



**324TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
NOVEMBER 6, 2025
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

1. Unique Morris-Hughes, Principal, Board Chair
2. Rachna Bhatt, Principal
3. Anthony Giancola, Principal
4. Howard Gibbs, Principal
5. Richard Jackson, Principal
6. Jed Ross, Principal
7. Alex McPhail, Alternate
8. Jimmy Ortiz, Alternate
9. Rob Hawkins, Alternate

Prince George's County Members

1. Kevin Stephen, Principal
2. Samuel B. Moki, Principal
3. Oluseyi Olugbenle, Alternate

Montgomery County Members

1. Fariba Kassiri, Principal
2. Amy Stevens, Alternate

Fairfax County Members

1. Christopher Herrington, Principal
2. Sarah Motsch, Alternate

DC WATER STAFF

1. David L. Gadis, CEO/General Manager
2. Amber Jackson, Chief Legal Officer, & EVP Legal and Government Affairs & Interim Chief Legal Officer

3. Barbara Mitchell, Associate General Counsel and Director of Government & Legal Affairs
4. Matthew Brown, Chief Financial Officer and EVP Finance, Procurement, Compliance & Interim COO
5. Kirsten Williams, Chief Administrative Officer & EVP
6. Michelle Rhodd, Secretary to the Board
7. Debra Mathis, Assistant Secretary

The 324th meeting of the District of Columbia Water and Sewer Authority's Board of Directors was called to order by Chair Dr. Unique Morris-Hughes at 8:38 a.m. The meeting was held via Microsoft Teams. Assistant Secretary Debra Mathis called the roll, and a quorum was established.

I. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes began her remarks by welcoming the new board members. Next she informed the Board that the Employee Survey results will be shared with the Governance Committee at its November 12 meeting. The results will be shared with the Board at the December board meeting as part of the Human Resources and Labor Relations Committee report.

Dr. Morris-Hughes continued her report noting that there will be a Blue Drop report and an update on the Billing and Disconnection Modernization Amendment Act later in the meeting.

II. COMMITTEE REPORTS

*Meeting of the Governance Committee
Reported by Unique Morris-Hughes*

The Governance Committee met on October 8, 2025.

The Committee convened in an executive session to consult with an attorney to obtain legal advice and to preserve the attorney-client privilege between an attorney and a public body pursuant to DC Code 2-575 (4)(A) of the Open Meeting Act of 2010.

*Meeting of the Finance and Budget Committee
Reported by Anthony Giancola*

The Finance and Budget Committee met on October 23, 2025.

Lola Oyeyemi, Vice President, Budget, presented the September 2025 Financial Report, highlighting that the fiscal year ended with favorable variances in revenues, expenditures,

and capital disbursements. Based on preliminary numbers, the Authority ended the year with operating revenues of approximately \$978.5 million or 2.8% above the revised budget. Operating expenditures were \$737 million or 6.5% below budget and capital disbursements were \$584.1 million or 18.6% below budget

The Finance team continues to complete year-end closing activities in preparation for the financial audit and the green bond attestation. Work has begun on the FY 2027 operating budget, the 10-year capital budget requests, and the two-year rate proposals for presentation to the Board in January 2026. Chair Giancola noted that the vacancy rate report continues to use the value for positions under recruitment and requested a list of positions currently being recruited and vacant positions not under recruitment.

Ms. Oyeyemi reported that capital disbursements for the year were \$584.1 million or 81.4% of the budget, with the Capital Projects category ending at 83.3% of the budget. Chair Giancola requested an update on the finding that the Washington Aqueduct is not spending all of the funding provided by the Authority. Matthew Brown, Chief Financial Officer and Interim Chief Operating Officer, discussed efforts to better understand the Aqueduct's capital program, noting that DC Water has asked the Aqueduct to reduce its billing and use existing liquidity to fund its current and pending projects.

Delinquent accounts totaled \$33.4 million or 11,414 accounts at the end of the year. Multi-family accounts accounted for 46% of the balance.

Ms. Oyeyemi concluded with a review of the committee work plan for 2026, and highlights of Finance team's accomplishments in 2025, including the reaffirmation of the Authority's bond ratings, a 27th consecutive unqualified audit opinion, publication of streamlined budget documents, elimination of 45 hard-to-fill positions, and earning the second consecutive Triple Crown Award from the Government Finance Officers Association.

*Meeting of the Audit and Risk Committee
Reported by Christopher Herrington*

The Audit and Risk Committee met on October 22, 2025.

The Enterprise Risk Management (ERM) team provided an update on the non-revenue water (NRW) initiative to treat and mitigate identified risk drivers resulting in significant non-revenue water losses. As of the end of FY 2025, NRW accounted for approximately 36% of supplied water representing both real and apparent losses. The Authority aims to reduce NRW to below 10% with an interim goal of 15%, aligning with an industry standard of 10 to 18%. Metering issues will be addressed first as they are key to distinguishing real from apparent losses.

The Committee also received an update on the bottoms-up approach, which elevates operational and tactical risk insights from staff to governance leadership. Departmental roadshows to support the bottoms-up approach began in April 2025 to introduce the framework to frontline employees. These were followed by ERM refresher training in August. A similar rollout strategy will be used to expand usage of the Origami risk management tool. ERM 101 training reached 98% of non-union employees and ERM 201 sessions engaged 116 of 291 employees at Grade 17 and above. ERM 202 sessions are planned for Q2. Board training will begin with the Audit and Risk Committee and potentially expand to the full Board, at the Board Chair's discretion.

Cherry Bekaert provided an internal audit update, including a closeout of the FY 2025 audit plan. Six audits were completed in 2025, including one management assessment and the FY 2026 risk assessment. The budget monitoring, contract compliance, and third-party vendor management are complete and undergoing management review. The strategic plan monitoring audit resulted in one medium-risk finding, two low-risk findings, and one low-risk process improvement recommendation. There are seven open high-risk audit findings, one from FY 2023, and six from FY 2025. In the last quarter, seven prior audit findings were moved to closed or pending validation, and there are no longer any open audit findings prior to FY 2023.

The Fraud, Waste, and Abuse Hotline received 19 calls in the fiscal year, two of which represented the same case. Fifteen cases are closed and four remain open, pending further investigation.

The Committee received an update on the risk assessment results and the proposed FY 2026 audit plan. Board participation in the risk survey improved over FY 2024. The top identified risk themes were Financials & Reporting, Legal & Regulatory Compliance, and People/Culture. The Board also identified Operational, Cybersecurity, and Governance Reporting & Communication while DC Water leadership identified Pressure to Perform and Reputational Risk.

The Committee met in executive session to discuss facility security matters.

*Meeting of the DC Retail Water and Sewer Rates Committee
Reported by Howard Gibbs*

The DC Retail Water and Sewer Rates Committee met on October 28, 2025.

Syed Khalil, Vice President, Rates and Revenue, presented the monthly financial report for the period ending September 30, 2025. Overall, year-to-date revenue was favorable to the budget by 2.8%. The largest positive variance was in the Residential, Commercial, and Multi-Family category, driven by higher Clean Rivers and Impervious Area Charge

revenue. Unfavorable variances were reported in the district government and DC Housing Authority categories.

Delinquent accounts increased by \$0.8 million in September compared to August. Delinquencies in the Commercial category rose by \$1.9 million, primarily due to an ongoing issue with Georgetown University having moved a meter without DC Water's knowledge or authorization. The meter was not read for an extended period, leading to \$2.1 million in disputed charges. Billing for these charges is paused pending a resolution. Delinquencies in the Multi-Family category decreased by \$1 million and Residential category delinquencies decreased by \$0.1 million.

Mr. Khalil also reviewed the developer development deposits report. Meisha Thomas, Director of Customer Care, presented an overview of FY 2025 DC Water's Customer Assistance Programs (CAPs) and collection activity performance. DC Water's CAPs were noted to align with five Environmental Protection Agency-recognized customer assistance models. The Payment Plan Incentive Program will increase to a 50% benefit, as authorized by the Board of Directors in October 2025.

Mr. Khalil also reviewed the proposed committee work plan for FY 2026.

III. SWEARING IN OF NEW BOARD MEMBERS

Vida Rangel of the Mayor's Office of Talent and Appointments (MOTA) on behalf of Mayor Muriel Bowser swore in three new members of the DC Water Board representing Prince George's County: Kevin Stephen, Principal, Samuel Moki, Principal and Oluseyi Olugbenle, Alternate. Dr. Morris-Hughes noted that there are five remaining Board vacancies to be filled.

IV. CEO AND GENERAL MANAGER'S REPORT

CEO and General Manager David L. Gadis presented the report and began by thanking the Board for approval of the three-year extension on his contract.

Mr. Gadis highlighted Chair Morris-Hughes recent interview with Dmitriy Borovik of Deloitte and Touche featured in the *Wall Street Journal's* newsletter titled *Sustainable Business*. He noted that the story reflected very well on both Dr. Morris-Hughes and the Authority and was the Authority's first appearance in the *Wall Street Journal*.

On October 9, 2025, Lead Free DC celebrated the completion of 10,000 lead service line replacements. NFL Hall of Famer Darrell Green attended the Authority's press conference, surprising a DC resident with a DC Water and Commanders gift basket. To date, 10,486 replacements have been completed, which is over 25% of the project goal.

Green, who wore number 28 in his Commanders career, pledged to return when the total reaches 28,000.

On October 7, 2025, Mr. Gadis welcomed Abdullah Al-Abdulkarim, president of the Saudi Water Authority, and his delegation for a tour of the Blue Plains Wastewater Treatment Plant and a presentation at DC Water's headquarters.

DC Water is working to secure an additional drinking water source and improve regional resilience by pursuing multiple strategies that can be implemented concurrently. The Pure Water DC program will kick off on November 19, 2025, with an expert panel event about water resilience in Washington.

On October 16, 2025, DC Water joined water sector organizations in highlighting the national day of action, Imagine a Day Without Water, which highlights the central role water plays in daily life and the need for continued investment in water infrastructure. A pop-up event in Franklin Park engaged pedestrians and park visitors on the importance of water, water infrastructure, and the professionals who support water delivery. The Marketing and Communications team supported the effort through a media advisory.

Board member Christopher Herrington asked whether the Pure Water event on November 19, 2025, would feature a working group or an expert panel, and Mr. Gadis confirmed both. Mr. Herrington also inquired about plans to improve coordination with the Washington Aqueduct. Mr. Gadis described a meeting with Aqueduct principals on November 5, 2025, highlighting the region's limited water reserves and DC's unique vulnerability as the only major US city without a second water source. He noted that on July 3, 2024, DC was within 30 minutes of being out of water and emphasized the importance of ongoing collaboration for second-source initiatives. Mr. Herrington requested regular updates for the Board on regional partnerships and any fiscal impacts on the Authority from negotiations with the Washington Aqueduct. Wayne Griffith, Chief of Staff and EVP, Strategy and Performance, highlighted the Authority's Water Resource Action Plan (WRAP) to ensure an understanding of constraints for any new initiatives through comprehensive stakeholder engagement.

Board member Anthony Giancola expressed appreciation for the updated CEO Report, which shows the true staff vacancies for July, August, and September of 2025. He inquired about footnotes in the report for which there were no related notes. Amber Jackson, Chief People Officer and Executive Vice-President, People & Talent, will revise the report and provide an update for Mr. Giancola.

V. DC WATER BILLING AND DISCONNECTION ACT

Barbara Mitchell, Director and Associate General Counsel, discussed Washington DC Council Bill B26-0443, the DC Water Billing and Disconnection Modernization Amendment Act of 2025, recently introduced by Councilmember Charles Allen.

DC Council received a letter from Dr. Morris-Hughes and Mr. Gadis outlining the Authority's initial response to the bill, which has six council co-sponsors and proposes major changes to customer service assistance programs regarding disconnections, liens, and billing. DC Water's preliminary review raises concerns that the bill could undermine the Authority's financial independence and introduce provisions that may be infeasible to implement.

Key provisions of the bill include mandatory debt amnesty programs, allowing tenants and condominium owners to establish direct accounts with DC Water regardless of master metering or owner objections, and restricting liens and foreclosures until outstanding balances reach \$25,000 and \$75,000, respectively. Disconnections would require additional checks to protect vulnerable residents.

Meetings have taken place with Mr. Allen to clarify the bill's intent and discuss potential revisions. Further review is planned as the bill moves through the legislative process.

Board member Jed Ross inquired about the likelihood of the bill's passing. Ms. Mitchell noted that Mr. Allen does not expect it to be enacted as written and supports continued discussions to revise the bill to address both DC Water's concerns and DC Council's objectives. There are also ongoing negotiations with the district government about addressing DC Water's \$34 to \$35 million in customer delinquencies. Mr. Giancola inquired whether DC Council might be approached for prepayment of DC Water's delinquent accounts. Ms. Mitchell noted that while a hypothetical direct payment from the city could resolve past dues, future delinquency prevention requires additional strategies.

Ms. Mitchell stated that the rationale behind the bill stems from concerns following DC Water's reinstatement of disconnections for multi-family residences, which revealed significant landlord-tenant issues in the district. Organizations such as the Office of the Tenant Advocate and the Children's Law Center influenced the bill's development, aiming to protect tenant rights. While there is agreement on the need to support tenants, the Authority emphasizes that enforcement processes should not be used to solve broader social issues. The Authority seeks to address legislative concerns while maintaining necessary enforcement rights.

VI. BLUE DROP UPDATE

Chris Peot, Interim Blue Drop President, presented the update beginning with a brief history of the program.

In November 2016, the DC Water Board unanimously resolved to establish Blue Drop as a non-profit organization. Blue Drop received both direct and in-kind funding from DC Water through 2019, achieving self-sufficiency by May of that year. The Board then recommended finding new revenue streams to help control customer rates, protect intellectual property through patents, and manage Bloom as an asset rather than a liability. The Department of Resource Recovery participated in leveraging underutilized assets. Blue Drop's mission includes rate relief for all IMA partners, promoting innovation, sharing knowledge, and encouraging resource conservation while operating efficiently as a lean non-profit organization.

DC Water provided about \$1.5 million in startup funds. IMA partners did not contribute but benefited from operational savings, including credits of \$10.5 million issued in January 2025 to IMA partners based on accumulated net Blue Drop revenue.

Key cost savings came from building new digesters that produce both Bloom-generated electricity and are registered as a renewable energy source that generates renewable energy credits. Blue Drop's management of biosolids as an asset has both generated income and mitigated disposal costs.

Chair Morris-Hughes noted that the data-heavy report might be better presented at a dedicated meeting with the Board to allow for an extended presentation and question and answer opportunities. She confirmed that a meeting would be scheduled within two to three weeks to present the full Blue Drop update.

VII. APPROVE MINUTES

Dr. Morris-Hughes asked for a motion to approve the minutes of the Board meeting held on October 7, 2025, and the Special Board meeting held on October 29, 2025.

Upon a motion duly made the Board of Directors approved the minutes of the October 7, 2025, and the minutes of the October 29, 2025, Special Meeting as presented.

VIII. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 9:35 a.m.

Michelle Rhodd

Michelle Rhodd
Secretary to the Board of Directors