



**MINUTES OF THE SPECIAL MEETING
SPECIAL MEETING OF THE AUDIT AND RISK COMMITTEE
MAY 28, 2025
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Christopher Herrington, Chair, Principal, Fairfax County
2. Jed Ross, Principal, District of Columbia
3. Sarah Motsch, Alternate, Fairfax County
4. Richard Jackson, Principal, District of Columbia
5. Anthony Giancola, Principal, District of Columbia

OTHER BOARD MEMBER PRESENT

1. Unique Morris-Hughes, Principal, District of Columbia

DC WATER STAFF

1. David Gadis, Chief Executive Officer and General Manager
2. Marc Battle, Chief Legal Officer and EVP, Government & Legal Affairs
3. Matthew Brown, Chief Finance Officer and EVP, Finance, Procurement & Compliance
4. Kirsten Williams, Chief Administration Officer and EVP
5. Jeffrey Thompson, Chief Operating Officer and EVP
6. Michelle Rhodd, Secretary to the Board

Christopher Herrington, Chair, called the meeting to order at 8:30 AM. The meeting was conducted via MS Teams. Secretary to the Board Michelle Rhodd called the roll.

I. ACTION ITEM – CONTRACT NO. 10520, EXTERNAL AUDIT SERVICES, SB & COMPANY, LLC

John Pappajohn, Director of Procurement, Goods and Services, presented a request to recommend that the Board award a contract for external audit services to SB & Company, LLC, for a three-year base contract from July 1, 2025, through June 30, 2028, for \$847,605, and two, one-year options for July 1, 2028, through June 30, 2030 for \$602,855, for a total contract cost of \$1,450,460. Mr. Pappajohn noted that the funding request includes an additional 10% contingency funding.

The contractor will provide external audit services to DC Water, including auditing financial statements, preparing a management letter identifying deficiencies in internal controls, auditing federal awards for the year, performing a review of the annual Green Bond Report, generating an agreed upon procedures (AUP) report for interim financial statements, and providing consent letters to include the auditor's report in financial statements, annual report, and securities registration for bond issuance or financing activities.

The reward was the result of an open-market request for proposals for the services issued on February 3, 2025, and a closing date of March 31, 2025. The initial response period was extended to allow additional suppliers to respond. Six firms responded to the solicitation; BDO, Clifton Larson Allen, and SB & Company were shortlisted based on their total scores and were subsequently brought in for interviews.

The award recommendation is based on the firm offering the best value combination of the highest technical score and lowest price.

Mr. Pappajohn noted that SB & Company has provided audit services to the District of Columbia and other water utilities.

Chair Herrington stated that he was thoroughly satisfied with the procurement process and pleased that the selected firm is local, has worked with local partners, and is a certified DBE.

Committee member Richard Jackson inquired whether SB & Company has been engaged by DC Water in the past. Matthew Brown, Chief Finance Officer and EVP, Finance, Procurement and Compliance, explained that this was the first contract for the vendor, as DC Water has used KPMG as its external auditor for the last ten years, via two base-three-plus-two option year terms.

The Committee agreed to recommend the action item to the full Board for approval.

II. ADJOURNMENT

The meeting adjourned at 8:36 AM.