b>\$445,667</b>	<b>95.4%</b>	<b>\$17,412</b>	<b>4.1%</b>

\*Straight-lined (11/12 of revised budget)

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Cash receipts totaled \$445.7 million, or 95.4 percent of the revised FY 2014 budget. Several categories of customers make payments on a quarterly basis, including the Federal and District governments, and wholesale customers.

District Government – Receipts are much higher at \$11.6 million or 119.7 percent of the revised budget. In FY 2014, the District Government switched from quarterly to monthly payments, which resulted in DC Water receiving two additional monthly payments.

DC Housing Authority – The receipts for DC Housing Authority are higher at \$6.8 million or 101.3 percent of the revised budget. The DC Housing Authority was behind two monthly payments at the end of September 30, 2013 (FY 2013). These payments were received in October 2013, which resulted in two extra payments pertaining to previous year.

Wholesale – The Wholesale customers' actual receipts through August total \$70.1 million or 98.6 percent of the revised FY 2014 budget. The Wholesale customers' payments are on track with budget.

Other Revenue – Receipts are lower than the straight-lined budget at \$28.5 million or 87.8 percent of the budgeted category primarily due to transfer of Rate Stabilization Fund. Transfer from Rate Stabilization Fund is anticipated in September of the fiscal year.

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Operating Expenditures (\$000's)

Category	A FY 2014 BUDGET	B* YTD BUDGET	C YTD ACTUAL	D = C/A YTD % BUDGET	E = B - C YTD \$ Fav/(Unfav)	F = E/B YTD % Fav/(Unfav)
Personnel	\$119,765	\$109,785	\$113,437	94.7%	(\$3,652)	(3.3%)
Contractual Services	76,044	69,707	60,483	79.5%	9,223	13.2%
Water Purchases	27,991	25,659	25,789	92.1%	(130)	(0.5%)
Supplies & Chemicals	30,909	28,333	27,885	90.2%	448	1.6%
Utilities	30,715	28,155	29,255	95.2%	(1,100)	(3.9%)
Small Equipment	993	910	313	31.5%	598	65.7%
<b>SUBTOTAL O&amp;M</b>	<b>\$286,416</b>	<b>\$262,548</b>	<b>\$257,161</b>	<b>89.8%</b>	<b>\$5,387</b>	<b>2.1%</b>
Debt Service	130,120	119,277	109,769	84.4%	9,508	8.0%
PILOT/ROW	25,181	23,083	16,967	67.4%	6,116	26.5%
<b>TOTAL OPERATING</b>	<b>\$441,717</b>	<b>\$404,908</b>	<b>\$383,897</b>	<b>86.9%</b>	<b>\$21,011</b>	<b>5.2%</b>
Capital Labor	(12,960)	(11,880)	(15,444)	119.2%	3,564	(30.0%)
<b>TOTAL NET OPERATING</b>	<b>\$428,757</b>	<b>\$393,028</b>	<b>\$368,453</b>	<b>85.9%</b>	<b>\$24,575</b>	<b>6.3%</b>

\* Straight-lined (11/12 of revised budget)

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Operating expenditures are at 86.9 percent of the revised budget. These numbers include estimated, incurred but unpaid, invoices and are subject to revision in subsequent reports.

Personnel Services – As reported in prior months, the year-to-date expenditures are in line with expectation and attributable to the impact of wage increases and overtime costs. Year-to-date overtime expenditures total \$6.9 million or 8.5 percent of regular pay. Primary drivers of overtime include: increased after hours work requests due to equipment failures, short-staffing due to retirement in the Maintenance Department, and higher water main breaks due to extreme cold temperatures during the winter season. At the end of August, 1,081 positions were filled and 179 authorized positions were vacant. The year-to-date capital labor charges are consistent with expectations through this period. We anticipate ending the fiscal year at approximately 105 percent of the budget in this category.

Contractual Services – Underspending attributable to contract savings throughout the Authority, including: electrical equipment, controls and systems maintenance in Blue Plains, water main emergency repairs and Potomac Interceptor maintenance contracts. We anticipate ending the fiscal year at approximately 94 percent of the budget in this category.

Supplies and Chemicals – As previously reported there was an uptick in spending during the last quarter for parts and supplies with YTD expenditures totaling \$6.5 million. The year-to-date chemicals expenditures are \$21.4 million, which is at par with budget at this time of the fiscal year. We anticipate completing the fiscal year within budget for this category at approximately 97 percent.

Utilities – The energy market was stable in August, notwithstanding, uncharacteristic electric price during the winter months will significantly impact our electricity expenditure for the year. Additional information is provided in the Appendix on page 12.

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Capital Disbursements (\$000's)

	A	B	C	D = C/A	E = B - C	F = E/B
	FY 2014	YTD	YTD	YTD %	YTD \$	YTD %
Service Area	BUDGET	BUDGET	ACTUAL	BUDGET	Fav/(Unfav)	Fav/(Unfav)
Wastewater	\$268,192	\$256,274	320,568	119.5%	(\$64,294)	(25.1%)
Sanitary Sewer	29,818	26,834	23,597	79.1%	3,237	12.1%
Combined Sewer Overflow	166,509	153,063	202,624	121.7%	(49,561)	(32.4%)
Stormwater	2,843	2,656	3,560	125.2%	(904)	(34.0%)
Water	63,136	57,202	49,470	78.4%	7,732	13.5%
Washington Aqueduct	10,000	9,167	11,258	112.6%	(2,091)	(22.8%)
Capital Equipment	16,627	15,241	10,876	65.4%	4,365	28.6%
<b>TOTAL</b>	<b>\$557,125</b>	<b>\$520,434</b>	<b>\$621,952</b>	<b>111.6%</b>	<b>(\$101,518)</b>	<b>(19.5%)</b>

### VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Year-to-date capital disbursements are at approximately 111.6 percent of the revised FY 2014 budget. We anticipate ending the FY 2014 fiscal year at 121 percent of the revised budget.

Wastewater Treatment - Higher than planned actual disbursements are attributed to:

- Mobilization and design changes in the Enhanced Clarification Facilities and the Tunnel De-watering Pumping Station
- Electrical rehabilitation work in the Nitrification/De-nitrification Facility
- Change in scope to accommodate additional basins for the Dual Purpose Rehabilitation project
- Catch-up work in FY 2014 due to slow starts in FY 2013

The year-end projections are higher than the disbursement budget primarily due to escalation cost for the completion of the New Digester facility.

Combined Sewer Overflow (CSO) - Disbursements are higher than originally planned for the following tunnel projects:

- Division E - Structure Diversions
- Anacostia River and Blue Plains Tunnels
- M St. Diversion Sewers (CSO's 015, 016 and 017)
- Joint Base Anacostia-Bolling Overflow Facility
- Program management costs to accommodate re-modification of projects
- First Street Tunnel – Bloomingdale flooding mitigation issue.

The additional year-end projection is attributable to the escalation cost for the CSO Tunnels.

### Capital Equipment

Primary spending for the month of August is attributed to the Department of Fleet (purchase of new vehicles) and Information Technology (infrastructure upgrades). The year-end projection is favorable at 80 percent of the disbursement budget.

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Cash and Investments (\$ in millions)

Cash Balances	
Rate Stabilization Fund Account (RSF)	\$28.9
DC PILOT Fund	22.4
DC ROW Fund	5.1
Operating Reserve Accounts	152.9
<b>Operating Cash Balance Including RSF</b>	<b>\$209.3</b>
Debt Service Reserve - Series 1998	23.6
Bond Fund - Series 2012 (Cap. Int.)	1.7
CSO LTCP Appropriations Account	37.1
Bond Fund- Construction Fund 2014A	308.5
Bond Fund- Construction Fund 2014B	63.0
<b>Total All Funds</b>	<b>\$643.2</b>

#### OVERALL PORTFOLIO PERFORMANCE

- Operating reserve balance was \$152.9 million as compared to the FY 2014 operating reserve level objective of \$125.5 million.
- Average cash balance for the month of August was \$169.2 million.
- Total investment portfolio was in compliance with the Authority's Investment Policy.
- Returns exceeded the established benchmarks for short term (less than one year) and core (one plus years) funds.
- Operating funds interest income for August (on a cash basis) was \$7,909; total year-to-date is \$294,029 as compared to the budget of \$380,527 for the year.
- A detailed investment performance report is attached.

## Cash Flow Summary (\$000's)

Page 7

## Monthly Financial Report

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### APPENDIX

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## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

## Operating Revenues Detail

(\$ in millions)

Revenue Category	Budget	YTD Budget	YTD Actual	Year-End Variance	Variance Favorable / (Unfavorable)		YTD Actual Budget %
Residential, Commercial, and Multi-family	\$256.2	\$234.9	\$241.5	\$14.7	\$6.6	2.8%	94.3%
Federal	55.14	50.5	55.2	(0.0)	4.6	9.1%	100.1%
District Government	9.7	8.9	11.6	(1.9)	2.7	30.1%	119.7%
DC Housing Authority	6.7	6.1	6.8	(0.1)	0.6	10.2%	101.3%
Customer Metering Fee	10.8	9.9	10.3	0.5	0.4	4.4%	95.9%
Wholesale	71.1	65.2	70.1	1.0	4.9	7.7%	98.6%
Right-of-Way Fee/PILOT	25.2	23.1	21.7	3.5	(1.4)	-6.2%	86.2%
<b>Subtotal (before Other Revenues)</b>	<b>\$434.8</b>	<b>\$398.6</b>	<b>\$417.2</b>	<b>\$17.6</b>	<b>\$18.6</b>	<b>4.7%</b>	<b>95.9%</b>
Other Revenue without RSF							
IMA Indirect Cost Reimb. For Capital Projects	8.6	7.9	9.5	(0.9)	1.6	20.4%	110.3%
DC Fire Protection Fee	6.9	6.3	6.9	0.0	0.0	0.0%	99.8%
Stormwater (MS4)	1.0	0.9	0.9	0.1	0.0	2.4%	93.0%
Interest	0.5	0.5	0.5	0.0	0.0	0.0%	93.0%
Developer Fees (Water & Sewer)	6.0	5.5	8.5	(2.5)	3.0	53.4%	141.2%
Others	2.9	2.7	2.2	0.7	(0.4)	-16.0%	76.6%
<b>Subtotal</b>	<b>\$25.9</b>	<b>\$23.7</b>	<b>\$28.5</b>	<b>-\$2.6</b>	<b>\$4.7</b>	<b>20.0%</b>	<b>109.9%</b>
Rate Stabilization Fund Transfer	\$6.5	\$6.0	\$0.0	\$6.5	(\$6.0)	-100.0%	0.0%
<b>Other Revenue Subtotal</b>	<b>\$32.4</b>	<b>\$29.7</b>	<b>\$28.5</b>	<b>\$3.9</b>	<b>(\$1.2)</b>	<b>-4.1%</b>	<b>87.8%</b>
<b>Grand Total</b>	<b>\$467.2</b>	<b>\$428.3</b>	<b>\$445.7</b>	<b>\$21.6</b>	<b>\$17.4</b>	<b>4.1%</b>	<b>95.4%</b>

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY  
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers		Total
			IAC	Metering Fee	
Residential	27,328	33,266	14,548	4,615	79,756
Commercial	44,750	46,014	18,915	3,158	112,837
Multi-family	23,448	27,974	5,259	1,076	57,757
Federal	21,312	20,232	13,628	892	56,064
District Govt	2,334	2,852	6,399	482	12,067
DC Housing Authority	2,765	3,339	668	126	6,898
<b>Total:</b>	<b>121,937</b>	<b>133,677</b>	<b>59,418</b>	<b>10,349</b>	<b>325,380</b>

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and Sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days including a breakdown by customer class.

#### Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
October 31, 2013	\$4.9	12,547
November 30, 2013	\$5.3	13,680
December 31, 2013	\$5.4	13,955
January 31, 2014	\$5.6	13,674
February 28, 2014	\$5.6	13,252
March 31, 2014	\$5.7	12,873
April 30, 2014	\$5.4	11,741
May 31, 2014	\$5.5	12,009
June 30, 2014	\$5.5	12,348
July 31, 2014	\$5.4	12,375
August 31, 2014	\$5.2	12,543

#### Greater Than 90 Days by Customer

	Number of Accounts			Month of August (All Categories)				Total Delinquent				
	W & S a/c	Impervious Only a/c	Total No. of a/c	Active		Inactive						
				No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c July	Amount (\$)	No. of a/c Aug.	Amount (\$)	%
Commercial	12,078	3,351	15,429	1,303	915,828	148	98,631	1,468	\$ 1,149,404	1,451	\$ 1,014,458	20%
Multi-family	7,341	415	7,756	682	1,348,697	142	62,238	819	1,405,551	824	1,410,936	28%
Single-Family Residential	104,901	3,100	108,001	8,026	2,094,917	2,242	680,316	10,088	2,806,934	10,268	2,775,233	53%
Total	124,320	6,866	131,186	10,011	\$ 4,359,442	2,532	\$ 841,185	12,375	\$ 5,361,889	12,543	\$ 5,200,627	100%

Notes: Included in the above \$4.36M (or 10,011 accounts) of the DC Water Over 90 days delinquent accounts, \$1,186,035.15 (or 2,306 accounts) represents Impervious only accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

## Monthly Financial Report

Fiscal Year-to-Date  
As of August 31, 2014

### Overtime by Department

Department	FY 2014			
	Budget	YTD Actual	YTD % of Budget	% of Regular Pay
Office of the Board Secretary	\$4,000	7,150	178.8%	4.3%
General Manager	10,000	5,600	56.0%	0.5%
General Counsel	2,000	0	0.0%	0.0%
External Affairs	4,000	742	18.5%	0.1%
Internal Audit	0	0	0.0%	0.0%
Information Technology	20,000	18,969	94.8%	1.1%
Procurement	30,000	58,485	195.0%	2.6%
Customer Service	240,000	186,466	77.7%	2.6%
Finance, Accounting & Budget	30,000	24,117	80.4%	0.6%
Risk Management	1,000	0	0.0%	0.0%
Assistant General Manager - Support Services	1,000	71	7.1%	0.0%
Human Capital Management	5,000	1,204	24.1%	0.1%
Occupational Safety and Health	2,000	65	3.2%	0.0%
Facilities Management and Security	200,000	238,470	119.2%	6.3%
Water/Sewer Pump Maintenance	200,000	207,636	103.8%	6.6%
Engineering and Technical Services	780,000	936,927	120.1%	6.2%
Water Services	980,000	1,270,398	129.6%	12.2%
Clean Rivers	5,000	481	9.6%	0.3%
Sewer Services	900,000	1,430,331	158.9%	16.4%
Wastewater Treatment - Operations	1,108,100	1,367,661	123.4%	16.9%
Wastewater Treatment - Process Engineering	100,000	72,620	72.6%	3.7%
Maintenance Services	725,000	1,109,385	153.0%	16.2%
Permit Operations	11,000	2,488	22.6%	0.2%
Fleet Management	1,000	2,049	204.9%	0.4%
<b>Total DC WATER</b>	<b>\$5,359,100</b>	<b>\$6,941,315</b>	<b>129.5%</b>	<b>8.5%</b>

**Notes:**

- FY 2014 YTD actual includes accruals for eight days (08/24/14 - 08/31/14)
- Engineering and Technical Services includes overtime that will be charged/transferred to capital projects
- The Authority's overtime target is 6 percent of regular pay
- The budget excludes assumptions for impact of hourly wage increases, actual data reflects these changes

## Monthly Financial Report

Fiscal Year-to-Date  
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### Operating Expenditure Detail (Electricity)

The revised FY 2014 electricity budget of \$22.8 million represents 74 percent of the total utilities budget and assumes an average all-in-cost of \$85.81/MWh.

During the month of August, the market continued to remain stable. Our total loads locked for the remainder of FY 2014 is 27MW at an average price of \$47.87 per MWh. For FY 2015, we have 15MW of the Authority's electric load locked at an average Western Hub unit price of \$45.40 per MWh. Staff continues to monitor the futures market with intent to purchase additional electric loads for FY 2015, if market conditions are appropriate and in line with budget assumptions and adopted electricity purchase strategy.

As indicated in the chart below, DC Water's average year-to-date actual price is lower than the spot market price but higher than the S.O.S. price primarily due to the extreme weather conditions in the winter season, resulting in unusually high prices experienced during the January to March billing cycles. The year-to-date expenditures are exclusive of \$494K for Clean Rivers electric billing for the tunnel boring machines.

	All-In-Cost (\$/mWh)		
	Unit Price		
	Standard Offer Service (S.O.S.)	Spot Market	Actual <sup>1</sup>
Oct-13	\$95.57	\$75.25	\$82.95
Nov-13	95.06	75.62	83.03
Dec-13	99.77	80.80	84.31
Jan-14	95.61	213.31	162.36
Feb-14	95.86	113.00	113.00
Mar-14	95.69	122.86	122.86
Apr-14	98.81	76.79	76.79
May-14	96.38	88.34	90.98
Jun-14	99.69	83.50	87.61
Jul-14	92.00	80.92	100.72
Aug-14	96.10	78.71	99.33
<b>YTD Average</b>	<b>\$96.41</b>	<b>\$99.01</b>	<b>\$99.54</b>

	Electricity Budget (\$000)		
	Amount		Variance
	Budget	Actual	Budget vs Actual
Oct-13	\$1,668	\$1,073	\$595
Nov-13	1,674	1,556	118
Dec-13	1,885	1,918	(34)
Jan-14	2,011	2,456	(445)
Feb-14	1,885	3,660	(1,775)
Mar-14	1,964	2,888	(924)
Apr-14	1,776	1,725	51
May-14	1,811	1,793	18
Jun-14	2,014	1,857	\$157
Jul-14	2,192	1,962	\$230
Aug-14	2,043	1,999	\$44
<b>YTD Total</b>	<b>\$20,922</b>	<b>\$22,888</b>	<b>(\$1,966)</b>
Remainder	\$1,904		
<b>Total Budget</b>	<b>\$22,826</b>		

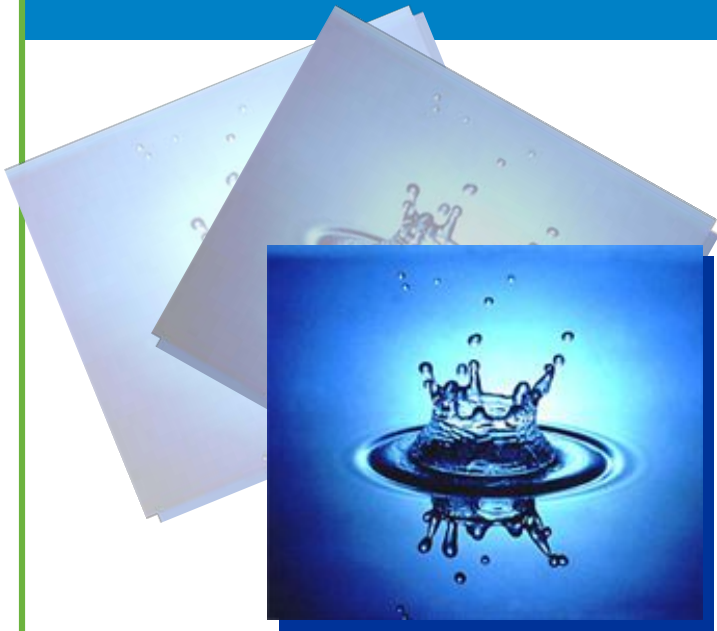
<sup>1</sup> Actual prices are inclusive of the price mix of monthly block purchases and spot market unit prices

## Monthly Financial Report

Fiscal Year-to-Date  
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## Capital Disbursements Detail by Program (\$000's)

Service Areas	Disbursements Budget		Actual Disbursements			% of Disbursements Budget
	Annual	YTD	Oct.- July 2014	Aug 2014	YTD	YTD %
<b>Wastewater Treatment</b>						
Liquid Processing Projects	\$18,072	\$17,141	\$25,829	\$3,147	\$28,976	169%
Plantwide Projects	18,782	\$17,571	37,812	\$1,373	39,185	223%
Solids Processing Projects	138,222	134,250	145,706	\$2,630	148,336	110%
Enhanced Nitrogen Removal Facilities	93,116	87,311	99,876	\$4,196	104,072	119%
<b>Total Wastewater Treatment</b>	<b>268,192</b>	<b>256,274</b>	<b>309,223</b>	<b>11,345</b>	<b>320,568</b>	<b>125%</b>
<b>Sanitary Sewer</b>						
Sanitary Collection Sewers	1,478	1,033	1,235	5	1,240	120%
Sanitary On-Going Projects	9,653	8,975	7,111	805	7,916	88%
Sanitary Pumping Facilities	957	906	449	-	449	50%
Sanitary Sewer Program Management	4,814	4,461	6,147	952	7,099	159%
Sanitary Interceptor/Trunk Force Sewers	12,916	11,459	5,777	1,116	6,893	60%
<b>Total Sanitary Sewer</b>	<b>29,818</b>	<b>26,835</b>	<b>20,719</b>	<b>2,878</b>	<b>23,597</b>	<b>88%</b>
<b>Combined Sewer Overflow</b>						
CSO Program Management	2,280	2,112	3,487	1,028	4,515	214%
Combined Sewer Projects	11,904	11,440	8,919	187	9,106	80%
D.C. Clean Rivers Project	152,325	139,511	175,484	13,518	189,002	135%
<b>Total Combined Sewer Overflow</b>	<b>166,509</b>	<b>153,063</b>	<b>187,890</b>	<b>14,734</b>	<b>202,624</b>	<b>132%</b>
<b>Stormwater</b>						
Stormwater Local Drainage	122	121	814	354	1,168	964%
Stormwater On-Going Program	446	419	1,253	17	1,270	303%
Stormwater Pumping Facilities	-	-	-	-	-	0%
DDOT Stormwater Program	-	1	-	-	-	0%
Stormwater Research and Program Management	436	398	276	51	327	82%
Stormwater Trunk/Force Sewers	1,839	1,717	756	39	795	46%
<b>Total Stormwater</b>	<b>2,843</b>	<b>2,656</b>	<b>3,099</b>	<b>461</b>	<b>3,560</b>	<b>134%</b>
<b>Water</b>						
Water Distribution Systems	31,493	28,129	19,565	2,227	21,792	77%
Water On-Going Projects	8,770	8,121	4,616	715	5,331	66%
Water Pumping Facilities	3,710	3,258	7,616	24	7,640	234%
DDOT Water Projects	4,869	4,714	2,844	-	2,844	60%
Water Storage Facilities	2,173	1,858	1,224	-	1,224	66%
Water Projects Program Management	3,565	3,269	4,585	1,843	6,428	197%
Water Lead Program	2,823	2,598	2,437	192	2,629	101%
AMR Installation / Replacement	5,733	5,255	1,430	153	1,583	30%
<b>Total Water</b>	<b>63,136</b>	<b>57,202</b>	<b>44,317</b>	<b>5,153</b>	<b>49,470</b>	<b>86%</b>
<b>Washington Aqueduct</b>	<b>10,000</b>	<b>9,167</b>	<b>11,258</b>	<b>-</b>	<b>11,258</b>	<b>123%</b>
<b>Capital Equipment</b>	<b>16,627</b>	<b>15,241</b>	<b>9,759</b>	<b>1,117</b>	<b>10,876</b>	<b>71%</b>
<b>Total Capital Projects</b>	<b>\$557,125</b>	<b>\$520,437</b>	<b>\$586,265</b>	<b>\$35,687</b>	<b>\$621,952</b>	<b>120%</b>



# DC Water

*Investment Performance Report – August 2014*



DC Water  
Finance Division  
Economic Update

## ECONOMIC COMMENTARY

- The economy continued a slight upward trend as there was increased spending across the major sectors. Second quarter U.S. Gross Domestic Product (“GDP”) growth was revised to be 4.2%.
- Job growth was below expectations in August as only 142,000 jobs were added. The unemployment rate fell from 6.2% to 6.1%.
- The housing market shows mixed reports as housing starts, building permits and existing home sales showed strong gains in July while new-home sales declined and home price appreciation slowed.
- Minutes from the July Federal Open Market Committee (“FOMC”) meeting suggested that the Federal Reserve is in no hurry to raise interest rates, although there is increasing debate within the Committee.
- Treasury yields fell sharply in the first half of the month on geopolitical concerns, but reversed course as positive economic news and expectations of an eventual Fed rate hike sent yields on shorter and intermediate maturities higher.

## PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, Commercial Paper, U.S. Treasuries, Federal Agencies, FDIC Insured CDs, Negotiable CDs, Corporate Notes/Bonds, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 0.37%.
- The portfolio is in compliance with the Authority’s Investment Policy.

### Operating Reserve Accounts

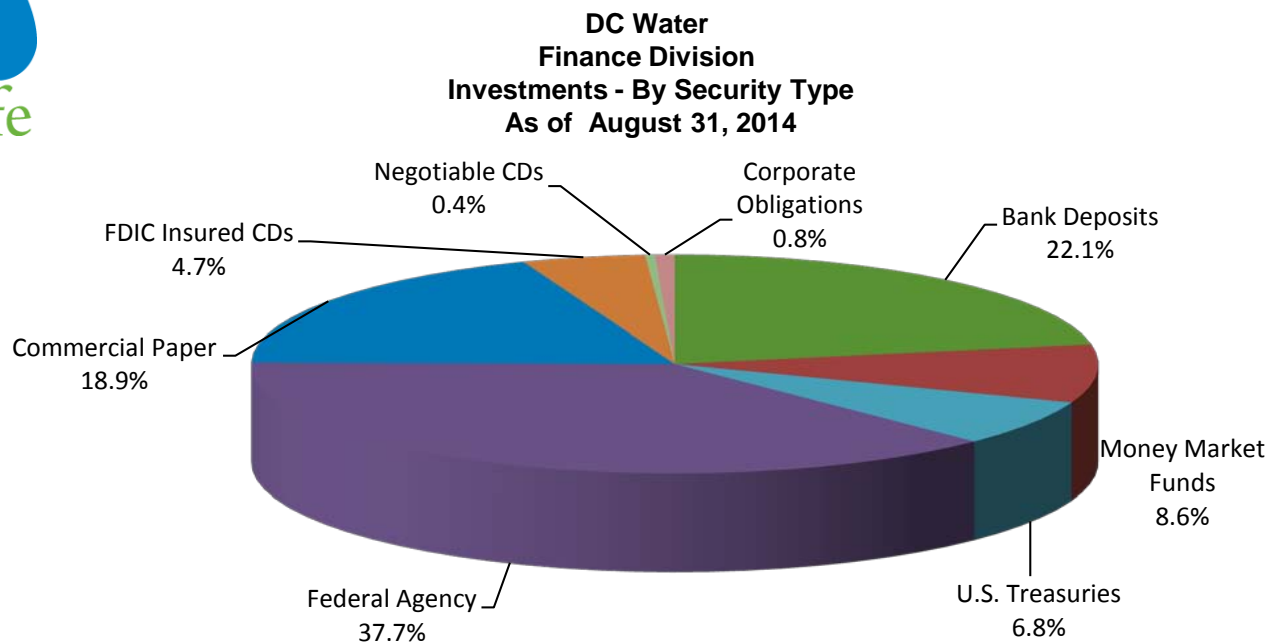
- PFMAM sold \$1.2 million of 4-month negotiable CDs and used the proceeds to purchase 1-year negotiable CDs with 0.16% of additional yield.
- PFMAM sold \$3.6 million of 2 - 3 year U.S. Treasury securities and used the proceeds to purchase federal agency securities of similar maturities. These sector swaps generated an additional 0.09% of yield.

### 2014A Construction Fund

- PFMAM purchased \$113 million of 2 to 11 month Federal Agencies and commercial paper at an average yield of 0.11%.

### 2014B Construction Fund

- PFMAM purchased \$45 million of Federal Agencies at an average yield of 0.08%. The remainder of the portfolio is invested in the Wells Fargo Treasury Plus Money Market Fund.

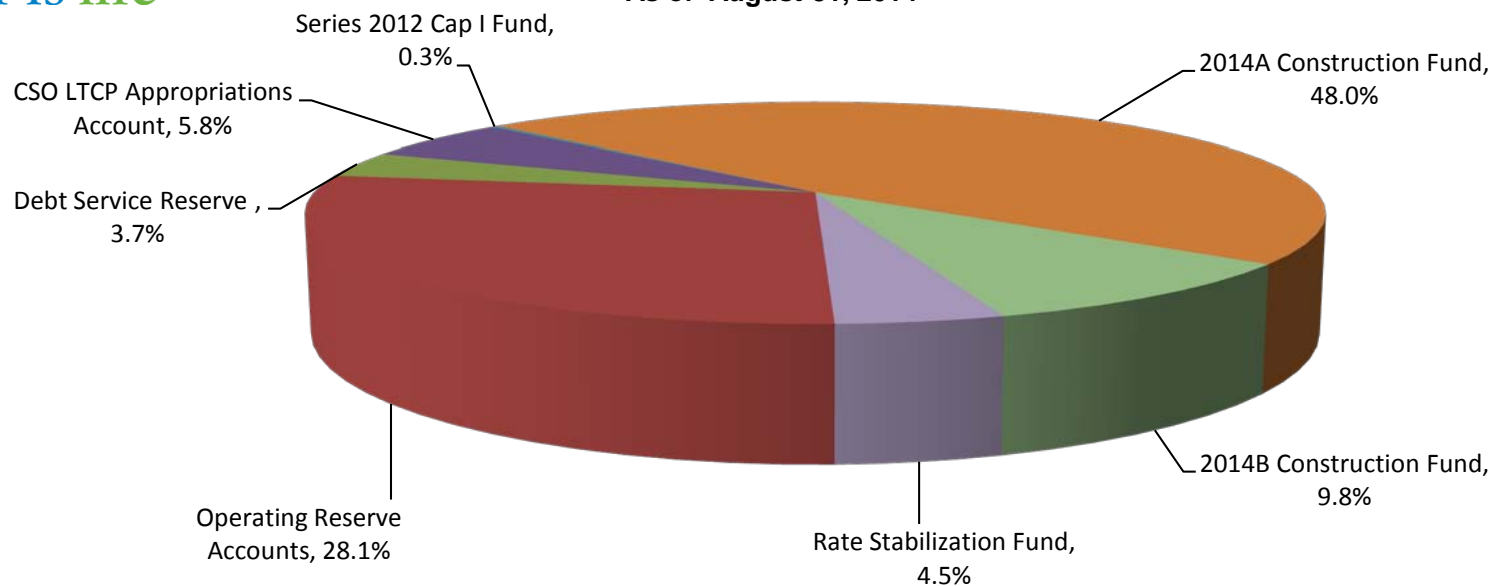


Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	142,325,566	22.1%	100.0%
Money Market Funds	55,430,141	8.6%	100.0%
U.S. Treasuries	43,699,225	6.8%	100.0%
Federal Agency	242,434,499	37.7%	80.0%
Commercial Paper	121,893,556	18.9%	35.0%
FDIC Insured CDs	30,291,012	4.7%	30.0%
Negotiable CDs	2,400,633	0.4%	30.0%
Corporate Obligations	4,877,008	0.8%	30.0%
<b>Total</b>	<b>\$ 643,351,641</b>	<b>100.0%</b>	

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Investment Analysis – By Fund  
As of August 31, 2014**



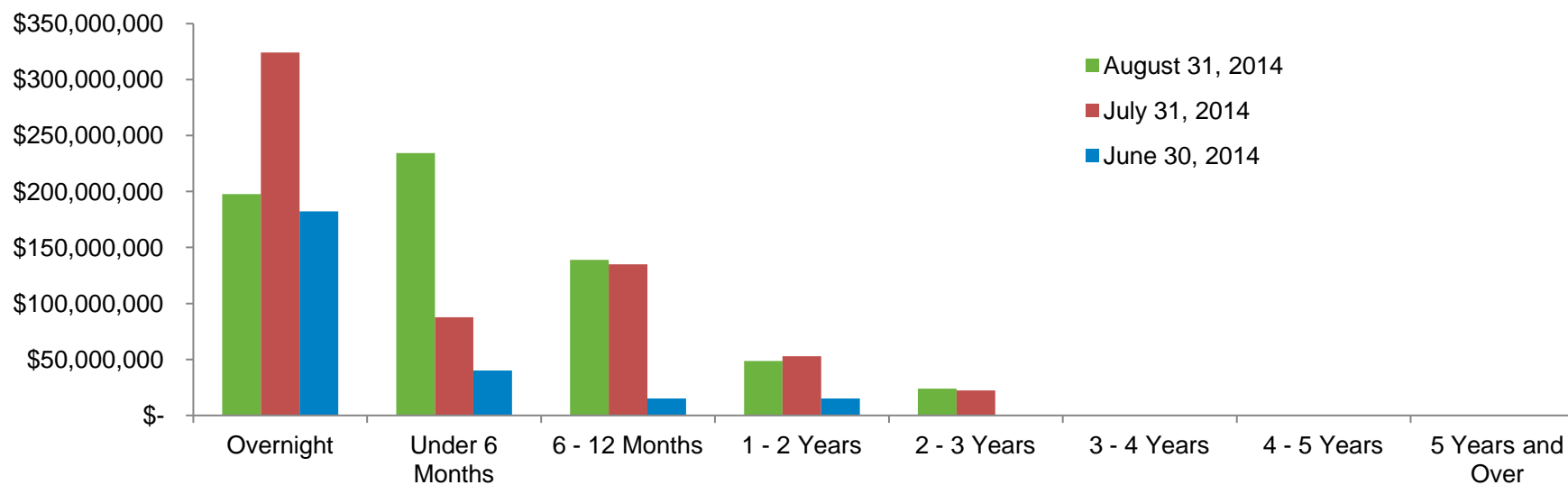
Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 28,950,000	0.59%	0.00	1.0
Operating Reserve Accounts	\$ 180,626,392	0.68%	0.63	236.0
Debt Service Reserve	\$ 23,552,665	0.48%	1.47	545.1
CSO LTCP Appropriations Account	\$ 37,068,816	0.86%	0.00	1.0
Series 2012 Cap I Fund	\$ 1,655,299	0.01%	0.00	1.0
2014A Construction Fund	\$ 308,487,554	0.16%	0.46	169.7
2014B Construction Fund	\$ 63,010,914	0.06%	0.18	65.0
<b>Total</b>	<b>\$ 643,351,641</b>	<b>0.37%</b>	<b>0.47</b>	<b>174.1</b>

Investment Performance Report – August 2014



DC Water  
Finance Division  
Investment Analysis – By Maturity

Maturity Distribution	August 31, 2014	July 31, 2014	June 30, 2014
Overnight \$	197,755,707.32 \$	324,144,324.16 \$	182,338,175.37
Under 6 Months	234,386,426.59	87,657,506.71	40,125,227.72
6 - 12 Months	138,846,274.88	135,083,710.82	15,059,082.64
1 - 2 Years	48,485,162.46	52,813,929.72	15,213,101.92
2 - 3 Years	23,878,069.34	22,263,984.42	-
3 - 4 Years	-	-	-
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
<b>Totals \$</b>	<b>643,351,640.59 \$</b>	<b>621,963,455.83 \$</b>	<b>252,735,587.65</b>



## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>Bank Deposits</b>					
TD Bank		137,252,722.58	21.3%	100.0%	Yes
Capital One Bank		5,072,843.82	0.8%	100.0%	Yes
<b>Sub-Total Bank Deposits</b>		<b>142,325,566.40</b>	<b>22.1%</b>	100.0%	Yes
<b>Money Market Mutual Funds</b>					
American Beacon MMF	AAAm	1,483,796.90	0.2%	50.0%	Yes
Williams Capital Money Market Fund	AAAm	2,500,672.88	0.4%	50.0%	Yes
Merrill Lynch MMF	AAAm	1,185,775.03	0.2%	50.0%	Yes
Wells Fargo Treasury Plus MMF	AAAm	40,108,822.58	6.2%	50.0%	Yes
Federated Government MMF	AAAm	10,151,073.53	1.6%	50.0%	Yes
<b>Sub-Total Money Market Mutual Funds</b>		<b>55,430,140.92</b>	<b>8.6%</b>	100.0%	Yes
<b>U.S. Treasuries</b>					
Treasury Note	AA+ / Aaa	43,699,225.39	6.8%	100.0%	Yes
<b>Sub-Total Treasuries</b>		<b>43,699,225.39</b>	<b>6.8%</b>	100.0%	Yes
<b>Federal Agencies</b>					
Fannie Mae	AA+ / Aaa	110,428,777.83	17.2%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	96,722,670.76	15.0%	40.0%	Yes
Freddie Mac	AA+ / Aaa	35,283,050.31	5.5%	40.0%	Yes
<b>Sub-Total Federal Agencies</b>		<b>242,434,498.90</b>	<b>37.7%</b>	80.0%	Yes
<b>Commercial Paper</b>					
Bank of Tokyo Mitsubishi	A-1 / P-1	17,936,697.06	2.8%	5.0%	Yes
BNP Paribas Finance Inc	A-1 / P-1	17,928,578.03	2.8%	5.0%	Yes
Canadian Imperial Holdings	A-1 / P-1	16,734,748.12	2.6%	5.0%	Yes
General Elec Cap Corp	A-1+ / P-1	16,733,529.22	2.6%	5.0%	Yes
J.P. Morgan Securities LLC	A-1 / P-1	17,913,851.87	2.8%	5.0%	Yes
Rabobank USA Fin Corp	A-1+ / P-1	17,919,266.96	2.8%	5.0%	Yes
Toyota Motor Credit Corp	A-1+ / P-1	16,726,885.00	2.6%	5.0%	Yes
<b>Sub-Total Commercial Paper</b>		<b>121,893,556.26</b>	<b>18.9%</b>	35.0%	Yes

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
<b>FDIC Insured Certificates of Deposit</b>					
CDARs - Placed by Industrial Bank	NR / NR	20,218,503.28	3.1%	5.0%	Yes
CDARs - Placed by City First Bank	NR / NR	10,072,508.36	1.6%	5.0%	Yes
<b>Sub-Total Certificates of Deposit</b>		<b>30,291,011.64</b>	<b>4.7%</b>	30.0%	Yes
<b>Negotiable Certificates of Deposit</b>					
Citibank NA	A-1 / P-1	1,200,222.43	0.2%	5.0%	Yes
Sumitomo Mitsui Bank NY	A-1 / P-1	1,200,410.65	0.2%	5.0%	Yes
<b>Sub-Total Negotiable Certificates of Deposit</b>		<b>2,400,633.08</b>	<b>0.4%</b>	30.0%	Yes
<b>Corporate Obligations</b>					
Bank of Montreal	A+ / Aa3	1,203,104.66	0.2%	5.0%	Yes
General Elec Cap Corp	AA+ / A1	1,257,142.44	0.2%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa1	1,204,109.03	0.2%	5.0%	Yes
Wells Fargo & Company	A+ / A2	1,212,651.87	0.2%	5.0%	Yes
		<b>4,877,008.00</b>	<b>0.8%</b>	30.0%	Yes
<b>Grand Total</b>		<b>\$ 643,351,640.59</b>	<b>100.0%</b>		

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Book Value Performance  
As of August 31, 2014**

*The portfolio is in compliance with the Authority's Investment Policy*

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized	
Total Rate Stabilization Fund	0.05%	0.54%	0.15%	0.59%	0.26%	0.51%	0.45%
Operating Reserve Accounts	0.05%	0.58%	0.11%	0.44%	0.18%	0.36%	0.34%
Total Debt Service Reserve	0.04%	0.47%	0.10%	0.41%	0.18%	0.35%	0.37%
Total CSO LTCP Appropriations Account	0.03%	0.32%	0.03%	0.12%	0.06%	0.12%	0.11%
Series 2012 Cap I Fund	0.00%	0.01%	0.00%	0.01%	0.01%	0.01%	n/a
2014A Construction Fund	0.01%	0.17%	n/a	n/a	n/a	n/a	n/a
2014B Construction Fund	0.00%	0.04%	n/a	n/a	n/a	n/a	n/a
<b>Short-Term</b>	<b>0.03%</b>	<b>0.35%</b>	<b>0.11%</b>	<b>0.45%</b>	<b>0.21%</b>	<b>0.42%</b>	<b>0.37%</b>
Merrill Lynch 3-Month Treasury Index (Book Value) <sup>1</sup>	0.00%	0.03%	0.01%	0.03%	0.02%	0.03%	0.04%
<b>Core (1+ Years)</b>	<b>0.05%</b>	<b>0.56%</b>	<b>0.13%</b>	<b>0.53%</b>	<b>0.25%</b>	<b>0.50%</b>	<b>0.47%</b>
Merrill Lynch 1-3 Year Treasury Index (Book Value) <sup>2</sup>	0.04%	0.48%	0.11%	0.44%	0.21%	0.42%	0.39%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.

## Investment Performance Report – August 2014



**DC Water**  
**Finance Division**  
**Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<b>Rate Stabilization Fund</b>										
TD BANK BANK DEPOSIT		\$ 18,950,000		9/1/2014		0.90%	\$ 18,950,000	\$ 18,950,000	\$ 18,950,000	
FEDERATED GOVERNMENT MONEY MARKET FUND		\$ 10,000,000		9/1/2014		0.01%	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	
										\$ 28,950,000.00
<b>Operating Reserve Accounts</b>										
TD BANK BANK DEPOSIT		\$ 82,717,704		9/1/2014		0.90%	\$ 82,717,704	\$ 82,717,704	\$ 82,717,704	
CAPITAL ONE BANK		5,072,844		9/1/2014		0.50%	5,072,844	5,072,844	5,072,844	
WILLIAMS CAPITAL MONEY MARKET FUND		2,500,673		9/1/2014		0.00%	2,500,673	2,500,673	2,500,673	
FEDERATED GOVERNMENT MONEY MARKET FUND		151,074		9/1/2014		0.01%	151,074	151,074	151,074	
INDUSTRIAL BANK CDARS		5,000,000	0.650	10/16/2014	10/18/2012	0.65%	5,000,000	5,060,815	5,060,815	
INDUSTRIAL BANK CDARS		5,030,007	0.350	10/16/2014	10/17/2013	0.35%	5,030,007	5,045,607	5,045,607	
SUMITOMO MITSUI BANK NY CERT DEPOS	86562YFF6	1,200,000	0.220	11/7/2014	7/14/2014	0.22%	1,200,000	1,200,438	1,200,411	
BNP PARIBAS FINANCE INC COMM PAPER	0556N1LC5	1,200,000	-	11/12/2014	7/11/2014	0.26%	1,198,925	1,199,550	1,199,376	
CITY FIRST BK OF WASHINGTON, D.C (CDARS)		5,000,000	0.400	11/13/2014	11/14/2013	0.40%	5,000,000	5,016,033	5,016,033	
INDUSTRIAL BANK CDARS		5,000,000	0.500	11/13/2014	11/14/2013	0.50%	5,000,000	5,020,041	5,020,041	
BANK OF TOKYO MITSUBISHI COMM PAPER	06538CNC1	1,200,000	-	1/12/2015	7/11/2014	0.23%	1,198,582	1,199,024	1,198,980	
INDUSTRIAL BANK CDARS		2,528,080	0.450	1/22/2015	1/23/2014	0.45%	2,528,080	2,535,035	2,535,035	
RABOBANK USA FIN CORP COMM PAPER	74977LPH4	1,200,000	-	2/17/2015	7/18/2014	0.22%	1,198,466	1,198,729	1,198,789	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,500,000	0.600	3/19/2015	3/21/2013	0.60%	2,500,000	2,521,766	2,521,766	
JP MORGAN SECURITIES LLC COMM PAPER	46640QR78	1,200,000	-	4/7/2015	7/11/2014	0.31%	1,197,210	1,198,456	1,197,747	
CITIBANK NA FLOATING CERT DEPOS	17304UYB0	1,200,000	0.371	8/11/2015	8/14/2014	0.37%	1,200,000	1,199,610	1,200,222	
FREDDIE MAC GLOBAL NOTES	3134G3ZA1	2,725,000	0.500	8/28/2015	7/14/2014	0.19%	2,734,537	2,733,714	2,733,502	
US TREASURY NOTES	912828WB2	5,000,000	0.250	10/31/2015	7/14/2014	0.18%	5,004,297	5,008,702	5,008,068	
US TREASURY NOTES	912828PM6	5,000,000	2.125	12/31/2015	7/14/2014	0.24%	5,137,109	5,142,605	5,142,827	
INDUSTRIAL BANK CDARS		2,545,282	0.750	1/21/2016	1/23/2014	0.75%	2,545,282	2,557,006	2,557,006	
FEDERAL HOME LOAN BANK GLOBAL NOTES	3130A0SD3	5,000,000	0.375	2/19/2016	7/11/2014	0.34%	5,002,550	5,001,030	5,002,956	
CITY FIRST BK OF WASHINGTON, DC (CDARS)		2,530,097	0.400	3/17/2016	3/20/2014	0.40%	2,530,097	2,534,709	2,534,709	
US TREASURY NOTES	912828QF0	5,000,000	2.000	4/30/2016	7/15/2014	0.39%	5,143,750	5,167,486	5,167,026	
US TREASURY NOTES	912828WQ9	5,000,000	0.500	6/30/2016	7/15/2014	0.46%	5,004,102	5,010,335	5,008,110	
WELLS FARGO & COMPANY	94974BFL9	1,200,000	1.250	7/20/2016	7/16/2014	0.76%	1,211,664	1,211,386	1,212,652	
US TREASURY NOTES	912828QX1	3,035,000	1.500	7/31/2016	7/15/2014	0.50%	3,096,767	3,097,288	3,096,781	
FHLB NOTES	3130A2T97	1,595,000	0.500	9/28/2016	8/7/2014	0.61%	1,591,411	1,591,790	1,592,053	
US TREASURY NOTES	912828WF3	4,600,000	0.625	11/15/2016	7/15/2014	0.64%	4,598,563	4,609,951	4,607,160	
GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5N0	1,200,000	2.900	1/9/2017	7/15/2014	1.03%	1,254,912	1,254,683	1,257,142	
US TREASURY NOTES	912828SC5	3,500,000	0.875	1/31/2017	7/14/2014	0.72%	3,513,945	3,516,880	3,515,883	
US TREASURY NOTES	912828SS0	2,500,000	0.875	4/30/2017	7/14/2014	0.83%	2,503,125	2,510,496	2,510,351	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	1,200,000	1.125	5/2/2017	7/15/2014	1.14%	1,199,628	1,202,303	1,204,109	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	1,200,000	1.300	7/14/2017	7/15/2014	1.27%	1,201,116	1,202,745	1,203,105	
FREDDIE MAC GLOBAL NOTES	3137EADJ5	750,000	1.000	7/28/2017	8/14/2014	1.00%	749,907	750,284	750,596	
FREDDIE MAC GLOBAL NOTES	3137EADJ5	1,215,000	1.000	7/28/2017	8/14/2014	1.00%	1,214,919	1,215,460	1,216,034	
US TREASURY NOTES	912828NR7	1,100,000	2.375	7/31/2017	7/14/2014	0.95%	1,147,094	1,147,389	1,147,324	
US TREASURY NOTES	912828NR7	975,000	2.375	7/31/2017	7/18/2014	0.97%	1,016,019	1,017,004	1,016,395	
US TREASURY NOTES	912828TG5	310,000	0.500	7/31/2017	7/31/2014	1.02%	305,217	306,211	305,488	
										\$ 180,626,392.41

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>Debt Service Reserve</u>										
MERRILL LYNCH MMF		\$ 1,185,775		9/1/2014		0.06%	\$ 1,185,775	\$ 1,185,775	\$ 1,185,775	
WELLS FARGO TREASURY PLUS MMF		60,196		9/1/2014		0.01%	60,196	60,196	60,196	
FEDERAL HOME LOAN BANK GLOBAL NOTES	313381YP4	5,000,000	0.250	2/20/2015	1/30/2013	0.30%	4,995,000	5,003,162	4,999,237	
FHBL NOTES	313375RN9	10,000,000	1.000	3/11/2016	5/22/2013	0.43%	10,158,100	10,121,162	10,133,644	
US TREASURY NOTES	912828QX1	3,550,000	1.500	7/31/2016	7/24/2014	0.51%	3,620,445	3,622,858	3,621,384	
US TREASURY NOTES	912828TG5	3,600,000	0.500	7/31/2017	7/24/2014	0.98%	3,549,094	3,556,004	3,552,430	
										\$ 23,552,665.34
<u>CSO LTCP Appropriations Account</u>										
TD BANK BANK DEPOSIT		\$ 35,585,019		9/1/2014		0.90%	\$ 35,585,019	\$ 35,585,019	\$ 35,585,019	
AMERICAN BEACON MMF		1,483,797		9/1/2014		0.01%	1,483,797	1,483,797	1,483,797	
										\$ 37,068,815.58
<u>Series 2012 Cap I Fund</u>										
WELLS FARGO TREASURY PLUS MMF		\$ 1,655,299		9/1/2014		0.01%	\$ 1,655,299	\$ 1,655,299	\$ 1,655,299	
										\$ 1,655,299.31
<u>2014A Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		20,373,328		9/1/2014		0.01%	20,373,328	20,373,328	20,373,328	
FEDERAL HOME LOAN BANKS DISC NOTE	313385J98	30,000,000	-	10/10/2014	8/8/2014	0.07%	29,996,325	29,997,443	29,997,725	
FANNIE MAE DISC NOTE	313589T37	35,000,000	-	12/15/2014	8/12/2014	0.08%	34,990,278	34,989,365	34,991,833	
BANK OF TOKYO MITSU UFJ LTD COMM PAPER	06538CMW8	16,750,000	-	12/30/2014	7/30/2014	0.22%	16,734,339	16,737,923	16,737,717	
FREDDIE MAC DISC NOTE	313396AN3	2,050,000	-	1/13/2015	8/8/2014	0.09%	2,049,235	2,049,158	2,049,351	
FREDDIE MAC DISC NOTE	313396AP8	925,000	-	1/14/2015	8/8/2014	0.09%	924,632	924,616	924,688	
FANNIE MAE DISC NOTE	313588AP0	5,274,000	-	1/14/2015	8/8/2014	0.09%	5,271,904	5,271,813	5,272,220	
FANNIE MAE DISC NOTE	313588AP0	12,231,000	-	1/14/2015	8/8/2014	0.09%	12,226,408	12,225,928	12,227,101	
FANNIE MAE DISC NOTE	313588AP0	946,000	-	1/14/2015	8/8/2014	0.09%	945,624	945,608	945,681	
FHLMC NOTES	3134A4UX0	3,500,000	4.500	1/15/2015	8/8/2014	0.10%	3,567,098	3,576,636	3,577,393	
BNP PARIBAS FINANCE INC COMM PAPER	0556N1NU3	16,750,000	-	1/28/2015	7/30/2014	0.30%	16,724,596	16,731,408	16,729,202	
CANADIAN IMPERIAL HOLDING COMM PAPER	13607FNU6	16,750,000	-	1/28/2015	7/31/2014	0.22%	16,731,473	16,731,408	16,734,748	
GENERAL ELEC CAP CORP COMM PAPER	36959JPR8	16,750,000	-	2/25/2015	7/30/2014	0.20%	16,730,458	16,734,088	16,733,529	
TOYOTA MOTOR CREDIT CORP COMM PAPER	89233HQT4	16,750,000	-	3/27/2015	7/31/2014	0.24%	16,723,312	16,730,453	16,726,885	
FNMA GLOBAL BENCHMARK NOTES	31359MA45	20,000,000	5.000	4/15/2015	7/31/2014	0.15%	20,684,120	20,979,138	20,979,559	
JP MORGAN SECURITIES LLC COMM PAPER	46640QRQ6	16,750,000	-	4/24/2015	7/31/2014	0.31%	16,711,489	16,726,718	16,716,105	
RABOBANK USA FIN CORP COMM PAPER	74977LRQ2	16,750,000	-	4/24/2015	8/1/2014	0.27%	16,716,584	16,720,219	16,720,478	
FEDERAL HOME LOAN BANK BONDS	313379ER6	12,235,000	0.500	6/12/2015	7/30/2014	0.17%	12,270,200	12,283,099	12,280,129	
FEDERAL HOME LOAN BANK BONDS	313379ER6	2,345,000	0.500	6/12/2015	7/31/2014	0.17%	2,351,623	2,354,219	2,353,541	
FHBL TAP BONDS	3133XWNB1	6,000,000	2.875	6/12/2015	7/30/2014	0.17%	6,140,616	6,163,788	6,164,506	
FHBL TAP BONDS	3133XWNB1	8,955,000	2.875	6/12/2015	7/31/2014	0.17%	9,164,205	9,199,454	9,200,017	
FANNIE MAE GLOBAL NOTES	3135G0LN1	6,000,000	0.500	7/2/2015	8/1/2014	0.19%	6,016,950	6,021,075	6,020,331	
FHLMC NOTES	3134G4TH1	24,000,000	0.300	7/8/2015	7/30/2014	0.20%	24,022,994	24,033,040	24,031,487	
										\$ 308,487,553.75
<u>2014B Construction Fund</u>										
WELLS FARGO TREASURY PLUS MMF		18,020,000		9/1/2014		0.01%	18,020,000	18,020,000	18,020,000	
FEDERAL HOME LOAN BANKS DISC NOTE	313385J98	15,000,000	-	10/10/2014	8/8/2014	0.07%	14,998,163	14,998,721	14,998,863	
FANNIE MAE DISC NOTE	313589T37	20,000,000	-	12/15/2014	8/12/2014	0.08%	19,994,444	19,993,923	19,995,333	
FANNIE MAE DISC NOTE	313588AP0	5,000,000	-	1/14/2015	8/8/2014	0.09%	4,998,013	4,997,927	4,998,313	
FANNIE MAE DISC NOTE	313588AP0	5,000,000	-	1/14/2015	8/8/2014	0.09%	4,998,123	4,997,927	4,998,406	
										\$ 63,010,914.20
							\$ 642,718,828.83	\$ 643,358,543.28	\$ 643,351,640.59	\$ 643,351,640.59

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Security Purchases  
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
RE0908013	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,530,097	0.400	03/17/2016	03/20/2014	0.404	\$ 2,530,096.57
07286NFH7	BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	06/17/2014	03/26/2014	0.091	\$ 9,997,925.00
43851UFT5	HONEYWELL INTL COMM PAPER	10,000,000	-	06/27/2014	03/26/2014	0.101	\$ 9,997,416.70
90526NG17	UNION BANK NA COMM PAPER	10,000,000	-	07/01/2014	03/26/2014	0.132	\$ 9,996,497.22
3130A0SD3	FEDERAL HOME LOAN BANK GLOBAL NOTES	5,000,000	0.375	02/19/2016	07/11/2014	0.343	\$ 5,009,945.83
0556N1LC5	BNP PARIBAS FINANCE INC COMM PAPER	1,200,000	-	11/12/2014	07/11/2014	0.264	\$ 1,198,925.33
06538CNC1	BANK OF TOKYO MITSUBISHI COMM PAPER	1,200,000	-	01/12/2015	07/11/2014	0.234	\$ 1,198,581.67
46640QR78	JP MORGAN SECURITIES LLC COMM PAPER	1,200,000	-	04/07/2015	07/11/2014	0.315	\$ 1,197,210.00
3134G3ZA1	FREDDIE MAC GLOBAL NOTES	5,000,000	0.500	08/28/2015	07/14/2014	0.189	\$ 5,026,943.44
912828NR7	US TREASURY NOTES	1,100,000	2.375	07/31/2017	07/14/2014	0.946	\$ 1,158,929.39
912828PM6	US TREASURY NOTES	5,000,000	2.125	12/31/2015	07/14/2014	0.245	\$ 5,141,151.50
912828SC5	US TREASURY NOTES	3,500,000	0.875	01/31/2017	07/14/2014	0.717	\$ 3,527,819.62
912828SS0	US TREASURY NOTES	2,500,000	0.875	04/30/2017	07/14/2014	0.830	\$ 2,507,583.22
912828WB2	US TREASURY NOTES	5,000,000	0.250	10/31/2015	07/14/2014	0.184	\$ 5,006,844.43
83051HA89	SKANDINAVISKA ENSKILDA BANKEN NY CD	1,200,000	0.230	12/11/2014	07/14/2014	0.228	\$ 1,200,287.41
86562YFF6	SUMITOMO MITSUI BANK NY CERT DEPOS	1,200,000	0.220	11/07/2014	07/14/2014	0.223	\$ 1,200,051.29
06366RVD4	BANK OF MONTREAL CORP NOTES (CALLABLE)	1,200,000	1.300	07/14/2017	07/15/2014	1.268	\$ 1,201,159.33
36962G5N0	GENERAL ELEC CAP CORP GLOBAL NOTES	1,200,000	2.900	01/09/2017	07/15/2014	1.029	\$ 1,255,492.00
89114QAQ1	TORONTO DOMINION BANK NY CORP NT	1,200,000	1.125	05/02/2017	07/15/2014	1.136	\$ 1,202,365.50
912828QF0	US TREASURY NOTES	5,000,000	2.000	04/30/2016	07/15/2014	0.390	\$ 5,164,402.17
912828QX1	US TREASURY NOTES	4,600,000	1.500	07/31/2016	07/15/2014	0.498	\$ 4,725,067.47
912828WF3	US TREASURY NOTES	4,600,000	0.625	11/15/2016	07/15/2014	0.639	\$ 4,603,328.12
912828WQ9	US TREASURY NOTES	5,000,000	0.500	06/30/2016	07/15/2014	0.458	\$ 5,005,120.58
94974BFL9	WELLS FARGO & COMPANY	1,200,000	1.250	07/20/2016	07/16/2014	0.762	\$ 1,218,997.33
912828NR7	US TREASURY NOTES	975,000	2.375	07/31/2017	07/18/2014	0.965	\$ 1,026,765.10
74977LPH4	RABOBANK USA FIN CORP COMM PAPER	1,200,000	-	02/17/2015	07/18/2014	0.218	\$ 1,198,466.33
912828TG5	US TREASURY NOTES	2,300,000	0.500	07/31/2017	07/31/2014	1.024	\$ 2,264,511.72
<b>3130A2T97</b>	<b>FHLB NOTES</b>	<b>1,595,000</b>	<b>0.500</b>	<b>09/28/2016</b>	<b>08/07/2014</b>	<b>0.606</b>	<b>\$ 1,591,411.25</b>
<b>3137EADJ5</b>	<b>FREDDIE MAC GLOBAL NOTES</b>	<b>750,000</b>	<b>1.000</b>	<b>07/28/2017</b>	<b>08/14/2014</b>	<b>1.004</b>	<b>\$ 750,240.33</b>
<b>3137EADJ5</b>	<b>FREDDIE MAC GLOBAL NOTES</b>	<b>1,215,000</b>	<b>1.000</b>	<b>07/28/2017</b>	<b>08/14/2014</b>	<b>1.002</b>	<b>\$ 1,215,458.60</b>
<b>17304UYB0</b>	<b>CITIBANK NA FLOATING CERT DEPOS</b>	<b>1,200,000</b>	<b>0.371</b>	<b>08/11/2015</b>	<b>08/14/2014</b>	<b>0.378</b>	<b>\$ 1,200,000.00</b>
<b>Debt Service Reserve</b>							
912828QX1	US TREASURY NOTES	3,550,000	1.500	07/31/2016	07/24/2014	0.511	\$ 3,646,040.61
912828TG5	US TREASURY NOTES	3,600,000	0.500	07/31/2017	07/24/2014	0.976	\$ 3,557,745.68

Securities highlighted in **blue font** denote trades executed during the current month.

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Security Purchases  
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Rate Stabilization Fund</b>							
19121BHM4	COCA-COLA COMPANY COMM PAPER	10,000,000	-	08/21/2014	05/28/2014	0.081	\$ 9,998,111.11
<b>2014A Construction Fund</b>							
313379ER6	FEDERAL HOME LOAN BANK BONDS	12,235,000	0.500	06/12/2015	07/30/2014	0.168	\$ 12,278,356.77
3133XWNB1	FHLB TAP BONDS	6,000,000	2.875	06/12/2015	07/30/2014	0.168	\$ 6,163,616.00
3134G4TH1	FHLMC NOTES	24,000,000	0.300	07/08/2015	07/30/2014	0.198	\$ 24,027,394.40
0556N1NU3	BNP PARIBAS FINANCE INC COMM PAPER	16,750,000	-	01/28/2015	07/30/2014	0.305	\$ 16,724,595.83
06538CMW8	BANK OF TOKYO MITSU UFJ LTD COMM PAPER	16,750,000	-	12/30/2014	07/30/2014	0.223	\$ 16,734,338.75
36959JPR8	GENERAL ELEC CAP CORP COMM PAPER	16,750,000	-	02/25/2015	07/30/2014	0.203	\$ 16,730,458.33
313379ER6	FEDERAL HOME LOAN BANK BONDS	2,345,000	0.500	06/12/2015	07/31/2014	0.173	\$ 2,353,218.51
3133XWNB1	FHLB TAP BONDS	8,955,000	2.875	06/12/2015	07/31/2014	0.168	\$ 9,199,247.40
31359MA45	FNMA GLOBAL BENCHMARK NOTES	20,000,000	5.000	04/15/2015	07/31/2014	0.147	\$ 20,978,564.44
13607FNU6	CANADIAN IMPERIAL HOLDING COMM PAPER	16,750,000	-	01/28/2015	07/31/2014	0.223	\$ 16,731,472.64
46640QRQ6	JP MORGAN SECURITIES LLC COMM PAPER	16,750,000	-	04/24/2015	07/31/2014	0.315	\$ 16,711,488.90
89233HQT4	TOYOTA MOTOR CREDIT CORP COMM PAPER	16,750,000	-	03/27/2015	07/31/2014	0.244	\$ 16,723,311.67
46640QRQ6	JP MORGAN SECURITIES LLC COMM PAPER	16,750,000	-	04/24/2015	07/31/2014	0.315	\$ 16,711,488.90
89233HQT4	TOYOTA MOTOR CREDIT CORP COMM PAPER	16,750,000	-	03/27/2015	07/31/2014	0.244	\$ 16,723,311.67
<b>3135G0LN1</b>	<b>FANNIE MAE GLOBAL NOTES</b>	<b>6,000,000</b>	<b>0.500</b>	<b>07/02/2015</b>	<b>08/01/2014</b>	<b>0.192</b>	<b>\$ 6,019,366.67</b>
<b>74977LRQ2</b>	<b>RABOBANK USA FIN CORP COMM PAPER</b>	<b>16,750,000</b>	<b>-</b>	<b>04/24/2015</b>	<b>08/01/2014</b>	<b>0.274</b>	<b>\$ 16,716,583.75</b>
<b>3134A4UX0</b>	<b>FHLMC NOTES</b>	<b>3,500,000</b>	<b>4.500</b>	<b>01/15/2015</b>	<b>08/08/2014</b>	<b>0.102</b>	<b>\$ 3,577,160.16</b>
<b>313385J98</b>	<b>FEDERAL HOME LOAN BANKS DISC NOTE</b>	<b>30,000,000</b>	<b>-</b>	<b>10/10/2014</b>	<b>08/08/2014</b>	<b>0.071</b>	<b>\$ 29,996,325.00</b>
<b>313396AN3</b>	<b>FREDDIE MAC DISC NOTE</b>	<b>2,050,000</b>	<b>-</b>	<b>01/13/2015</b>	<b>08/08/2014</b>	<b>0.086</b>	<b>\$ 2,049,235.24</b>
<b>313396AP8</b>	<b>FREDDIE MAC DISC NOTE</b>	<b>925,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.091</b>	<b>\$ 924,632.31</b>
<b>313588AP0</b>	<b>FANNIE MAE DISC NOTE</b>	<b>5,274,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.091</b>	<b>\$ 5,271,903.59</b>
<b>313588AP0</b>	<b>FANNIE MAE DISC NOTE</b>	<b>12,231,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.086</b>	<b>\$ 12,226,408.28</b>
<b>313588AP0</b>	<b>FANNIE MAE DISC NOTE</b>	<b>946,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.091</b>	<b>\$ 945,623.97</b>
<b>313589T37</b>	<b>FANNIE MAE DISC NOTE</b>	<b>35,000,000</b>	<b>-</b>	<b>12/15/2014</b>	<b>08/12/2014</b>	<b>0.081</b>	<b>\$ 34,990,277.70</b>
<b>2014B Construction Fund</b>							
<b>313385J98</b>	<b>FEDERAL HOME LOAN BANKS DISC NOTE</b>	<b>15,000,000</b>	<b>-</b>	<b>10/10/2014</b>	<b>08/08/2014</b>	<b>0.071</b>	<b>\$ 14,998,162.50</b>
<b>313588AP0</b>	<b>FANNIE MAE DISC NOTE</b>	<b>5,000,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.091</b>	<b>\$ 4,998,012.50</b>
<b>313588AP0</b>	<b>FANNIE MAE DISC NOTE</b>	<b>5,000,000</b>	<b>-</b>	<b>01/14/2015</b>	<b>08/08/2014</b>	<b>0.086</b>	<b>\$ 4,998,122.92</b>
<b>313589T37</b>	<b>FANNIE MAE DISC NOTE</b>	<b>20,000,000</b>	<b>-</b>	<b>12/15/2014</b>	<b>08/12/2014</b>	<b>0.081</b>	<b>\$ 19,994,444.40</b>

Securities highlighted in **blue font** denote trades executed during the current month.

## Investment Performance Report – August 2014



DC Water  
Finance Division  
Security Sales  
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<u>Operating Reserve Accounts</u>							
3134G3ZA1	US TREASURY NOTES	2,275,000	0.500	08/28/2015	07/31/2014	0.212	\$ 2,286,909.63
912828QX1	US TREASURY NOTES	1,565,000	1.500	07/31/2016	08/07/2014	0.480	\$ 1,596,868.81
912828TG5	US TREASURY NOTES	760,000	0.500	07/31/2017	08/14/2014	0.932	\$ 750,585.20
912828TG5	SKANDINAVISKA ENSKILDA BANKEN NY CD	1,230,000	0.500	07/31/2017	08/14/2014	0.926	\$ 1,214,955.06
83051HA89	BANK OF NOVA SCOTIA NY COMM PAPER	1,200,000	0.230	12/11/2014	08/14/2014	0.223	\$ 1,200,554.28
<u>Total Debt Service Reserve</u>							
3130A0FX3	FHLB NOTES	5,000,000	0.210	02/18/2015	07/24/2014	0.125	\$ 5,006,950.00

Securities highlighted in **blue font** denote trades executed during the current month.

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Security Maturities  
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
<b>Operating Reserve Accounts</b>							
46640QCK5	JP MORGAN SECURITIES LLC COMM PAPER	10,000,000	-	03/19/2014	03/19/2014	- \$	10,000,000.00
90526NCK9	UNION BANK NA COMM PAPER	10,000,000	-	03/19/2014	03/19/2014	- \$	10,000,000.00
313385UN4	FEDERAL HOME LOAN BANKS DISC NOTE	10,000,000	-	03/21/2014	03/21/2014	- \$	10,000,000.00
RE0857806	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,500,000	0.600	03/23/2014	03/23/2014	- \$	2,530,000.00
912828SL5	US TREASURY NOTES	10,000,000	0.250	03/31/2014	03/31/2014	- \$	10,000,000.00
86562LE16	SUMITOMO MITSUI BANK NY COMM PAPER	10,000,000	-	05/01/2014	05/01/2014	- \$	10,000,000.00
07286NFH7	BAYLOR UNIVERSITY COMM PAPER	10,000,000	-	06/17/2014	06/17/2014	- \$	10,000,000.00
60688GFQ5	MIZUHO FUNDING LLC COMM PAPER	10,000,000	-	06/24/2014	06/24/2014	- \$	10,000,000.00
43851UFT5	HONEYWELL INTL COMM PAPER	10,000,000	-	06/27/2014	06/27/2014	- \$	10,000,000.00
40427SFW4	HSBC USA INC COMM PAPER	10,000,000	-	06/30/2014	06/30/2014	- \$	10,000,000.00
90526NG17	UNION BANK NA COMM PAPER	10,000,000	-	07/01/2014	07/01/2014	- \$	10,000,000.00
<b>Total CSO LTCP Appropriations Account</b>							
06416KET3	BANK OF NOVA SCOTIA NY COMM PAPER	10,000,000	-	05/27/2014	05/27/2014	- \$	10,000,000.00
89233HF66	TOYOTA MOTOR CREDIT CORP COMM PAPER	10,000,000	-	06/06/2014	06/06/2014	- \$	10,000,000.00
<b>Total Rate Stabilization Fund</b>							
25153KDW4	DEUTSCHE BANK FINL LLC COMM PAPER	10,000,000	-	04/30/2014	04/30/2014	- \$	10,000,000.00
36959JEW9	GENERAL ELEC CAP CORP COMM PAPER	10,000,000	-	05/30/2014	05/30/2014	- \$	10,000,000.00
<b>19121BHM4</b>	<b>COCA-COLA COMPANY COMM PAPER</b>	<b>10,000,000</b>	<b>-</b>	<b>08/21/2014</b>	<b>08/21/2014</b>	<b>- \$</b>	<b>10,000,000.00</b>
<b>Series 2010A Capitalized Interest Fund</b>							
31398A3K6	FNMA NOTES (EX-CALLABLE)	1,400,000	1.250	03/14/2014	03/14/2014	- \$	1,400,000.00
<b>2014A Construction Fund</b>							
313397UL3	FHLMC DISC NOTE	20,000,000	-	03/19/2014	03/19/2014	- \$	20,000,000.00
912828KJ8	US TREASURY NOTES	20,000,000	1.750	03/31/2014	03/31/2014	- \$	20,000,000.00
313382SH7	FHLB NOTES	32,500,000	0.150	04/23/2014	04/23/2014	- \$	32,500,000.00
3133X7FK5	FHLB GLOBAL BONDS	45,000,000	5.250	06/18/2014	06/18/2014	- \$	45,000,000.00

Securities highlighted in **blue font** denote trades executed during the current month.

## Investment Performance Report – August 2014



**DC Water  
Finance Division  
Upcoming Transaction Cash Flows  
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
<u>Operating Reserve Accounts</u>									
09/28/14	INTEREST	3130A2T97	FHLB NOTES	0.500	09/28/16	1,595,000	0.00	1,129.79	1,129.79
<u>Total Debt Service Reserve</u>									
09/11/14	INTEREST	313375RN9	FHLB NOTES	1.000	03/11/16	10,000,000	0.00	50,000.00	50,000.00



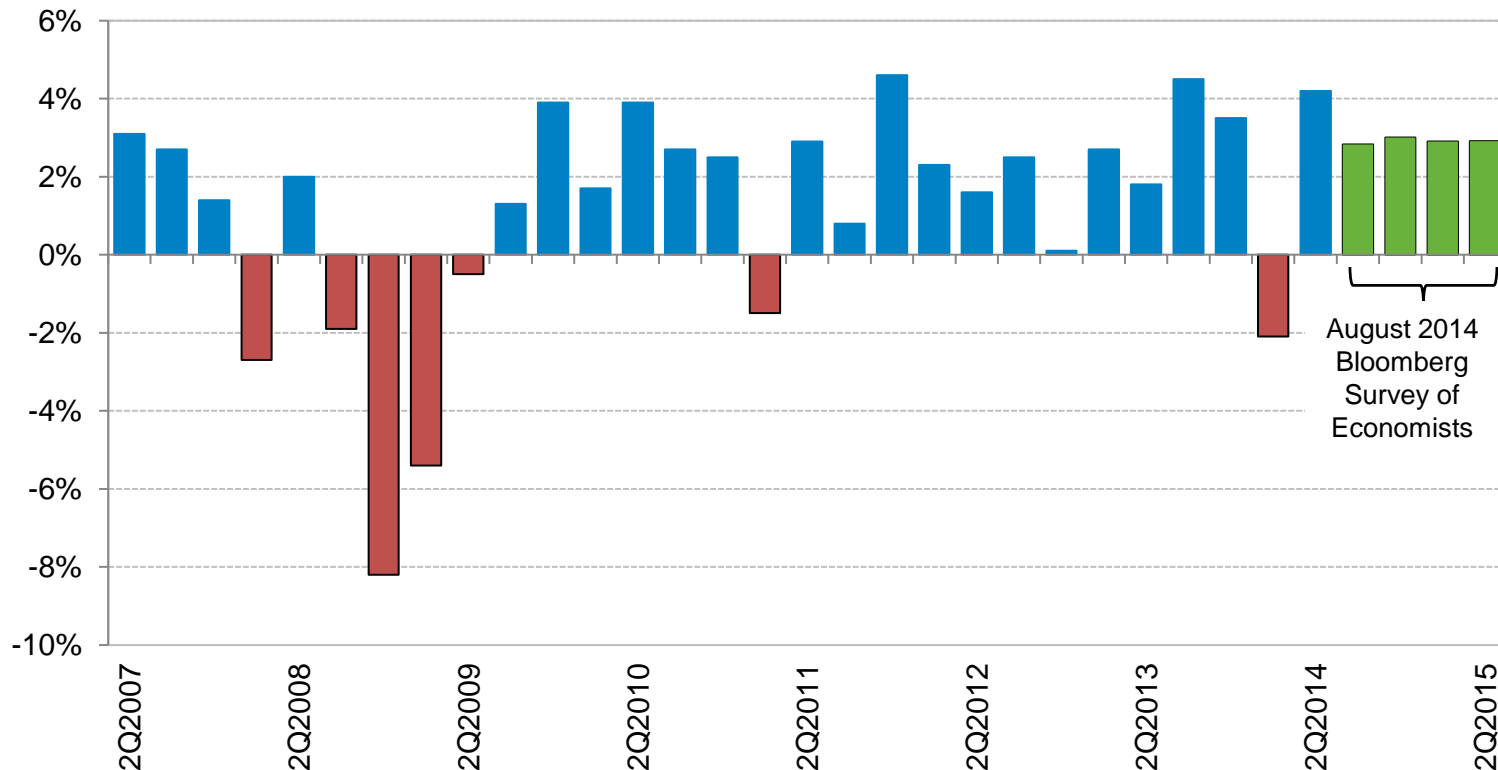
# Appendix: Economic Update



## Gross Domestic Product

- U.S. Gross Domestic Product (“GDP”) growth was revised to a 4.2% annual rate due to increased spending across the economy. This is a significant rebound from the beginning of the year when the economy contracted by 2.1% in the first quarter.

**Gross Domestic Product Growth**  
January 2007 – March 2015 (projected)



Source: Bloomberg



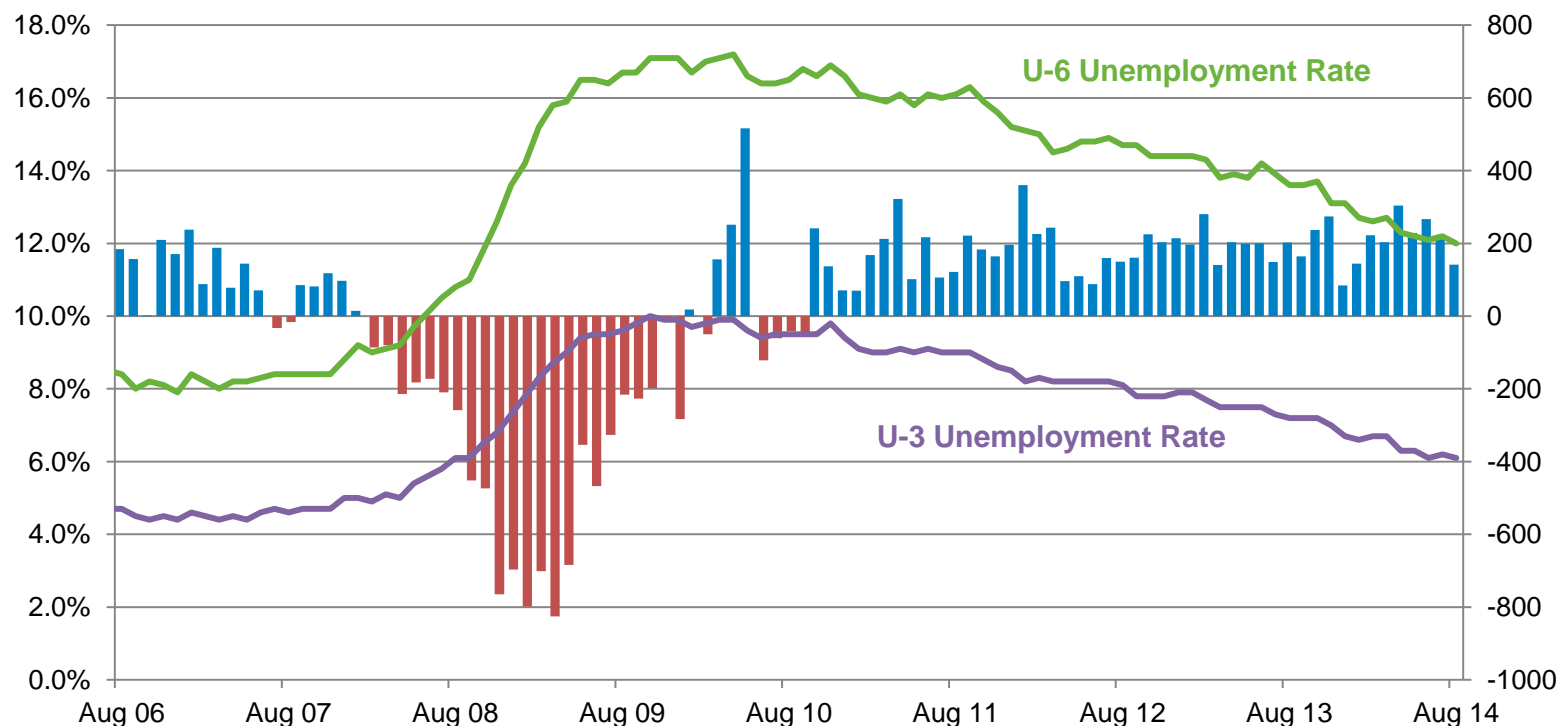


## August Employment Report Disappoints

- In August job growth failed to meet expectations as only 142,000 jobs were added. This broke the six month streak of 200,000 jobs being added per month. The unemployment rate fell to 6.1 percent with a slight decrease in the labor force participation rate.

### Unemployment vs. Non-Farm Payrolls

April 2009 – August 2014

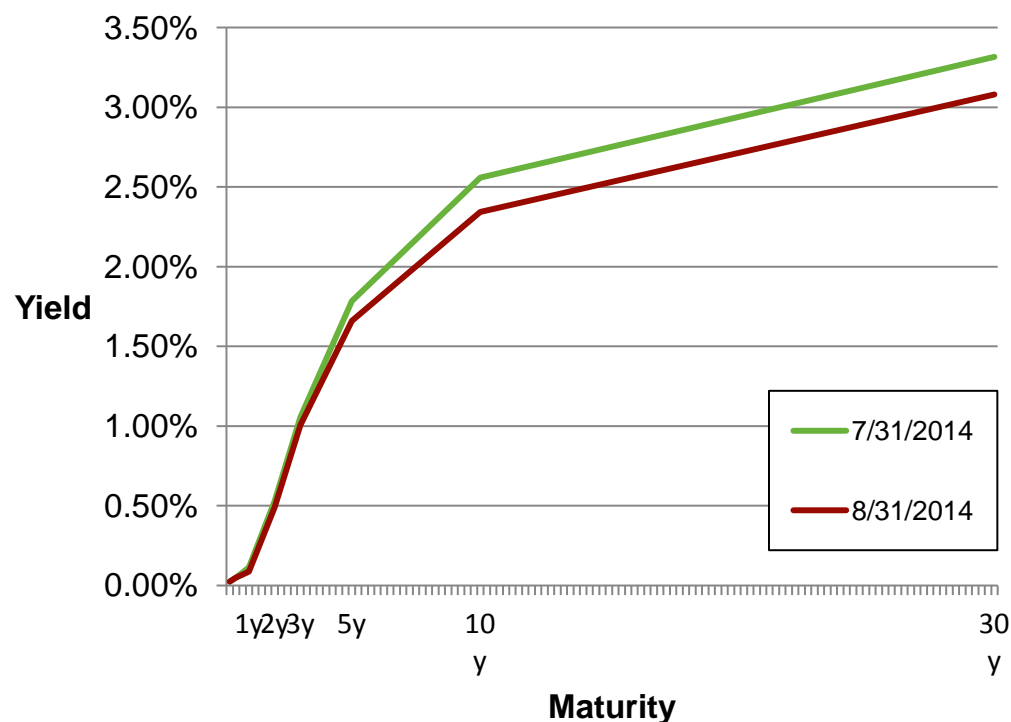


Source: Bloomberg



## The Yield Curve Flattened During August

**U.S. Treasury Yield Curve**  
August 31, 2014 versus July 31, 2014



	8/31/2014	7/31/2014	Change
3 month	0.02%	0.02%	0.00%
6 month	0.05%	0.05%	0.00%
1 year	0.09%	0.11%	-0.02%
2 year	0.49%	0.53%	-0.04%
3 year	1.00%	1.05%	-0.05%
5 year	1.66%	1.78%	-0.12%
10 year	2.34%	2.56%	-0.22%
30 year	3.08%	3.32%	-0.24%

Source: Bloomberg



## Disclosure

*This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*

# **District of Columbia Water and Sewer Authority**

## **Capital Improvement Program Report**



**FY2014 3<sup>rd</sup> Quarter  
April 1<sup>st</sup> through June 30<sup>th</sup>, 2014**

**Board of Directors  
Finance and Budget Committee**

**George S. Hawkins, General Manager  
Leonard R. Benson, Chief Engineer**

**September 2014**

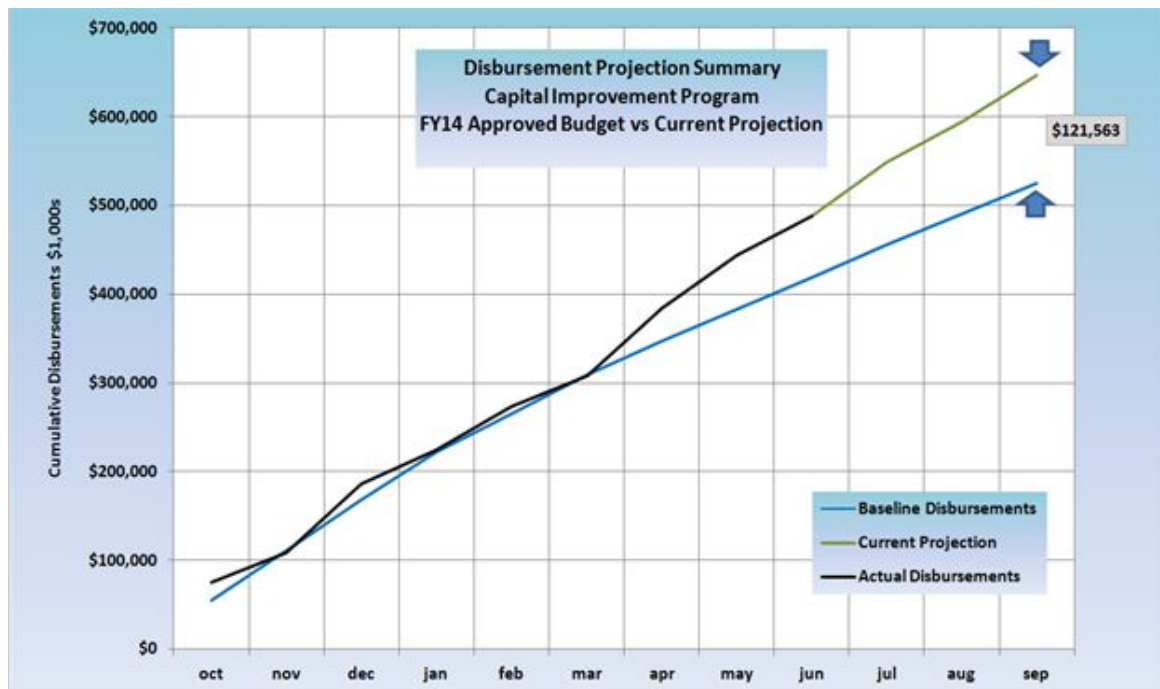


## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

### Program Performance

Current projected program disbursements through the end of the fiscal year compared with the approved FY14 projections are shown in the chart below:

### Disbursement Projections Summary



Overall, year-to-date projected disbursements were \$418,602,000 compared to actual disbursements of \$488,045,000. The current projected fiscal year 2014 CIP disbursements are \$646,311,000, which is 23% above the baseline disbursement projections of \$524,748,000.

Current disbursement projections through the end of the fiscal year within the service areas are as follows:

#### Wastewater Treatment Service Area

Baseline Disbursements \$268,192,000

Projected Disbursements \$344,377,000 (\$76.2M above baseline projection)

Significant project variances listed below:



## Capital Improvement Program Report

### 3<sup>rd</sup> Quarter FY2014

- *Enhanced Nitrogen Removal Program Area – (Projected to be \$37.5M above baseline)*
  - Baseline projections did not fully anticipate the actual costs resulting from mobilization and design in Projects E8 – Enhanced Clarification Facilities and FR – BP Tunnel Dewatering Pumping Station resulting in currently projected disbursements totaling \$14.4M above baseline. The project remains within budget.
  - Current projected disbursements for project BI – Enhanced Nitrogen Removal (ENR) North are \$3.7M above baseline partly due to payment for early delivery of equipment that is stored on site.
  - Progress on the Blue Plains Tunnel is proceeding well and has contributed to the higher than expected disbursements in Project EG – Blue Plains Tunnel that are now projected to be \$9.5M above baseline.
- *Solids Processing Program Area – (Projected to be \$22.7M above baseline)*
  - Expected substantial completion of construction work in fiscal year 2014 in project XA – New Digestion Facilities, together with executed change orders, has resulted in disbursements for FY 14 projected to be \$22.9M above baseline. The project remains within budget.

#### CSO Service Area

Baseline Disbursements      \$166,508,000

Projected Disbursements      \$225,972,000 (\$59.5M above baseline projection)

Significant project variance listed below:

- *Clean Rivers Program – (Projected to be \$56.7M above baseline)*
  - Currently projected disbursements in Project CY – Anacostia LTCP Projects are \$56.7M above baseline due to work on the Blue Plains Tunnel Division A and Anacostia River Tunnel Division H design build contracts proceeding favorably, with anticipated on time completion. In addition, the acceleration of the First Street Tunnel as part of the Bloomingdale flood alleviation is also proceeding well. The projects remain within budget.

#### Stormwater Service Area

Baseline Disbursements      \$2,843,000

Projected Disbursements      \$2,733,000 (\$0.11M below baseline projection)

#### Sanitary Sewer Service Area

Baseline Disbursements      \$29,818,000

Projected Disbursements      \$25,081,000 (\$4.7M below baseline projection)

#### Water Service Area

Baseline Disbursements      \$57,402,000

Projected Disbursements      \$48,148,000 (\$9.3M below baseline projection)

Significant project variances listed below:

- *Water Distributions System Program Area – (Projected to be \$9.1M below baseline)*



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

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- Currently projected disbursements in Project O3 – Small Diameter Rehab 11 are \$4.3M below baseline due to inclusion of budget for DDOT work that is now expected to occur later than originally anticipated.
- Projected disbursements in Project O1 - Small Diameter Rehab 9 are \$3.5M below baseline due to work proceeding more slowly than expected on 2 construction contracts, partly due to difficulty obtaining permits and the contractor finding it difficult to source local labor .

### **Priority 1 Projects (Court Ordered, Stipulated Agreements, etc)**

All priority 1 projects are on schedule and within budget.



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

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### **Large Contract Actions Anticipated – 6 Month Look-Ahead**

Project GA/IF – Sewer System Service Life Restoration Project 3  
Construction Contract (\$10M - \$15M), EQ&SS Nov, BOD Dec

Project CY – Division Z Poplar Point Pumping Station  
Construction Contract (\$35M - \$45M), EQ&SS Oct, BOD Nov

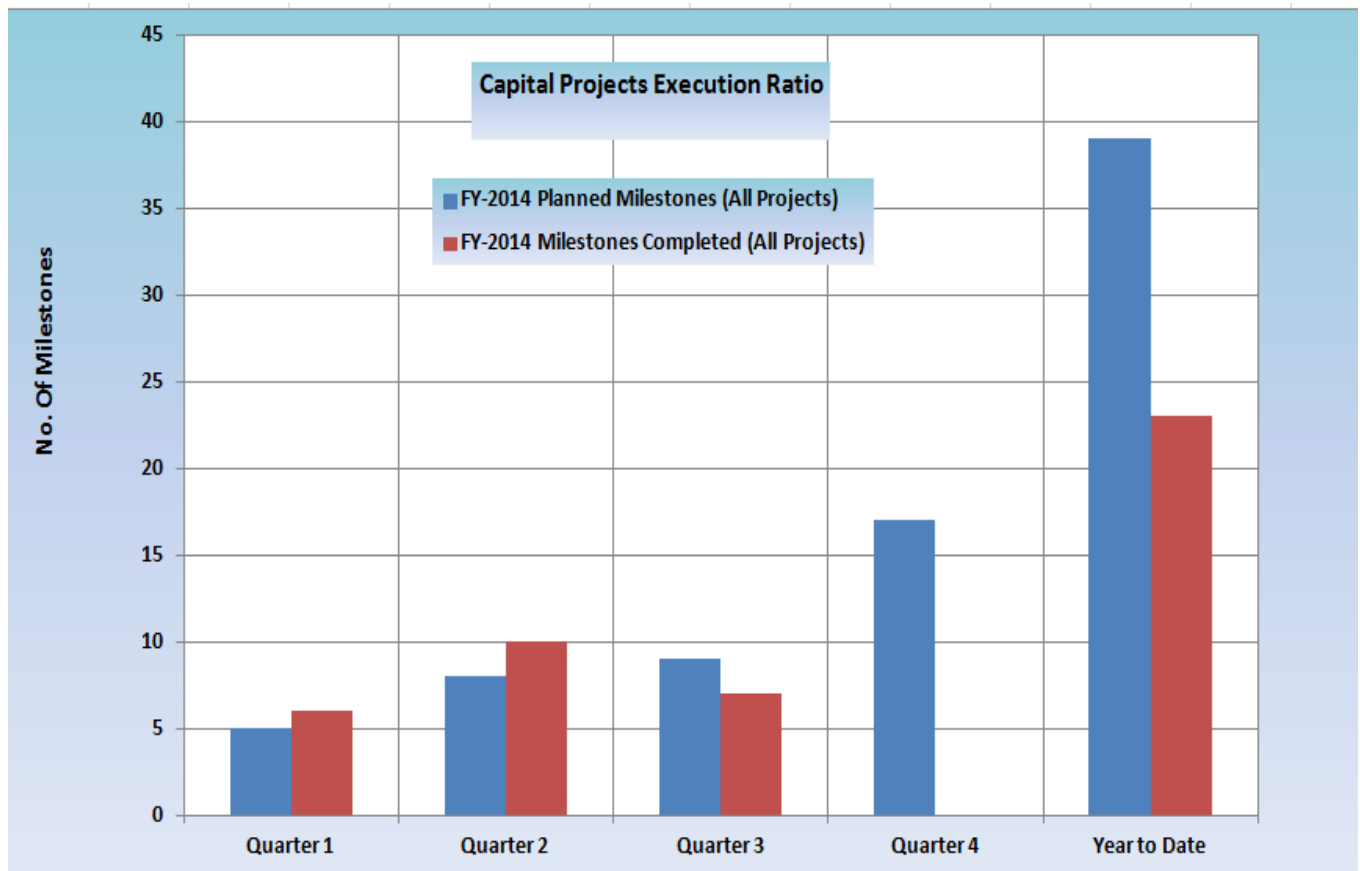
Project O2 – Small Diameter Watermain Replacements Contract 10b  
Construction Contract (\$5M - \$10M), WQ&WS Sep, BOD Oct



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

### Key Performance Indicators, Capital Improvement Program

Key performance indicators related to the Capital Improvement Program are shown below.



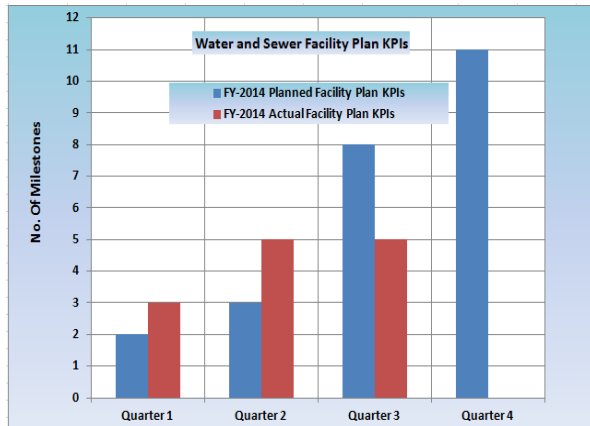
Note: Capital Projects Execution Ratio measures the completion of critical project milestones for large capital projects during the fiscal year. Critical project milestones include: Design Starts, Construction Starts and Construction Substantial Completions as well as Consent Decree and Permit mandated milestones.

For the 3<sup>rd</sup> Quarter, all of the planned KPI Milestones were met. Three milestones scheduled for completion in the third quarter were completed in the second quarter. These included the substantial completion milestones for Division B – Tingey Street Diversions and Large Valve Contract 9b, as well as the design start milestone for Large Valve Replacement Contract 13. The substantial completion milestone for Rock Creek CSO Regulator Adjustment was completed in the first quarter.

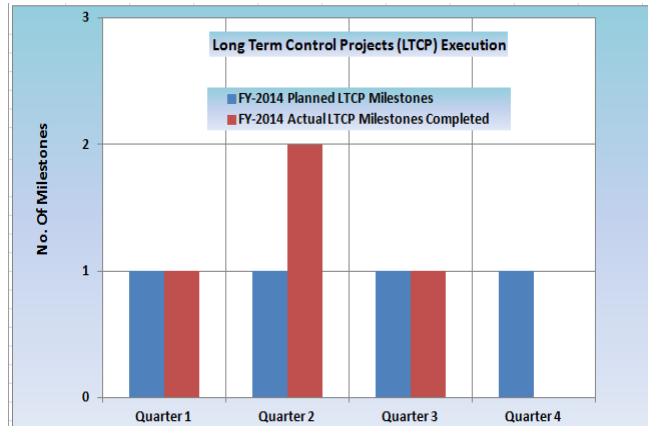
In addition, two milestones scheduled for completion in the 4<sup>th</sup> quarter were completed in the 3<sup>rd</sup> quarter. These were the construction start milestone for Div I – Main Pumping Sta. Diversions and Outfall Sewer Diversion and the substantial completion milestone for Steel Water Mains – Contract 1.



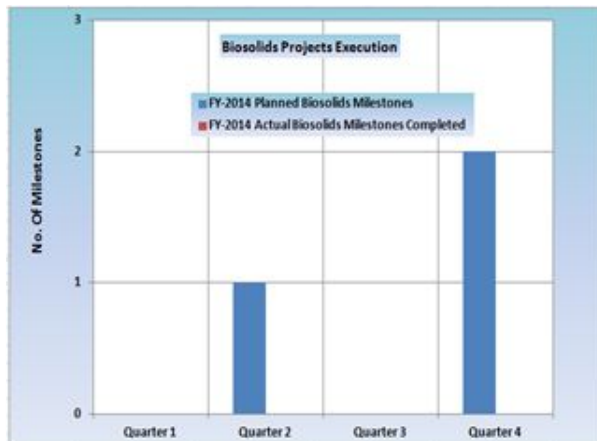
## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014



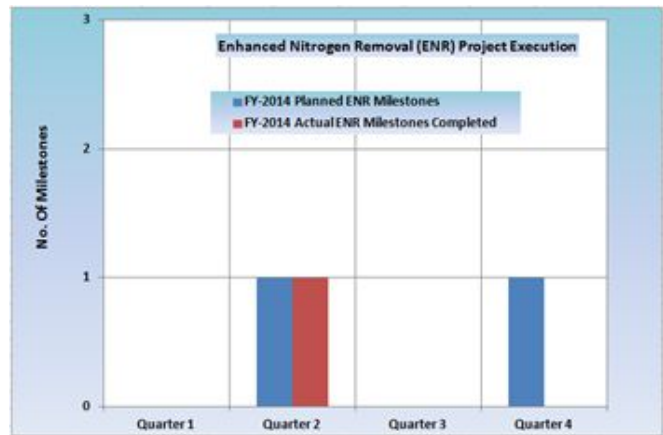
Note: Water and Sewer Facility Plan KPIs measure the completion of critical project milestones for projects developed through either the Water or the Sewer Facility Plan. For Variance, see note above.



Note: LTCP Project Execution measures the completion of critical project milestones for the LTCP projects during the fiscal year. Critical project milestones include all those required to meet Consent Decree dates. For Variance, see note above.



Note: Biosolids Project Execution measures the completion of critical project milestones for the Biosolids projects during the fiscal year.

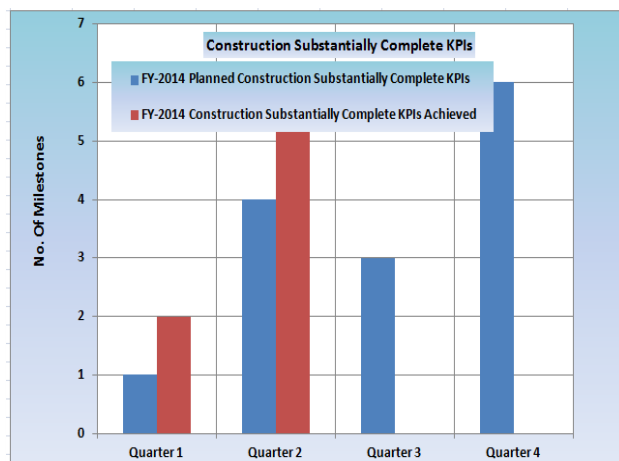
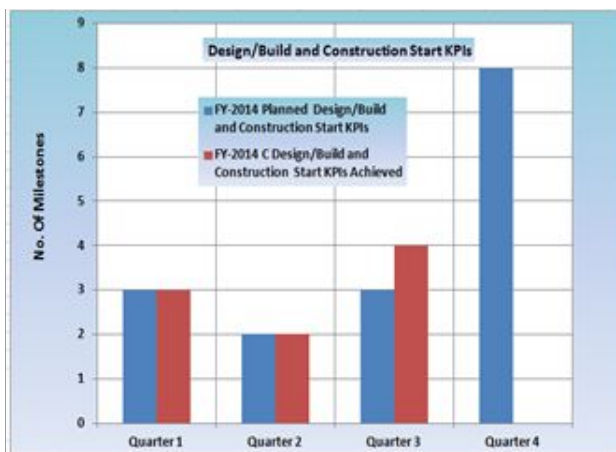
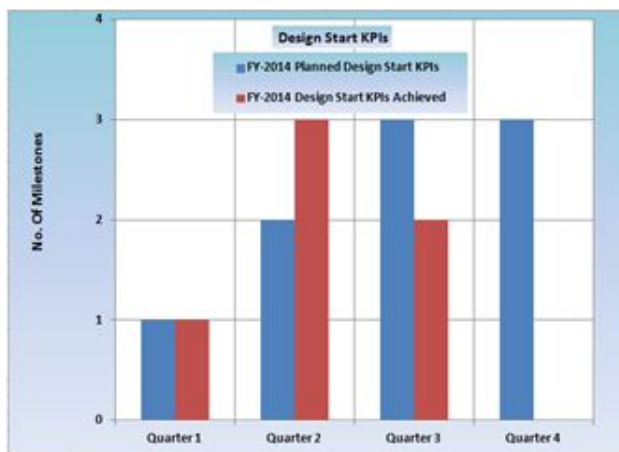


Note: Enhanced Nitrogen Removal Execution measures the completion of critical project milestones for the Enhanced Nitrogen Removal (ENR) projects during the fiscal year.



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

Key Performance Indicators by category: Design Start, Construction Start and Construction Substantial Completion





## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

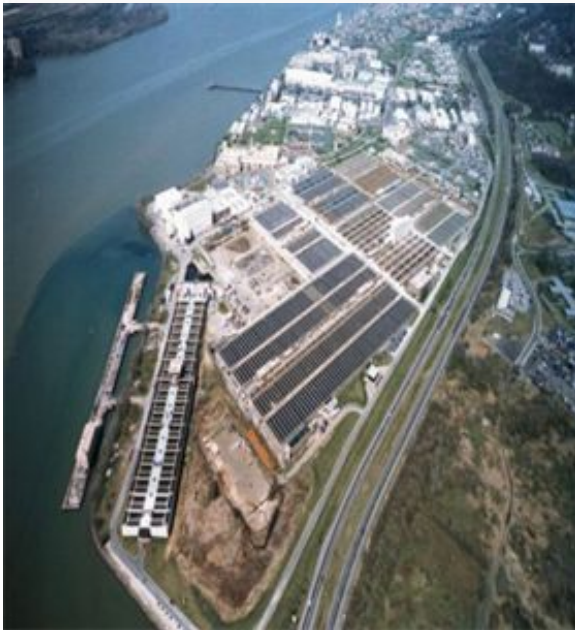
**For FY14, the following KPI Milestones will be monitored:**

Qtr.	Project	Job Name	KPI Name	KPI Achieved?
1st	Q302	Pope Branch Stream Restoration and Sewer Replacement	Construction Start Milestone	Y
1st	CY25	Div P - First Street NW Branch Tunnel (Bloomingtondale)	Design/Build Start Milestone	Y
1st	BR04	Nitrification RAS Piping Rehabilitation	Construction Substantial Completion	Y
1st	UC06	Upgrades to FIPS 1-10	Design Start Milestone	Y
1st	O101	Small Dia. Watermain Replacement 9a	Construction Start Milestone	Y
2nd	BT01	Filtration / Disinfection Facility Ph II	Construction Substantial Completion	Y
2nd	GH01	Large Sewer Rehab 3	Design Start Milestone	Y
2nd	N901	Small Dia. Watermain Rehab 7-1	Construction Substantial Completion	Y
2nd	BV01	RWWPS No. 2 Upgrades	Design Start Milestone	Y
2nd	O103	Small Dia. Watermain Replacement 9b	Construction Start Milestone	Y
2nd	EE01	Filtrate Treatment Facilities	Construction Start Milestone	Y
2nd	BA01	Low Impact Development Projects	Consent Order Milestone	Y
2nd	XA12	Biosolids Final Dewatering	Construction Substantial Completion	N
3rd	BH01	Rock Creek CSO Regulator Adjustment	Construction Substantial Completion	Y (1 <sup>st</sup> Q)
3rd	IN01	Cleaning and Inspection of Upper Eastside Interceptor	Inspection Start Milestone	Y
3rd	O301	Small Dia. Watermain Replacement 11a	Design Start Milestone	Y
3rd	CY01	Div. B - Tingey Street Diversions	Construction Substantial Completion	Y (2 <sup>nd</sup> Q)
3rd	I803	Large Valve Replacements 13	Design Start Milestone	Y (2 <sup>nd</sup> Q)
3rd	FA02	Ft. Reno Reservoir No. 1 Upgrade	Construction Start Milestone	Y
3rd	S503	Large Dia. Water Main Internal Repairs 3	Construction Start Milestone	Y
3rd	BZ02	Large Valve Replacement Contract 9	Construction Substantial Completion	Y (2 <sup>nd</sup> Q)
3rd	GA01	Small Local Sewer Rehab 4	Design Start Milestone	Y
4th	XA10	Biosolids Combined Heat and Power (CHP)	Construction Substantial Completion	
4th	XA08	Biosolids Main Process Train (MPT)	Construction Substantial Completion	
4th	CY13	Div I - Main Pumping Sta. Diversions and Outfall Sewer Diversion	Construction Start Milestone	Y (3 <sup>rd</sup> Q)
4th	G100	Lining & Repair of Local Sewers	Construction Start Milestone	
4th	G703	Comb Sewer Rehab and Repair Phase 4	Design Start Milestone	
4th	EJ01	Potomac Pumping Station - Ph III Rehab	Construction Start Milestone	
4th	BR01	Nitrification / Denitrification Fac	Construction Substantial Completion	
4th	G504	Creekbed Sewer Rehab – Klingle Valley	Design Start Milestone	
4th	O302	Small Dia. Watermain Replacement 11b	Design Start Milestone	



## Capital Improvement Program Report 3<sup>rd</sup> Quarter FY2014

Qtr.	Project	Job Name	KPI Name	KPI Achieved?
4th	I801	Large Valve Replacements 11	Construction Start Milestone	
4th	MA01	St. Elizabeth Water Tank	Construction Start Milestone	
4th	E901	Nitrogen Removal Facilities - Contract 2	Consent Order Milestone	
4th	F601	Steel Water Mains - Contract 1	Construction Substantial Completion	Y (3 <sup>rd</sup> Q)
4th	S501	Large Dia. Watermain Internal Repairs 2	Construction Substantial Completion	
4th	J306	National Arboretum Sewer Rehab	Construction Start Milestone	
4th	G800	Small Local Sewer Rehab 2	Construction Start Milestone	
4th	O201	Small Dia. Watermain Replacement 10a	Construction Start Milestone	



DISTRICT OF COLUMBIA  
WATER AND SEWER AUTHORITY

Biosolids Management Program  
Status Update  
September 2014

**Presented to Finance and Budget Committee  
September 25, 2014**



# Outline

1. Biosolids Program Overview
  1. Program Background
  2. Program Benefits
2. Project Status and Schedule Update
3. Impacts of delay and potential mitigation



## Biosolids Program Background

- In 2008, the Biosolids Management Plan (BMP) update identified THP and digestion as the most effective solution for biosolids management at DC Water





## Biosolids Program Benefits

- Benefits
  - Approx. 50% Reduction in quantity of biosolids and disposal costs
  - Generation of Class A biosolids which provides greater sustainability by:
    - Hedging against Class B biosolids land application restrictions
    - Increases diversity of product use by expanding markets
  - Hedge against electricity cost uncertainty
    - Reliable supplemental power providing up to 1/3 of the energy use at the Blue Plains
    - Reduction of operating power costs



## Program Status

- Biosolids Program - Major Components
  - Main Process Train 93% complete
  - Combined Heat and Power 88% complete
  - Final Dewatering Facilities 85% complete
- Schedule Update:
  - Projects are nearing the commissioning phase
  - Commissioning includes:
    - Seeding digesters 1 and 3
    - Ramp up to full operation in 5 months
  - Slippage in the seeding date for the digesters
    - Main driver for commissioning delays
    - From 03/01/2014 to 09/30/2014
    - 7 months



## On-going Monitoring Plan

- MPT seeding Date is controlled by many issues that are being closely monitored at various levels
  - Executive meeting on June 10<sup>th</sup> and Executive Partnering meeting June 17<sup>th</sup>
    - » reiterated commitment to current schedule of all team members
  - Weekly project team Go-No-Go meetings starting June 2014
  - Close monitoring by team of all issues and commitment for resolution
  - Several issues have come up and have been resolved in order not to further impact the seeding schedule
  - Project commissioning weekly to monthly meetings



## Impacts of delay - Basis of O&M Cost Savings

- Assumptions on process variables were included in the O&M savings calculations.
- These assumptions include:
  - Solids projections based on service areas' population forecasts
  - Digester performance and solids destruction based on pilot testing in Europe and industry standards
  - Gas production based on industry standards for mesophilic digesters
- Assumptions can only be validated based on actual operational data

The following slides will summarize the areas of impact in addition to possible cost impact mitigation



## Impacts of Delay - Areas of Impact

- For simplification purposes, impacts are presented for the following:
  - Impacts on hauling costs:
    - » 300 dt will be processed in current facilities instead of the reduced volume being processed in the new belt filter press dewatering facility
  - Impacts on chemical costs mainly Lime
    - » Continued lime addition costs
  - Impacts on power generation
    - » Unrealized power generation savings
  - Fee to be paid to CHP operators
    - » This is actually savings since the fee will not be paid during the delay period



## Potential mitigation of cost impact

- On-going negotiations with CHP:
  - Negotiation to start utilization and commit to power production as early as possible during the commissioning period prior to the contractual operating period
- Implementation of alternate chemical to replace the current sodium hydroxide system which can generate savings in chemical additions
- Costs of methanol and caustic not incurred due to delay

*The magnitude of impact and the mitigations will be monitored and reported on periodically after seeding and during the commissioning process*



# Questions

**ATTACHMENT 4**

**FINANCE & BUDGET COMMITTEE  
PROPOSED ISSUANCE OF REFUNDING BONDS**

**ACTION ITEM A: Approval of Resolution Authorizing the Sale and Setting  
Terms and Details of the Series 2014 Refunding Bonds**

The Board will be asked to approve a resolution to authorize the sale and setting terms and details of the Series 2014 refunding bonds.

Presented and Adopted: \_\_\_\_\_, 2014

Subject: Authorizing the Sale and Setting Terms and Details of the Series 2014  
Refunding Bonds

#14-\_\_\_\_  
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 ("Authority"), at its meeting on October 2, 2014, by a vote of \_\_\_\_\_ (\_\_\_) in favor and \_\_\_\_\_ (\_\_\_) opposed, decided to approve the following:

**WHEREAS**, the Authority is authorized pursuant to the *Water and Sewer Authority Establishment and Department of Public Works Reorganization Act of 1996*, as amended, D.C. Code Section 34-2201.01 et seq. (the "WASA Act"), and the *District of Columbia Water and Sewer Authority Act of 1996*, Public Law 104-184; 110 Stat. 1696, to issue revenue bonds for undertakings authorized by the WASA Act, including to finance or refinance any cost, as defined in the WASA Act, D.C. Code Section 34-2202.01(2); and

**WHEREAS**, in accordance with the WASA Act, the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee") (its predecessors in that capacity having been Norwest Bank Minnesota, N.A. and Wells Fargo Bank Minnesota, N.A.), entered into the Master Indenture of Trust, dated as of April 1, 1998 (the "Master Indenture" and, as supplemented and amended, the "Indenture"), to provide for financing or refinancing the acquisition, construction, operation, maintenance and extension of the System (as defined in the Master Indenture) by the issuance of bonds, notes and other obligations payable solely from Net Revenues (as such terms are defined in the Master Indenture); and

**WHEREAS**, the Authority has heretofore entered into sixteen (16) supplemental indentures of trust with the Trustee in connection with the issuance of Senior Debt and Subordinate Debt (both as defined in the Indenture) or to amend and clarify the Master Indenture; and

**WHEREAS**, the Authority now intends (i) to issue Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds") to: (a) advance refund some or all (or, if appropriate, none) of the Authority's outstanding Public Utility Subordinated Lien Revenue Bonds, Series 2007A (the "Series 2007A Subordinate Bonds"), Public Utility Subordinated Lien Revenue Refunding Bonds, Series 2008A (the "Series 2008A Subordinate Bonds") and Public Utility Senior Lien Revenue Bonds Series 2009A (the "Series 2009A Bonds"); (b) fund a Series 2014 Debt Service Reserve Requirement, (as defined herein), if determined necessary; and (c) pay certain costs of issuance; (ii) to designate the Series 2014 Refunding Bonds as Subordinate Debt for purposes of the Indenture (subject to Section 10 hereof); and (iii) to secure the Series 2014 Refunding Bonds by a pledge of Net Revenues subordinate to

the pledge of Net Revenues that secures Senior Debt and on a parity with the pledge of Net Revenues that secures other Subordinate Debt, including, without limitation, other Subordinate Debt that the Authority may issue from time to time in the future; and

**WHEREAS**, the General Manager, the Chief Financial Officer, the Chief Engineer and the General Counsel of the Authority have informed the Board that their offices have established “due diligence” procedures for reviewing the documents authorized by this Resolution with the Authority’s bond counsel, disclosure counsel, financial advisors, underwriters, underwriters’ counsel and other consultants and advisors, with a view to ensuring the accuracy of disclosure; and

**WHEREAS**, the Finance and Budget Committee met on September 25, 2014, to review the issuance of the Series 2014 Refunding Bonds and has recommended approval of this Resolution by the Board;

**NOW, THEREFORE, BE IT RESOLVED**, that:

Section 1. Definitions and Interpretations. Unless otherwise defined herein and unless the context indicates otherwise, the terms used herein and defined in the Indenture (including the Seventeenth Supplemental Indenture as hereby approved) shall have the meanings assigned to them therein. In addition, the following terms used as defined terms in this Resolution shall have the meaning assigned to them in this Section:

“Authorized Officials” means the Chairman and Vice Chairman of the Board and the General Manager, Chief Financial Officer, Controller, Budget Director, and Finance Director of the Authority, provided that any official other than the Chairman shall be designated by the Chairman as his designee for the purpose of executing and delivering any document authorized hereunder.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the Authority and the Series 2014 Original Purchasers, dated as of the same date as the Certificate of Award.

“Certificate of Award” means the certificate of an Authorized Official awarding the Series 2014 Refunding Bonds to the Series 2014 Original Purchasers and specifying terms of the Series 2014 Refunding Bonds, as provided for in Section 4 of this Resolution.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement executed by the Authority and the Trustee, dated as of the same date as the date of issuance and delivery of the Series 2014 Refunding Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

“Escrow Agreement” means the Escrow Agreement, dated the same date as the Series 2014 Refunding Bonds, between the Authority and the Trustee as Escrow Agent (the “Escrow Agent”), providing for the Refunded Bonds to be deemed paid and no longer Outstanding under the Indenture.

“Financial Advisor” means, collectively, Public Financial Management, Inc. and G~Entry Principle, P.C..

“Interest Payment Dates” means for the Series 2014 Refunding Bonds, each April 1 and October 1, commencing on the April 1 or October 1 specified in the Certificate of Award as the first Interest Payment Date, and thereafter during the time the Series 2014 Refunding Bonds are Outstanding.

“Refunded Bonds” means any Outstanding Series 2007A Subordinate Bonds, Series 2008 Subordinate Bonds or Series 2009A Bonds to be caused to be deemed paid and no longer Outstanding under the Indenture as the result of the deposit of proceeds of the Series 2014 Refunding Bonds and any other funds in escrow under the Escrow Agreement and identified as the Refunded Bonds in the Certificate of Award.

“Refunding Savings Threshold” means that, as the result of the advance refunding of the Refunded Bonds with proceeds of Series 2014 Refunding Bonds and any other legally available funds, the Authority will achieve an aggregate reduction in bond service charges that has a present value at the time of sale of the Series 2014 Refunding Bonds equal to at least five percent (5%) of the aggregate principal amount of the Refunded Bonds and will fulfill any other standards that any Authorized Official executing the Certificate of Award deems appropriate.

“Series 2014 Debt Service Reserve Requirement” means, if determined to be necessary, a required fund balance in the Series 2014 Debt Service Reserve Account or Accounts established under the Seventeenth Supplemental Indenture, the amount of which shall be specified in the Certificate of Award, but which shall not exceed the maximum amount permitted to constitute a “reasonably required reserve or replacement fund” under the size limitation set forth in Section 1.148-2(f)(2) of the Treasury Regulations promulgated under the Code (taking into account any moneys in any other fund or account that may be required to be included in such computation) unless the Authority furnishes to the Trustee an opinion of nationally recognized bond counsel to the effect that the required balance in the Series 2014 Debt Service Reserve Account does not exceed the amount that qualifies as a “reasonably required reserve or replacement fund” within the meaning of Section 148(d) of the Code and the Treasury Regulations thereunder and that the existence of a balance in the Series 2014 Debt Service Reserve Account in the amount of the required fund balance will not cause the interest on any Series 2014 Refunding Bonds that had been excluded from gross income for federal income tax purposes to cease to be so.

“Series 2014 Original Purchasers” for the Series 2014 Refunding Bonds means the purchasers identified as such in the Bond Purchase Agreement for the Series 2014 Refunding Bonds.

“Seventeenth Supplemental Indenture” means the Seventeenth Supplemental Indenture of Trust by and between the Authority and the Trustee, dated as of the same date as and relating to the Series 2014 Refunding Bonds.

Any reference to the Authority or the Board, or to their members or officers, or to other public officers, boards, commissions, departments, institutions, agencies, bodies or entities,

shall include those who or which succeed to their functions, duties or responsibilities by operation of law and also those who or which at the time may legally act in their place.

Section 2. Authorization, Designation and Purposes of Series 2014 Refunding Bonds. The Authority is authorized to issue, sell and deliver, as provided in this Resolution and the Certificate of Award, bonds in an aggregate principal amount not greater than the amount determined in the Certificate of Award to be sufficient to accomplish the purposes for which their issuance is authorized, which shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2014,” and constitute Subordinate Debt under the Indenture (subject to Section 10 hereof), for the following purposes: (i) advance refunding the Refunded Bonds and causing them to be deemed paid and no longer Outstanding for purposes of the Indenture; (ii) funding a Series 2014 Debt Service Reserve Requirement, if determined necessary; and (iii) paying issuance costs of the Series 2014 Refunding Bonds; provided, however, that before an Authorized Official executes a Certificate of Award applicable to the Series 2014 Refunding Bonds, the Authority’s Financial Advisor shall have given the Authority a written certification that identifies the Refunded Bonds (consistently with this Resolution) and determines that the Authority’s issuance and sale of the Series 2014 Refunding Bonds on the terms set forth in the Certificate of Award and the application of the proceeds of the Series 2014 Refunding Bonds and any other legally available funds to advance refund the Refunded Bonds identified in the Financial Advisor’s certificate, will meet the Refunding Savings Threshold. The proceeds from the sale of the Series 2014 Refunding Bonds shall be allocated and deposited for those purposes and as provided in the Seventeenth Supplemental Indenture.

Section 3. Terms and Provisions Applicable to the Series 2014 Refunding Bonds.

(a) Form, Transfer and Exchange. The Series 2014 Refunding Bonds: (i) shall initially be issued only in fully registered form and substantially in the form or forms attached as Exhibits to the Seventeenth Supplemental Indenture; (ii) shall initially be issued only to a Depository for holding in a book entry system, and shall be registered in the name of the Depository or its nominee, as Holder, and immobilized in the custody of the Depository, and (iii) shall not be transferable or exchangeable except as provided in the Seventeenth Supplemental Indenture.

(b) Denominations and Dates. The Series 2014 Refunding Bonds shall be dated as of the date of issuance and delivery, but in no event later than March 30, 2015, and there shall be a single Series 2014 Refunding Bond representing each interest rate for each maturity of the Series 2014 Refunding Bonds bearing the same series or subseries designation.

(c) Principal Maturities and Interest Rates. The Series 2014 Refunding Bonds shall bear interest on their unpaid principal amount payable on each Interest Payment Date, commencing on the first Interest Payment Date specified in the Certificate of Award, at such fixed rates per annum as set forth in the Certificate of Award as provided in Section 4(c) hereof, provided, however, that the “true interest cost” (i.e., interest cost on bonds defined as the rate, compounded semiannually, necessary to discount the amounts payable on the respective interest and principal payment dates to the purchase price received for the bonds) on the Series 2014 Refunding Bonds shall not exceed a rate that would cause the Refunding Savings Threshold not to

be achieved. The principal of the Series 2014 Refunding Bonds shall be paid in such amounts on each principal retirement date (whether at stated maturity date or a mandatory redemption date) as set forth in the Certificate of Award, provided that the principal retirement schedule shall be consistent with the achievement of the Refunding Savings Threshold.

(d) Optional and Mandatory Redemption.

(i) *Optional* - The Series 2014 Refunding Bonds maturing on or before any date specified in the Certificate of Award as the Earliest Optional Redemption Date (which shall be no later than October 1, 2025) are not subject to prior optional redemption. Any Series 2014 Refunding Bond maturing after the Earliest Optional Redemption Date shall be subject to redemption at the option of the Authority, prior to their stated maturities on or after the Earliest Optional Redemption Date in whole or in part (in whole multiples of \$5,000) on any date, at redemption prices specified in the Certificate of Award, provided that no such redemption price (not including accrued interest) shall exceed 102% of the principal amount of the Series 2014 Refunding Bonds to be redeemed.

(ii) *Mandatory Sinking Fund Redemption* - Any Series 2014 Refunding Bonds may be designated in the Certificate of Award as Term Bonds and be subject to mandatory sinking fund redemption by lot on specified principal retirement dates at a price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

(e) Redemption Provisions. Redemption of Series 2014 Refunding Bonds shall be effected in accordance with Article IV of the Master Indenture; provided, however, that notices of redemption of Series 2014 Refunding Bonds sent pursuant to Section 402 of the Master Indenture may specify that the redemption is conditional upon the Authority's depositing the funds needed to effect that redemption prior to the specified redemption date.

(f) Places and Manner of Payment. The principal of and the interest and any redemption premium on the Series 2014 Refunding Bonds shall be payable at the places and in the manner specified in the Seventeenth Supplemental Indenture.

(g) Execution. The Authorized Officials are, and each of them is, authorized and directed to execute the Series 2014 Refunding Bonds, and the Secretary of the Board is authorized and directed to affix the seal of the Authority to the Series 2014 Refunding Bonds and to deliver them to the Trustee for authentication in accordance with the Indenture.

Section 4. Sale of Series 2014 Refunding Bonds.

(a) General. The Series 2014 Refunding Bonds shall be awarded and sold to the Series 2014 Original Purchasers in accordance with the Bond Purchase Agreement and the Certificate of Award, at a purchase price of not less than ninety-five percent (95%) of the aggregate of the products from multiplying the principal amount of each Series 2014 Refunding Bond times the percentage of such principal amount at which such Series 2014 Refunding Bond shall be initially offered to the public, after subtracting from the aggregate of such products the

premium payable for any municipal bond insurance policy applicable to the Series 2014 Refunding Bonds.

(b) Bond Purchase Agreement. The Authorized Officials are, and each of them is, authorized and directed to execute and deliver the Bond Purchase Agreement between the Authority and the Series 2014 Original Purchasers, substantially in the form which was executed with regard to the Authority's Public Utility Subordinate Lien Revenue Bonds, Series 2013A (the "Series 2013A Subordinate Bonds"), but with such changes not inconsistent with the Indenture and this Resolution and not substantially adverse to the Authority as may be approved by the Authorized Official executing the same on behalf of the Authority. The approval of any such changes by such Authorized Official and the determination by such Authorized Official that no such change is substantially adverse to the Authority shall be conclusively evidenced by the execution of the Bond Purchase Agreement by such Authorized Official. The price for and terms of the Series 2014 Refunding Bonds and the sale thereof, all as provided in this Resolution, the Bond Purchase Agreement, the Certificate of Award, and the Seventeenth Supplemental Indenture, are hereby approved and determined to be in the best interests of the Authority.

(c) Certificate of Award. Such sale and award shall be further evidenced by the Certificate of Award executed by an Authorized Official. The terms of the Series 2014 Refunding Bonds approved in the Certificate of Award shall be incorporated into the Seventeenth Supplemental Indenture. The Certificate of Award, subject to the restrictions set forth herein, shall: (i) with respect to each series or subseries of the Series 2014 Refunding Bonds, specify the aggregate principal amount, the purchase price, the Interest Payment Dates, the interest rate or rates, the principal retirement dates, the mandatory sinking fund requirements (if any), the redemption dates, and the redemption prices thereof; (ii) specify whether a municipal bond insurance policy, letter of credit, or other credit or liquidity facility shall be obtained with respect to the Series 2014 Refunding Bonds and, if so, from whom and on what terms; (iii) specify the amount, if any, of the Series 2014 Debt Service Reserve Requirement and determine whether it shall be met entirely with (A) cash and Permitted Investments (as defined in the Indenture); (B) a Qualified Reserve Credit Facility (as defined in the Indenture); or (C) a specified combination of (A) and (B); and (iv) include any additional information that may be required or permitted to be stated therein by the terms of this Resolution and the Bond Purchase Agreement.

(d) Authorization of Bond Insurance and Qualified Reserve Credit Facilities. The submission of any applications to: (i) recognized providers of municipal bond insurance requesting the issuance of one or more municipal bond insurance policies to insure the Authority's obligation to make payments of principal of and interest on the Series 2014 Refunding Bonds, and (ii) potential providers of Qualified Reserve Credit Facilities, is hereby ratified and approved. The Authorized Officials are, and each of them is, hereby authorized to specify in the Certificate of Award that the Authority shall accept one or more commitments for insurance from such providers, and one or more commitments for a Qualified Reserve Credit Facility. There is hereby authorized to be paid from the moneys deposited in the Series 2014 Costs of Issuance Subaccount such amount as is required to pay the premium and expenses for such insurance policies and Qualified Reserve Credit Facilities relating to the Series 2014 Refunding Bonds. The Authorized Officials are, and each of them is, hereby further authorized to enter into a reimbursement agreement with the provider of any Qualified Reserve Credit Facility to provide for the Authority's reimbursement of the provider for any amounts drawn under the Qualified Reserve

Credit Facility in a manner consistent with the Indenture. Any determination of the Authorized Officials under this paragraph shall be based on the written advice of the Financial Advisor.

(e) Certificates. The Authorized Officials are, and each of them is, authorized and directed, in their official capacities, to execute and deliver to the Series 2014 Original Purchasers the certificates required by the Bond Purchase Agreement to be executed on behalf of the Authority.

(f) Delivery of Bonds. The Authorized Officials are, and each of them is, authorized and directed to make the necessary arrangements with the Series 2014 Original Purchasers to establish the date, location, procedure and conditions for the delivery of the Series 2014 Refunding Bonds to the Series 2014 Original Purchasers. The Authorized Officials are, and each of them is, further authorized and directed to make the necessary arrangements for the printing of the Series 2014 Refunding Bonds, and the execution, authentication and delivery of the Series 2014 Refunding Bonds to DTC for the accounts of the Series 2014 Original Purchasers in accordance with this Resolution and the Indenture, and upon the receipt of payment of the purchase price, to cause such amount to be applied in accordance with the terms and provisions of this Resolution and the Indenture.

Section 5. Allocation of Proceeds of the Series 2014 Refunding Bonds; Tax Covenants.

(a) Allocation of Proceeds of the Series 2014 Refunding Bonds. The proceeds from the sale of the Series 2014 Refunding Bonds, including any accrued interest, shall be allocated, deposited and credited for the purposes approved in this Resolution and as specified in the Seventeenth Supplemental Indenture.

(b) Tax Covenants. The Board authorizes the Authorized Officials to approve the tax covenants, authorizations and agreements necessary to achieve and maintain the tax-exempt status of the Series 2014 Refunding Bonds.

Section 6. Seventeenth Supplemental Indenture, Escrow Agreement, and Other Documents. The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2014 Refunding Bonds, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Seventeenth Supplemental Indenture and the Escrow Agreement, substantially in the respective forms thereof submitted to the Authority at or prior to this meeting, but with such changes therein as may be permitted by the Indenture and this Resolution and approved by the Authorized Officer executing the document on behalf of the Authority including, but not limited to, modifications or revisions necessary for the issuance of the Series 2014 Refunding Bonds as Senior Bonds, pursuant to Section 10 hereof. The approval of those changes shall be conclusively evidenced by the execution of the document by an Authorized Official. If in the Certificate of Award or in the Escrow Agreement, an Authorized Official determines that it is in the Authority's best interest to authorize the purchase of open-market securities to effect the advance refunding of the Refunded Bonds, PFM Asset Management LLC shall be the Authority's agent for the purchase of such securities. With respect to the Escrow Agreement and to the extent any escrow securities are to be purchased thereunder, the Certificate of Award shall designate an independent firm experienced in the preparation of verification

reports to verify or certify such escrow securities to be of such maturities and interest payment dates, and to bear such interest, as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with any cash deposited with and to be retained in that form by the Escrow Agent, to pay the principal of and interest and any premium on the Refunded Bonds, on their respective maturity or redemption date or dates, as provided in the Escrow Agreement.

The Authorized Officials and any other member, officer or employee of the Authority are each authorized to execute and deliver, on behalf of the Authority, such other certificates, documents and instruments related to the Series 2014 Refunding Bonds as are necessary in connection with the transactions authorized in this Resolution, and to do all other things required of them or the Authority pursuant to the Indenture, the Seventeenth Supplemental Indenture, the Bond Purchase Agreement and this Resolution.

No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future member of the Board or officer, employee or agent of the Authority in his or her individual capacity, and neither the members of the Board nor any officer of the Authority executing the Series 2014 Refunding Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof. No member of the Board or officer, employee, agent or advisor of the Authority shall incur any personal liability with respect to any other action taken by him pursuant to this Resolution or the Indenture or any other document authorized by this Resolution, provided such member, officer, employee, agent or advisor acts in good faith.

Section 7. Official Statement; Continuing Disclosure. The Authorized Officials shall cause to be prepared and issued on behalf of the Authority, an official statement (the "Official Statement") relating to the original issuance of the Series 2014 Refunding Bonds. The Authorized Officials are, and each of them is, authorized to execute the Official Statement on behalf of the Authority, which shall be in substantially the form of the Official Statement issued in connection with the sale of the Series 2013A Subordinate Bonds, with such modifications and revisions to update the information as necessary, and with such changes as the Authorized Official who executes it may approve, the execution thereof on behalf of the Authority by an Authorized Official to be conclusive evidence of such authorization and approval (including approval of any such changes), and copies thereof are hereby authorized to be prepared and furnished to the Series 2014 Original Purchasers for distribution to prospective purchasers of the Series 2014 Refunding Bonds and other interested persons. The preliminary Official Statement shall be "deemed substantially final" by the Authority within the meaning of Rule 15c2-12 of the Securities Exchange Commission, subject to completion as provided below.

The distribution by the Authority and by the Series 2014 Original Purchasers of the preliminary Official Statement and the Official Statement, in such form and with any changes as may be approved in writing by an Authorized Official, is hereby authorized and approved.

The Authority shall make sufficient copies of the Official Statement, with any supplements, available to the Series 2014 Original Purchasers to sell book entry interests in the Series 2014 Refunding Bonds, and will provide copies as appropriate to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access.

The Authorized Officials are each hereby authorized to furnish such information, to execute such instruments and to take such other action in cooperation with the Series 2014 Original Purchasers as may be reasonably requested to qualify the Series 2014 Refunding Bonds for offer and sale under the Blue Sky or other securities laws and regulations and to determine their eligibility for investment under the laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Series 2014 Original Purchasers; provided, however, that the Authority shall not be required to register as a dealer or broker in any such state or jurisdiction or become subject to the service of process in any jurisdiction in which the Authority is not now subject to such service.

The Authorized Officials are each hereby further authorized: (i) to supplement and complete the “deemed substantially final” preliminary Official Statement by affixing thereto or inserting therein information to identify the Series 2014 Original Purchasers and to specify the final principal amount, interest rates and redemption provisions of the Series 2014 Refunding Bonds, the price of the Series 2014 Refunding Bonds to the general public, any credit enhancement provisions with respect to the Series 2014 Refunding Bonds and any change in ratings of the Series 2014 Refunding Bonds resulting from such credit enhancement, and such other information as is necessary to supplement and complete the Official Statement with the approved and agreed upon terms of Series 2014 Refunding Bonds, and (ii) to make such other changes to the preliminary Official Statement or the Official Statement as are, in the judgment of an Authorized Official, necessary and appropriate in order to make the preliminary Official Statement or the Official Statement not materially misleading and to comply with applicable securities laws or otherwise to enable the Authority to fulfill its obligations regarding the preliminary Official Statement or the Official Statement under the Bond Purchase Agreement.

The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Resolution or the Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Holder of Series 2014 Refunding Bonds may, and the Trustee may (and, at the request of the Holders of at least 25% in aggregate principal amount of Outstanding Series 2014 Refunding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Authority to comply with its obligations under this paragraph. The Authorized Officials are, and each of them is, hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in substantially the form executed in connection with the issuance of the Series 2013A Subordinate Bonds, with such changes therein as may be approved by the officer executing the Continuing Disclosure Agreement. The approval of those changes shall be conclusively evidenced by the execution of the Continuing Disclosure Agreement by an Authorized Official.

Section 8. General. The appropriate officers and employees of the Authority will do all things necessary and proper to implement and carry out the orders and agreements set forth or approved in this Resolution for the proper fulfillment of the purposes thereof. The Authority shall furnish to the Series 2014 Original Purchasers of the Series 2014 Refunding Bonds a true and certified transcript of all proceedings relating to the authorization and issuance of the Series 2014 Refunding Bonds along with other information as is necessary or proper with respect to the Series 2014 Refunding Bonds.

Section 9. Multiple Series. Notwithstanding anything herein to the contrary, the Series 2014 Refunding Bonds may be issued in one or more separate series or subseries, each bearing a distinctive designation, provided that Series 2014 Refunding Bonds of all series in the aggregate, must satisfy the requirements and comply with the restrictions of this Resolution and the Indenture. Separate series and subseries of Series 2014 Refunding Bonds may be issued at the same or different times and so may have different dates of issuance. The Series 2014 Refunding Bonds of each series and subseries shall be designated as provided in the applicable Certificate of Award. A separate Certificate of Award may be delivered for each series or subseries, and each reference in this Resolution to the Certificate of Award shall refer to each and all such Certificates of Award. A separate Supplemental Trust Indenture may be entered into for each series or subseries, and each reference in this Resolution to the Seventeenth Supplemental Indenture shall refer to each and all such Supplemental Trust Indentures, but any Supplemental Trust Indenture subsequent to the Seventeenth Supplemental Indenture shall bear a different designation. A separate Bond Purchase Agreement, Continuing Disclosure Agreement and Escrow Agreement may be entered into for each series or subseries, and each reference in this Resolution to the Bond Purchase Agreement, Escrow Agreement or to the Continuing Disclosure Agreement shall refer to each and all such Bond Purchase Agreements, Escrow Agreements or Continuing Disclosure Agreements, respectively. A separate Official Statement may be prepared for each series or subseries, and each reference in this Resolution to the Official Statement shall refer to each and all such Official Statements.

Section 10. Senior Debt Optional. Notwithstanding anything herein to the contrary, if the Authorizing Official executing the Certificate of Award determines (as evidenced by the execution thereof by such Authorized Official) that the issuance of all or a portion of the Series 2014 Refunding Bonds as Senior Debt rather than as Subordinate Debt, under the prevailing market conditions, will better serve the interests of the Authority, then the Series 2014 Refunding Bonds are hereby authorized to be issued and sold as Senior Debt and designated as such in the Certificate of Award consistently with the requirements of the Indenture and subject to all the same conditions as this Resolution imposes on the Series 2014 Refunding Bonds hereby authorized to be issued as Subordinate Debt, but with appropriate changes in designation.

Section 11. Effective Date. This Resolution shall take effect immediately.

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Secretary to the Board of Directors



**ATTACHMENT 5**

**D.C. WATER AND SEWER AUTHORITY  
BOARD OF DIRECTORS  
ENVIRONMENTAL QUALITY & SEWERAGE SERVICES, WATER  
QUALITY AND WATER SERVICES, FINANCE & BUDGET AND  
D.C. RETAIL WATER AND SEWER RATES  
OCTOBER JOINT COMMITTEE MEETING**

Thursday, October 23, 2014; 9:30 a.m.  
Blue Plains Wastewater Treatment Plant  
5000 Overlook Avenue, SW, DC  
**AGENDA**

<b>Call to Order</b>	Chairman
<b>September 2014 Financial Report</b>	Budget Director, Finance Director
<b>Agenda for November Committee Meeting</b>	Chairman
<b>Adjournment</b>	Chairman

\*Detailed agenda can be found on DC Water's website at [www.dewater.com/about/board\\_agendas.cfm](http://www.dewater.com/about/board_agendas.cfm)