



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Tuesday, September 27, 2016

11:00 a.m.

MEETING MINUTES

Committee Members

Timothy L. Firestine, Committee Chairperson
Matthew Brown, Board Chairman
Howard Gibbs
Sarah Motsch
Adam Ortiz

DC Water Staff

Mark Kim, Chief Financial Officer
Henderson Brown, General Counsel
Paul Guttridge, Manager, Program Serv., DETS
Linda Manley, Board Secretary

Call to Order

Chairperson Timothy L. Firestine called the meeting to order at 11:00 a.m.

August 2016 Financial Report and Year End Projections

Mr. Mark Kim, CFO, reported that with 92 percent of the fiscal year completed, financials are on track with budgetary expectations and targeted performance metrics through this reporting period with the exclusion of capital disbursements. As previously reported to the Committee, overspending in capital construction costs this fiscal year is expected to be offset by underspending in the capital equipment category.

Total revenues, at \$552 million or 95 percent of budget, are projected to be slightly above budget at year end. He noted that the lag in the Water System Replacement Fee is primarily due to the timing of the federal government bills and the revenues will be received as part of the federal true-up process.

Operating expenses total \$421.7 million or 78 percent of budget, with underspending projected in all categories but personnel services at year end.

In response to an enquiry by Mr. Matthew Brown, Mr. Kim responded that board members received, via email, the contributions and withdrawals schedule for the Rate Stabilization Fund.

Capital Improvement Program Quarterly Update

Mr. Paul Guttridge, Manager Program Services from the Department of Engineering & Technical Services (DETS), provided the quarterly update for the capital construction projects. As of the third quarter of FY 2016, year-end capital project disbursements are projected to be \$15 million, or 3 percent over the baseline budget of \$499 million. Mr. Guttridge provided detailed explanation on the significant project variances within the service areas. The larger than anticipated disbursements in Sanitary Sewer service area are related to slow start of the Small Local Rehab 4 contract and largely to repairs required to the sewer system by the Sewer on-going projects; and Water service area larger than anticipated disbursements are primarily due to additional paving and repairs undertaken by the water on-going projects. The major service areas with underspending are in the Non Process Facilities for the Fleet Management facility due to the ongoing Fleet Facility relocation coordination between DC Water and the DC Government; and Wastewater Treatment service area for the New Digester Facilities due to delayed release of retention pending the final stages of contract closeout negotiation for the Combined Heat and Power contract. He also noted that the Priority 1 Projects are on schedule and within budget.

Environmental Impact Bond Financing Update

Mr. Kim informed the Committee that the closing date for this transaction is scheduled for Thursday, September 29, with a pre-close set for Wednesday, September 28. All materials and conditions of the bond have been negotiated and agreed upon. He noted that updated information will be provided to the Board members via email and included in the General Manager's dashboard report.

Action Items

The Committee reviewed and recommended the following contracts for the Board's consideration:

1. Financial Advisory/Investment Services - Public Financial Management
2. Financial Services - SPS Consulting, LLC

The action item for the Expansion of the CAP Program is to be revisited at a future date based on the discussions at the Joint Committee meeting.

Adjournment

Hearing no further business Chairperson Firestine adjourned the meeting at 11:22 am.

Follow-up Items

1. Provide the Board with the details of the final negotiation on the Environmental Impact Bond financing in comparison to the assumptions that were originally reviewed by the Board. **(Chairperson Firestine)**