



District of Columbia Water and Sewer Authority Board of Directors

327th Meeting of the Board of Directors

Thursday, February 5, 2026 / 9:30am

This meeting will be available for viewing through a livestream: <https://dcwater.com/watch-board-meetings>

- I. **Call to Order** Unique Morris-Hughes, Chairperson
- II. **Roll Call** Michelle Rhodd, Board Secretary
- III. **Approval of the January 15, 2026 Meeting Minutes**
- IV. **Chairperson's Overview**
- V. **Committee Reports**
 - 1. [Governance Committees \(Unique Morris-Hughes\)](#)
 - 2. [Audit and Risk Committee \(Christopher Herrington\)](#)
 - 3. [Environmental Quality and Operations Committee \(Sarah Motsch\)](#)
 - 4. [DC Retail Water and Sewer Rates Committee \(Rachna Bhatt\)](#)
 - 5. [Joint Meeting of the DC Retail Water and Sewer Rates & Finance and Budget Committees \(Rachna Bhatt and Anthony Giancola\)](#)
 - 6. [Finance and Budget Committee \(Anthony Giancola\)](#)
- VI. **CEO and General Manager's Report (David L. Gadis)**
- VII. **Consent Item (Joint Use)**
 - 1. [Approval to Award Contract No. 10577, Belt Filter Press Overhaul, Alfa Laval Inc. – Resolution No. 26-06](#) (Recommended by the Environmental Quality and Operations Committee 01-21-26)
 - 2. [Approval to Fund Option Year 3 and Option Year 4 of Contract No. 10279, Security Systems, Pavion \(d/b/a Enterprise Security Solutions\) – Resolution No. 26-07](#) (Recommended by the Environmental Quality and Operations Committee 01-21-26)
 - 3. [Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds – Resolution No. 26-08](#) (Recommended by the Finance and Budget Committee 02-05-26)
- VIII. **Consent Item (Non-Joint Use)**

No Actions for Consideration

IX. Executive Session Unique Morris-Hughes

1. 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 the DC Open Meetings Act of 2010, §2-575(4)(A).

X. Adjournment Unique Morris-Hughes

This meeting is governed by the Open Meetings Act. Please address any questions or complaints arising under this meeting to the Office of Open Government at opengovoffice@dc.gov.

*The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss certain matters, including but not limited to: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); terms for negotiating a contract, including an employment contract, under D.C. Official Code § 2-575(b)(2); obtain legal advice and preserve attorney-client privilege or settlement terms under D.C. Official Code § 2-575(b)(4)(A); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security matters under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); third-party proprietary matters under D.C. Official Code § 2-575(b)(11); train and develop Board members and staff under D.C. Official Codes § 2-575(b)(12); adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters or violations of laws or regulations where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14); and other matters provided under the Act.

Upcoming Committee Meetings | via Microsoft Teams

- February 19th @ 9:30 am Environmental Quality and Operations Committee
- February 23rd @ 9:30 am DC Retail Water and Sewer Rates Committee
- February 26th @ 9:30 am Finance and Budget Committee
- March 3rd @ 2:30 pm Executive Committee

Next Board of Directors' Meeting | In-person

March 5, 2026 @ 9:30 am



**326TH BOARD OF DIRECTORS MEETING
MINUTES OF THE MEETING
JANUARY 15, 2026
(Via Microsoft Teams)**

DIRECTORS PRESENT

District of Columbia Members

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

Prince George's County Member

1. Samuel Moki, Principal

Montgomery County Members

1. Fariba Kassiri, Principal
2. Jennifer Macedonia, Principal
3. Amy Stevens, Alternate
4. John Markovs, Alternate

Fairfax County Members

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

DC WATER STAFF

1. David L. Gadis, CEO and 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 Affairs

4. Lola Oyeyemi, Interim Chief Financial Officer & EVP
5. Matthew Brown, Chief Financial Officer and EVP Finance, Procurement, Compliance & Interim COO
6. Kirsten Williams, Chief Administrative Officer & EVP
7. Michelle Rhodd, Secretary to the Board

The 326th 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 9:33 a.m. The meeting was held via Microsoft Teams and streamed live at dcwater.com. Board Secretary Michelle Rhodd called the roll, and a quorum was established.

I. APPROVE MINUTES

Board Chair Dr. Unique Morris-Hughes asked for a motion to approve the minutes of the December 4, 2025, Board of Directors meeting.

Upon a motion duly made, the Board of Directors approved the minutes of the meeting on December 4, 2025, as presented

II. CHAIRPERSON'S OVERVIEW

Dr. Morris-Hughes welcomed two new Board members for Montgomery County: principal member Jennifer Macedonia and alternate member John Markovs.

III. COMMITTEE REPORTS

*Joint Meeting of the Executive and Evaluation Committees
Reported by Unique Morris-Hughes*

The Executive and Evaluation Committees met on December 15, 2025. The Committee met in executive session to discuss a personnel matter pursuant to DC Code 2-575 (b)(10) of the Open Meeting Act of 2010.

*Meeting of the Environmental Quality and Operations Committee
Reported by Sarah Motsch*

The Environmental Quality and Operations Committee met on December 18, 2025.

Nicholas Passarelli, Vice President, Wastewater Treatment Operations, provided the Blue Plains Advanced Wastewater Performance Update and provided an update on the Blue Drop bloom program.

Chris Collier, Vice President, Water Operations, briefed the Committee on the automated metering infrastructure (AMI) performance assessment and optimization program which represents a collaborative, multi-departmental approach to stabilizing and enhancing DC Water's smart metering capabilities.

The Committee recommended moving three joint-use fact sheets and two non-joint-use action items to the full Board for approval.

*Meeting of the Human Resources and Labor Relations Committee with Union Presidents
Reported by Howard Gibbs*

The Human Resources and Labor Relations Committee met with Union Presidents on January 14, 2026.

Union presidents expressed several concerns, including insufficient advance notice of employee reassessments, differing interpretations of sick leave coding, rights to union representation in meetings, and challenges surrounding the distribution of the bonuses and overpayment FAQs.

Amber Jackson, Chief People Officer and EVP and Interim Chief Legal Officer, presented the HR report. She noted ongoing collaboration with Lincoln Tech to recruit candidates for complex positions, including instrumentation technician roles. Additionally, committee member Christopher Herrington suggested exploring regional partnerships to develop pipelines for skilled trades careers.

IV. CEO and GENERAL MANAGER'S REPORT

CEO and General Manager David L. Gadis began by announcing the transition of Matthew Brown from Chief Financial Officer (CFO) and EVP to Chief Operating Officer and EVP. Lola Oyeyemi has stepped into the role of Interim Chief Financial Officer and EVP of Finance, Compliance and Procurement while the Authority conducts a national search for a new CFO.

On December 8, 2025, Dr. Rabia Chaudhry, Director of Water Supply Resilience, was named president-elect of the Water Reuse Association's Mid-Atlantic section.

Next, Mr. Gadis provided an update on the proposed changes to the Clean Rivers Impervious Area Charge (CRIAC) and related measurements. Implementation of the changes have been paused implementation, and the project timeline has been reset based on feedback from customers and elected officials. The revised timeline aims for implementation no earlier than fiscal year 2029 to allow time to review billing integration and measurement changes to ensure data accuracy. Mr. Gadis noted that he will

proactively engage the Board for guidance on key implementation decisions before execution.

On December 17, 2025, the IT team conducted a thorough disaster recovery exercise. This all-hands simulation required individualized attention from the team, enabling scenario-based training on systems readiness, including targeted cybersecurity components to test real-time digital threat monitoring and analysis.

Finally, Mr. Gadis noted that DC Water employees had supported Bread for the Soul for the 40th consecutive year through annual toy, coat, and book drives that benefit local families impacted by HIV/AIDS, women in shelters, and children

Board member Anthony Giancola inquired about feedback from the Procurement and Compliance department's November listening sessions with representatives from the business community. Mr. Gadis noted that feedback on DC Water's work was largely positive, especially regarding employees and the Authority's ability to address customer issues. Mr. Giancola noted his particular interest in any feedback that identifies a need for process changes to increase efficiency. Mr. Gadis will provide a further update on the listening session feedback as it becomes available.

Mr. Giancola then asked for an update on the DC Department of Energy and Environment suspension of new utility assistance enrollments until December 1, 2025, due to a temporary pause in LIHEAP funding. Mr. Gadis noted that the matter had been resolved and confirmed receipt of the executed memorandum of understanding.

Mr. Giancola noted that the staff vacancy target was revised to 10%, and current vacancies were at 12%, with a notable number of vacancies in front-line positions. He highlighted the importance of front-line positions and recommended seeking exposure to high schools and other educational programs to enhance recruitment efforts. Mr. Gadis noted that the current vacancy rate is the lowest in the Authority's history as the Authority has become an employer of choice, attracting hundreds of applicants for some positions.

Board member Christopher Herrington noted a recently issued limited notice to proceed for a design-build contract at Pure Water DC, which was within the General Manager's authority to approve. He inquired whether it would be presented to the Board before the GM's approval. Mr. Gadis confirmed that it would.

Mr. Herrington also asked how the 2029 timeline to implement the CRIAC updates was determined. Mr. Gadis explained that the budget is set on a two-year cycle, and 2029 is the next opportunity to implement the change.

V. EXECUTIVE SESSION

The Board moved to 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 the DC Open Meetings Act of 2010, §2-575(4)(A).

The Board reconvened in open session at 11:42 p.m.

VI. ITEM FOR APPROVAL (NON-JOINT USE)

1. Approval for the CEO & General Manager to Negotiate the Terms and Conditions for the Acquisition of the Washington Aqueduct – Resolution No. 26-05 (Pending recommendation of the District of Columbia Members of the Board)

Dr. Morris-Hughes removed Resolution No. 26-05 from the non-joint-use consent agenda and presented it as a stand-alone resolution.

Mr. Herrington moved that Resolution No. 26-05 be designated a joint-use consent item to be consistent with the Board of Directors' Bylaws.

Barbara Mitchell, Associate General Counsel and Director of Government & Legal Affairs, noted that Bylaw 3.07 permits a director to move to change the designation of a vote, but the motion does not make a vote legally sufficient to make an item joint use. She further noted that there was no legal support for making Resolution 26-05 joint use, as the Aqueduct is a water facility and not an enumerated sewerage facility for joint use pursuant to the Establishing Act. Making the item joint use would therefore directly violate the Establishment Act.

Mr. Herrington noted that, consistent with the code of the District of Columbia, the matter does directly impact, and has the ability to directly affect, the operation of multi-jurisdictional-use facilities as described in the city code. He therefore disputed the conclusion that the resolution has no impact on wastewater facilities of interest.

Ms. Mitchell noted the potential to argue that the Establishment Act was intended to ensure that suburban jurisdictions participate in decisions directly affecting them, and that the Board should permit those jurisdictions that receive aqueduct water or are indirectly impacted to vote on the matter. However, she stated that the statute does not use an impact-based standard and instead is based on a bright-line rule that "only matters involving the joint use sewerage facilities, expressly listed in the statute, trigger suburban voting authority." Therefore, she advised that the Board has no legal authority to substitute its own impact-based test for the legislature's explicit framework.

Mr. Herrington shared his interpretation that that these five board members shall only participate in decisions directly affecting the general management of joint-use sewerage facilities. He argued that the resolution directly affects the general management of joint-use sewerage facilities.

Dr. Morris-Hughes concurred with counsel that the item is not a joint-use matter and noted that as counsel had found the item to be legally insufficient, it would not move to a vote.

Mr. Herrington raised a point of order that the item was added to the agenda less than one day before the meeting, which was inconsistent with the Board's bylaws.

Ms. Mitchell confirmed that proper notice was given, as the bylaws require proposed amendments or agendas to be sent to the Board, which was done via the calendar and a separate agenda email.

Mr. Herrington noted that his concern included the timeline for public notice. He also noted for the record that there was no vote on his motion, which was deemed consistent with the Board's bylaws. He asked whether it was possible for a joint-use member to make a motion to modify a resolution on a non-joint-use item?

Ms. Mitchell stated that this is not the case, but the Chair could accept an amendment as friendly.

Mr. Herrington offered a substitute motion to amend Resolution 26-05 as follows:

- That the last whereas clause on the first page be amended to insert the word "to" so that it becomes a complete sentence: "whereas the Authority possesses the general power to acquire".
- That the "now therefore be it resolved" item be amended to add a fifth item that directs the general manager to coordinate in these negotiations with partners in the operation of the Washington Aqueduct, explicitly Arlington County and Fairfax Water Authority.

Dr. Morris-Hughes stated that the amendment would require the general manager to coordinate with Arlington and the surrounding jurisdictions, and that the resolution as drafted was sufficient. She was not willing to entertain an addition that had not been previously discussed, but she approved of DC Water staff making the grammatical correction noted in Mr. Herrington's suggested amendments.

Board member Fariba Kassiri asked whether she could second the motion to open it for vote. Dr. Morris-Hughes declined, reiterating that the Board's counsel had deemed the item to be a non-joint-use issue and she was not comfortable overruling that position.

Upon a motion made duly made, the Board of Directors voted to approve Non-Joint-Use Resolution No. 26-05 as presented.

VII. CONSENT ITEMS (NON-JOINT USE)

1. Approval to Award Three Base Years and Two Option Years for Contract No. 105171 Valve and Hydrant Assessment Services, Hydromax USA – **Resolution No. 26-03** (Recommended by the Environmental Quality and Operations Committee 12-18-25)
2. Approval to Execute Phase One of Progressive Design-Build Contract No. 250170 Water Pumping and Storage Facilities, PCL Civil Constructors, Inc. – **Resolution No. 26-04** (Recommended by the Environmental Quality and Operations Committee 12-18-25)

Upon a motion made, the Board of Directors voted to approve Non-Joint Use Resolutions Nos. 26-03 and 26-04 as presented.

VIII. CONSENT ITEMS (JOINT-USE)

1. Approval of Additional Funding for Contract No. 10528, Audio-Visual Equipment Upgrade and Support, Bridges System Integration – **Resolution No. 26-00** (Recommended by the Environmental Quality and Operations Committee 12-18-25)
2. Approval to Award Two Base Years for Contract No. 10572, Furnish and Install HVAC Equipment. Complete Building Services, Inc. – **Resolution No. 26-01** (Recommended by the Environmental Quality and Operations Committee 12-18-25)
3. Approval to Execute Change Order No. 002 of Contract No. 200110, Public Space Restoration Contract FY22 - FY25, Capitol Paving of DC, Inc. – **Resolution No. 26-02** (Recommended by the Environmental Quality and Operations Committee 12-18-25)

Upon a motion made, the Board of Directors voted to approve Joint-Use Resolutions Nos. 26-00 through 26-02 as presented.

IX. ADJOURN

There being no further business to come before the Board, the meeting adjourned at 12:01 a.m.

Michelle Rhodd
Secretary to the Board of Directors

Follow-Up Actions:

1. Mr. Gadis will provide a further update on the listening session feedback as it becomes available.



**GOVERNANCE COMMITTEE
MINUTES OF THE MEETING**

JANUARY 21, 2026
(via Microsoft Teams)

COMMITTEE MEMBERS PRESENT

1. Unique Morris-Hughes, Chair, Principal, District of Columbia
2. Anthony Giancola, Vice-Chair, Principal, District of Columbia
3. Christopher Herrington, Principal, Fairfax County
4. Rachna Bhatt, Principal, District of Columbia
5. Jimmy Ortiz, Alternate, District of Columbia

OTHER BOARD MEMBERS PRESENT

1. John Markovs, Alternate, Montgomery County

DC WATER STAFF

1. David Gadis, CEO and General Manager
2. Lola Oyeyemi, Interim Chief Financial Officer & EVP
3. Kirsten Williams, Chief Administration Officer and EVP
4. Amber Jackson, Chief People Officer and EVP & Interim Chief Legal Officer
5. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
6. Michelle Rhodd, Secretary to the Board

The Governance Committee meeting was called to order by Dr. Unique Morris Hughes, Chairperson, at 9:33 AM. The meeting was held via Microsoft Teams. Board Secretary Michelle Rhodd called the roll.

I. BLUE DROP QUARTERLY UPDATE

Chris Peot, President of Blue Drop, provided the quarterly update, noting that farm sales and orders have increased. The increase was driven by an exceptionally good Fall, partly due to the entry into the construction market and favorable weather. Soil blenders and major resellers are increasing orders in anticipation of Spring, requiring expanded

production to meet demand. A new curing facility will begin production soon, allowing Blue Drop to process more material, improve product consistency, and meet the demand.

The quarterly sales goal of nearly 11,000 tons was exceeded by sales of approximately 3,000 tons, reaching 129% of the target and exceeding schedule projections toward the 62,000-ton annual goal. The new curing pad will increase capacity by approximately 10,000 tons per year, significantly reduce costs, and improve product quality and stability. The covered design ensures consistent drying and higher-value product output.

A potential challenge for the program is legislation to limit PFAS in biosolids. Mr. Peot noted that Maine has banned all biosolids after finding high PFAS levels in paper mill sludge, while other states seek to distinguish between municipal and industrial biosolids. Blue Drop's Bloom is a municipal biosolid with PFOS and PFOA levels at or near societal background levels. A draft bill is expected in Maryland to propose an achievable limit of 25 parts per billion for PFOS and PFOAs combined. Blue Drop's Bloom has levels of 15 and two, respectively. The state of Virginia is following a similar regulatory path, and Blue Drop and DC Water are collaborating with relevant councils to support workable outcomes.

In December 2025, DC Water authorized Blue Drop to retain \$2.5 million from Bloom and renewable energy credit (REC) revenues for land acquisition to improve storage and inventory control to address the weather-dependency of sales. Sales in 2023 reached a record of 65,000 tons but dropped to 52,000 tons the following year, highlighting the need for better winter storage. Six potential sites are being evaluated for the new storage facility, to be jointly owned with DC Water.

Site visits revealed concerns with some of the proposed sites. In response to Committee member Anthony Giancola, Mr. Peot noted that a site in Montgomery County was initially considered, but language in the county's biosolids regulations presented challenges. The current favored site is a 125-acre plot in La Plata, priced at \$1.3 million.

Next, Mr. Peot reviewed some new REC sources, including the Brentwood Reservoir, a solar facility that launched in fall 2025 under a solar use agreement with the National Housing Trust. Though DC Water does not receive power from the facility, it does receive annual lease payments and a share of solar renewable energy credits (SRECs). DC Water has also funded solar panels at the Fort Reno Reservoir, which is expected to generate approximately \$150,000 annually and provide solar access for those unable to install it at home. DC Water also activated solar arrays at Ames Place, which are owned outright, resulting in around \$7,000 in annual power savings and \$20,000 in SRC revenue. Plans include expanding solar installations to the Ames Place parking lot to increase coverage and provide shade.

Additional solar panels were installed atop the curing pad as part of the Resource Recovery Group's efforts and are projected to yield over \$200,000 in SRECs and \$80,000 in annual power savings.

At Fort Reno, the new 1-megawatt solar project was awarded to New Columbia Solar and is anticipated to deliver nearly \$50 million in SRECs and \$175,000 in power savings. Options for excess power include selling power to the Solar for All program or net metering back to other DC Water facilities.

Blue Drop also registered some new equipment in the combined heat and power system at Blue Plain to use wastewater effluent for cooling, qualifying for Tier 1 renewable energy credits in DC and Maryland. These systems are expected to generate approximately \$100,000 annually, offsetting the equipment costs within months.

DC Water's new headquarters, HQO, is now a sought-after venue for corporate and social events. Following a minor fire incident, the focus shifted towards corporate events with new safeguards and strategic pricing. The site's events coordinator manages both paid and rent-free events to showcase the facility and support DC Water partners in collaboration with Navy Yard and Nationals Park to expand event operations and enhance DC Water's profile.

Mr. Peot reviewed Blue Drop's additional revenue sources. Blue Plains' intellectual property generates income through patents and royalty agreements, already exceeding the annual goal of \$340,000 and approaching \$400,000. Cell tower revenues are behind target but are expected to recover. A goal of \$4.4 million has been set for RECs this year, based on lower REC prices resulting from a federal executive order that led some states to reduce renewable energy requirements, thereby decreasing demand and prices. Approximately 64% of the goal was reached in the first quarter.

In January 2025, approximately \$10.5 million in net revenue accumulated over eight years was returned to IMA partners. In 2026, the return is estimated at \$2.6 million, after Blue Drop retains six months' operating budget and a sustainability reserve. A donation of \$15,000 was made to the DC Water Splash Fund in 2025, and the same amount is expected this year from non-joint-use revenue.

Mr. Peot noted that Blue Drop was established in 2016 to create new revenue streams and mitigate rate increases for DC Water customers and IMA partners. Managing biosolids through Blue Drop rather than traditional contracts has saved ratepayers an additional \$3 million, in addition to nearly half a million dollars in revenue.

Committee member Anthony Giancola asked about Blue Drop's annual audit. Mr. Peot confirmed that the audit report has been shared with the DC Water Finance team and Blue Drop's IMA partners. Lola Oyeyemi, Interim Chief Financial Officer and EVP, confirmed receipt of the report, noting that Blue Drop's financial statements are incorporated into DC Water's financial statements, and that details from the Blue Drop audit management report are included in the notes to DC Water's financial statements. David Gadis, CEO and General Manager, noted the effort to have a member of the DC Water Board appointed to the Blue Drop board to improve information sharing.

Committee member Christopher Herrington shared information on three bills before the Virginia legislature regarding biosolids, highlighting SB386 as one DC Water should follow closely as it could be read as a prohibition on biosolids application. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs, noted that her team's primary focus had been Maryland, but confirmed she would review the Virginia bills to ensure they are monitored.

Mr. Herrington asked about IMA disputes related to Blue Drop. He also asked whether Blue Drop still needs to be a separate entity from DC Water to remain agile, and whether Blue Drop's functions could be covered by DC Water staff. Mr. Peot highlighted Blue Drop's sales team's compensation: a small base salary with performance-based incentives tied to tonnage and value goals, enabling them to increase their earnings significantly. He noted that the approach works well for a private entity with a small staff, enabling faster decision-making than in larger organizations such as DC Water.

Mr. Peot acknowledged that the annual revenue refunds to IMA partners limit Blue Drop's ability to reinvest in projects that could generate further savings or revenue, such as renewable natural gas initiatives. However, he noted that a compromise allowed Blue Drop to reserve funds for targeted investments to build business cases and demonstrate results, thereby building confidence for future reinvestment.

II. ADJOURNMENT

The meeting was adjourned at 10:20 AM.



**MINUTES OF THE MEETING
AUDIT AND RISK COMMITTEE
JANUARY 22, 2026
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

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

OTHER BOARD MEMBER PRESENT

1. Alexander McPhail, Alternate, District of Columbia

DC WATER STAFF

1. David L. Gadis, CEO and General Manager
2. Lola Oyeyemi, Interim Chief Financial Officer & EVP and Vice President, Budget
3. Kirsten Williams, Chief Administration Officer and EVP
4. Amber Jackson, Chief People Officer and EVP & Interim Chief Legal Officer
5. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
6. Michelle Rhodd, Secretary to the Board

INTERNAL AUDIT STAFF

1. Tiffany McCoy, Cherry Bekaert
2. Chris Leffler, Cherry Bekaert

EXTERNAL AUDIT STAFF

1. Graylin E. Smith, SB & Company
2. Chris Lehman, SB & Company
3. Yuwen Tian, SB & Company

Christopher Herrington, Chair, called the meeting to order at 9:30 AM. The meeting was conducted via MS Teams. Secretary to the Board, Michelle Rhodd called the roll.

I. FY 2025 AUDITED FINANCIAL STATEMENT PERFORMANCE

Lola Oyeyemi, Interim Chief Financial Officer & EVP, provided the results of the Authority's financial performance for FY 2025. DC Water received an unmodified, clean, audit opinion with no material findings for the fiscal year that ended September 30, 2025. It was the fifth audit completed under the Oracle system and the first with a new auditor, SB & Company.

DC Water received its 28th consecutive Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its 2024 annual comprehensive financial report and anticipates the same recognition for the 2025 report. The Authority also earned its third GFOA award for Outstanding Achievement in Popular Annual Financial Reporting, in collaboration with the DC Water Office of Marketing and Communications (OMAC).

Henok Getahun, Controller presented the financial results for FY 2025. He reported that two new Governmental Accounting Standard Board (GASB) standards were issued in FY 2025: Statement No. 101 Compensated Absences and Statement No. 102 Certain Risk Disclosures. Statement 101 mandates recording liabilities for compensated absences that are likely to be used, resulting in an \$8.7 million accrual for union sick leave in the prior year's restated financials. Statement 102 requires disclosure of risks arising from concentrations or constraints that could have a significant financial impact. No material risks requiring additional disclosure were identified.

DC Water's financial position remains strong with a net position of \$3.8 billion, a \$345.9 million or 10% increase from last year, mainly due to the current year's operating results and capital contributions. Total revenue increased to \$1.1 billion, with total expenses of \$731 million.

Operating revenue rose by \$26.3 million to exceed \$1 billion for the first time, a 2.7% increase primarily driven by rate adjustments across residential, commercial, multi-family, and district customers. Wholesale revenue also increased due to higher operating expenses and an IMA settlement. Federal revenue declined as usage normalized after leak repairs in 2024.

Operating expenses increased by \$25.2 million to \$585.9 million, up 4.5%, mainly due to higher depreciation, amortization, and O&M costs related to new placed in-service assets, as well as higher electricity and water purchase costs. Chemical and small equipment costs decreased due to lower prices, partly offset by higher spare parts expenses.

The net position increased by \$345.9 million to \$3.8 billion, up 10% year-over-year, driven

by current year operations and capital contributions. The restricted and unrestricted cash and investments totaled \$959 million with increases mainly due to new bond issuance.

In response to a question from Committee member Anthony Giancola, Mr. Getahun confirmed that SB & Company had issued a management report that would be forwarded to the Committee after the meeting. In response to a question from Committee member Alex McPhail, Mr. Brown confirmed that the \$8.7 million accrual for union sick leave reflects more than one year of accumulated leave to date for all active union members of the workforce. He noted that the value will be smaller for subsequent years.

Mr. Getahun then reviewed the Authority's capital assets. Net capital assets increased by \$461.2 million to \$9 billion. Construction in progress totals \$1.8 billion for projects, including Clean Rivers, the Enhanced Clarification Facilities, Potomac Interceptor projects, and Lead Free DC projects. At the end of the fiscal year, there was a \$4.1 billion outstanding debt balance and DC Water anticipates issuing \$3.3 billion in new debt to pay for the capital program over the next ten years. The fiscal year-end combined debt coverage ratio was 2.4 times, exceeding the Board policy requirement of 1.6 times.

Mr. Getahun noted that the clean audit opinion was the Authority's 29th consecutive clean opinion.

II. FY 2025 FINANCIAL STATEMENT AND UNIFORM GUIDANCE AUDIT RESULTS

Graylin Smith of SB & Company, LLC, provided a review of the FY 2025 audit, noting that additional first-time audit procedures were required as it was SB & Company's first audit for the Authority.

He noted Management's cooperation with the audit, which facilitated the unmodified opinion with no audit adjustments and no material weaknesses identified. The audit met its timeline despite being a first-year engagement, and no evidence of fraud was detected. Management received minor housekeeping recommendations, but no material weaknesses were identified. A new standard adopted this year require restating the prior auditors' net position.

The single audit and green bond reports are being finalized and will be shared when complete.

The audit process assessed Management's controls, tested key processes, and focused on areas with higher risk or materiality. The auditor evaluated internal controls using the COSO model and found that all relied-upon controls were effective. Some functions were not tested in detail due to lower risk or minimal transactions. Key operational processes, including billing, payroll, disbursements, and technology, were reviewed to confirm that relevant controls functioned as intended. Mr. Smith noted that if any material weaknesses were identified, the auditor would be required to bring them to Management's attention. He also stated that there were no deficiencies in internal controls to bring to

Management's attention.

Significant events affecting current year transactions include the adoption of two new accounting standards and a debt issue. Three new pronouncements to be adopted in the future include GASB Nos. 103 and 104, which began to take effect on June 15, 2025, and GASB No. 105, which will take effect on June 15, 2026.

For the uniform guidance compliance audit, approximately \$71.78 million in federal assistance was received, with \$35.4 million or 52% tested for compliance. As DC Water is deemed a low-risk auditee, 20% coverage is required.

The required communications confirm an unmodified opinion with no adverse findings. Management is noted to be responsible for the financial statements, and accounting policies were found to be reasonable. No audit adjustments, fraud, or illegal acts were discovered. All supplementary reports reviewed were consistent with the audited financials, and there were no disagreements or difficulties during this first-year audit. Management cooperated fully throughout the process. There were no subsequent events affecting the audit. Mr. Smith confirmed SB & Company's independence from the Authority.

Board member Alexander McPhail inquired about the vendor file maintenance item. Mr. Smith clarified that the audit considered the process for adding a new vendor to the Authority's payment system to mitigate the risks of misappropriation and fraud.

III. INTERNAL AUDIT UPDATE

A. FY 2026 INTERNAL AUDIT PLAN STATUS UPDATE

Tiffany McCoy of Cherry Bekaert reviewed the approved internal audit plan for 2026, noting that the first five engagements have started:

- the Customer Billing and Collections Audit,
- the Emergency Management Policy Gap Analysis,
- the Legal Operational Audit,
- the Recruitment, Performance Evaluation, Compensation Analysis & Training/LMS Assessment, and
- the Asset Management Lifecycle Audit.

The Budget Monitoring Audit and Third Party Vendor Management Audit final reports have been submitted. Management action plans are being drafted for the Contract Compliance Audit.

B. STATUS UPDATE ON PRIOR AUDIT FINDINGS

Chris Leffler of Cherry Bekaert provided the quarterly update on prior open audit findings. Eight prior findings were closed out during the quarter, of which six were high risk and two were low risk. Of the six high-risk findings, one was from FY 2023, and five were from FY 2025. All high-risk findings prior to 2025 have been completed.

One of the previous low-risk audit findings will be extended due to the lack of subject matter expert (SME) availability. It will be reassigned, and more time is required to finish the work.

One high-risk finding is open, from the Facility Work Order Management Audit. For all findings from FY 2023 through FY 2025, 21% are open, and 79% are closed.

Committee member Sarah Motsch asked for additional details on the safety audit items. Mr. Leffler confirmed that further information will be provided via email.

Chair Herrington noted several prior requests for a report listing all open audit findings, not just those rated high risk, and asked whether the report could be provided before the next meeting. Ms. Motsch asked that the report also include any relevant management responses and anticipated completion dates. Francis Cooper, Director, Enterprise Program Management Office, confirmed he would send a follow-up memo with the requested information.

The Committee further discussed the Fleet Management Audit item that will be extended for the fourth time due to a change in the SME. Kirsten Williams, Chief Administration Officer and EVP, assured the Committee that efforts would be made to close out the item. Mr. Giancola noted that extensions are granted for audit items whenever there is a change in supervisor. He questioned why staff are unable to continue work on audit findings despite a change in leadership. He also inquired whether Oracle is a cause of some delays. Mr. Cooper noted that for the Fleet Management item, the ECMO Department was leveraging a fleet waste system and wanted to rely more on the system of record, Oracle, which required some system updates.

Mr. Leffler noted that the average time to complete audit findings was 5.46 months in 2025, which is below the target of eight months.

C. HOTLINE UPDATE

Ms. McCoy provided an update on the Fraud, Waste, and Abuse Hotline.

A total of six cases have been received to date in 2026. Four cases have been closed, and two are open.

Chair Herrington stated that Amber Jackson, Chief People Officer and EVP & Interim Chief Legal Officer, will circulate the SOPs for how the internal auditor handles hotline reports, particularly those involving members of senior management. He asked the Committee to review the SOPs in preparation for further discussion about the Committee's role in reviewing hotline items at the next meeting.

IV. ERM AND NON-REVENUE WATER UPDATE

Mr. Cooper provided an update on enterprise risk management (ERM) and non-revenue water.

All departmental roadshows and ERM 101 training have been completed. ERM 201 training has launched, reaching 116 of the Authority's 291 Grade 17 and higher employees. ERM 202 training will begin in Q2.

There is a strong effort to continue the advancement of a bottoms-up approach to ERM, including outreach to the organization through the Origami tool to identify potential operational risk areas.

ERM team is also working to schedule a board-centric ERM training session for all Board members.

An ERM annual report is being developed and will be issued at the end of the fiscal year.

Non-Revenue Water Initiative

Mr. Cooper also provided an update on the non-revenue water initiative.

Non-revenue water (NRW) represents revenue losses due to both apparent (non-physical) and real (physical) losses and is calculated as the difference between water supplied and water billed. CEO David Gadis has authorized the EPMO to integrate remediation of non-revenue water loss through a risk and ERM framework, which has been completed, with a

focus on risk governance, risk treatment and mitigation, and risk and performance reporting.

Several options are under consideration to enhance monitoring capabilities, including the annual M36 water audit process.

The water operations team is prioritizing improvements to metering. A recent AMI system assessment identified problem areas, and there is now a 91% read success rate against an industry benchmark of 98.5%. Ongoing efforts include reducing estimation in billing, improving data validity, and decreasing leakage index scores through leak detection initiatives and better equipment deployment.

Management has identified approximately 14,000 locations that require meter repair or replacement and is developing a plan to address them. Additional strategies include installing meters at reservoirs and key flow points for more precise loss tracking.

A formal water loss control plan is being developed, integrating AMI, valve and hydrant programs, and data governance to move from Tier 3 towards higher performance in non-revenue water loss reporting. A dedicated proactive leak detection team is under consideration.

Quarterly status reports will continue, as will collaboration with the ERM Committee and partners to develop a remediation plan with clear, actionable steps to address NRW across the business process. Mr. Cooper confirmed that the remediation plan will be available for the next meeting and will include a target for NRW.

V. ADJOURNMENT

The meeting adjourned at 10:53 AM.

Follow-up Actions:

1. Henok Getahun will forward SB & Company's management report to the Committee after the meeting.
2. Chris Leffler will provide the Committee with additional details on the safety audit items via email.
3. Francis Cooper will provide the Committee with a report listing all open audit findings, not just those that are rated high risk, to include any relevant management responses and anticipated completion dates.
4. Amber Jackson will provide the Committee with SOPs for how the internal auditor handles hotline reports, and in particular, those involving members of senior management.



**MINUTES OF THE MEETING
ENVIRONMENTAL QUALITY AND OPERATIONS COMMITTEE
January 22, 2026
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Sarah Motsch, Chairperson, Alternate, Fairfax County
2. Howard Gibbs, Vice-Chairperson, Principal, District of Columbia
3. Christopher Herrington, Principal, Fairfax County
4. Richard Jackson, Principal, District of Columbia
5. Amy Stevens, Alternate Board Member, Montgomery County

DC WATER STAFF PRESENT

1. David Gadis, Chief Executive Officer and General Manager
2. Matthew Brown, Chief Operating Officer and EVP
3. Michelle Rhodd, Secretary to the Board
4. Barbara Mitchell, Director and Associate General Counsel
5. Kirsten Williams, Chief Administrative Officer and EVP
6. Amber Jackson, Chief People Officer and Interim Chief Legal Officer
7. Lola Oyeyemi, Interim Chief Officer and EVP of Finance and Procurement

The Environmental Quality and Operations Committee meeting was called to order by Sarah Motsch, Chairperson at 11:00 AM. The meeting was held via Microsoft Teams. Michelle Rhodd, Secretary to the Board called the roll.

I. BPAWTP PERFORMANCE UPDATE

Nicholas Passarelli, Vice President, Wastewater Treatment Operations, reported that Blue Plains met all NPDES permit requirements for December 2025, treating an average daily flow of 242 million gallons (MGD) with a peak flow of 358 MGD recorded on December 2, 2025. For the month of December, 1.8 inches of rain was recorded and 23 MGs were captured in the tunnel with zero overflows. Mr. Passarelli further reported that

Minutes of the January 22, 2026, Environmental Quality & Operations Committee Meeting

on-site electrical generation accounted for approximately 27% of total power consumption at the facility. The Combined Heat and Power (CHP) system produced an average of 8.5 MW (Mega Watts), while the solar generation system contributed an average of 0.27 MW. As a result, power purchased from Pepco averaged just under 20 MW, reflecting a strong performance month for on-site generation.

In biosolids operations, Class A biosolids ("Bloom") sales remained strong despite winter conditions. In December, 6,118 tons of Bloom were sold, bringing the fiscal year-to-date total to 14,516 tons, progressing toward annual sales target of 62,000 tons. During the month, 12,439 tons of biosolids were produced at Blue Plains, with 6,321 tons successfully sold as Bloom, representing a favorable outcome for a winter month.

II. 10-YEAR FY26 TO FY35 PROPOSED CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

Matthew Brown, Chief Operating Officer and EVP, and Moussa Wone, Chief Engineer and Vice President, Engineering and Clean Rivers, presented an update on the proposed 10-year CIP, explaining that the discussion was intended to provide additional project-level detail beyond the budget workshop and to address questions as they arise, with more detailed follow-up provided in writing as needed. Mr. Brown highlighted DC Water's risk-based approach to CIP prioritization, emphasizing regulatory compliance (including completion of the Clean Rivers Program by 2030 and advancement of Lead Free DC toward the 2037 deadline), support of operational needs through investments such as valve and hydrant work, continued investment in aging infrastructure, and acceleration of the AMI metering program. He noted that the planned ramp-up in capital spending to over \$1 billion annually in later years and stated that financial planning assumes approximately 90% of CIP funds will be spent, recognizing the variability of large capital programs.

Dr. Wone provided additional detail on how the approved \$9.7 billion CIP budget is being allocated using a risk-based framework, with priority given to high-consequence assets such as large sewers, transmission mains, and pump stations, while maintaining more modest replacement rates for lower-risk assets. He discussed Clean Rivers program status, Blue Plains critical infrastructure needs to maintain NPDES compliance, investments related to MS4 obligations, safety-driven renovations to non-process facilities, and capital equipment funding for process equipment, vehicles, IT, and water meters. During this discussion, Committee member Alexander McPhail asked about the reliability of the \$514 million Washington Aqueduct assumption, particularly if the District acquires the Aqueduct. Mr. Brown responded that Aqueduct needs likely exceed the amount shown but are not yet fully defined; he explained that DC Water expects to fund at least 75% of eligible Aqueduct costs, that prior funds on account have been used before

additional payments, and that staff will continue to monitor expenditures. Dr. McPhail noted his understanding.

As staff reviewed CIP reallocations, Committee member Christopher Herrington asked for clarification on the capital equipment increase, specifically the portion attributable to SBITA software costs versus the AMI metering acceleration. Lola Oyeyemi, Interim Chief Officer and EVP of Finance and Procurement responded that SBITA accounts for approximately \$7–\$8 million and AMI approximately \$9 million, noting that the AMI program is being accelerated through a 2026 reprogramming with funding over subsequent years. Mr. Herrington also asked whether CIP allocations were being reduced in some areas; Mr. Brown replied that the comparison chart reflects different 10-year periods and should not be over-interpreted, explaining that funding was rebalanced toward higher-risk assets. Mr. Herrington further asked whether the Washington Aqueduct submitted a CIP request; Ms. Oyeyemi confirmed the Aqueduct provided an estimated flat need of about \$48 million per year over 10 years, with DC Water responsible for roughly 75%, and noted that prior-year underspending was rolled forward.

During the discussion of program risks, Committee member Howard Gibbs, asked whether the DDOT public inconvenience fee would be recovered through customer bills. Mr. Brown confirmed the fee is included in the rate proposal, estimated at approximately \$120 million over 10 years and recovered through usage-based rates. Dr. McPhail expressed concern that recovering the fee through rates could reduce incentives to complete street work quickly and questioned why the cost was not handled within CIP, noting uncertainty in future costs. Mr. Brown clarified that DC Water recovers both capital and operating costs through rates, and Dr. Wone added that strict street-occupancy limits can significantly increase construction costs and claims, emphasizing the practical delivery impacts.

At the conclusion of the presentation, Committee member Amy Stevens asked whether the referenced wholesale customer briefing involved IMA customers and whether any concerns were raised. Mr. Brown confirmed the briefing related to wholesale customers, and Ms. Oyeyemi reported that no questions or feedback had been received to date.

III. ACTION ITEMS

The Committee reviewed and recommended approval of the two Joint Use Fact Sheets.

IV. ADJOURNMENT

The meeting adjourned at 12:07 pm.

Minutes of the January 22, 2026, Environmental Quality & Operations Committee Meeting

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**MINUTES OF THE MEETING
DC RETAIL WATER AND SEWER RATES COMMITTEE
JANUARY 27, 2026
(via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Rachna Bhatt, Chairperson
2. Howard Gibbs, Vice Chairperson
3. Anthony Giancola, Principal
4. Unique Morris-Hughes, Principal
5. Richard Jackson, Principal
6. Alexander McPhail, Alternate
7. Jimmy Ortiz, Alternate
8. Jed Ross, Principal

DC WATER STAFF

1. David L. Gadis, Chief Executive Officer and General Manager
2. Lola Oyeyemi, Interim Chief Financial Officer and EVP
3. Kirsten Williams, Chief Administration Officer and EVP
4. Matthew Brown, Chief Operating Officer and EVP
5. Amber Jackson, Chief People Officer and EVP and Interim Chief Legal Officer
6. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
7. Michelle Rhodd, Secretary to the Board

CONSULTANT

1. John Davis, Raftelis
2. Vanessa Bryant, Raftelis

The DC Retail Water and Sewer Rates Committee meeting was called to order by Howard Gibbs, Vice Chairperson, at 9:31 AM. Board Secretary Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE DC RETAIL WATER AND SEWER RATES COMMITTEE

Syed Khalil, Vice President, Rates and Revenue, presented the monthly report for the period ending December 31, 2025, highlighting that the fiscal year ended with favorable variances in revenues overall. The cash receipts totaled \$259.5 million or 25.7% of the budget.

The receipts for the Residential, Commercial and Multi-family categories were favorable at \$152.0 million or 25.9 percent of the budget. The higher receipts were partly due to slightly higher CRIAC than the budget and partly due to collections from prior months' billings. The federal government made its first quarterly payment in October and wholesale customers in November. The unfavorable variance for the DC Housing Authority was due to lower consumption resulting from moving of certain accounts to other categories. Mr. Khalil also noted that consumption and revenue estimates for other customer categories, including residential customers, have been revised and will be reflected upon approval of updated budget numbers in March.

Delinquent accounts increased both in the dollar value and number of accounts. The Multifamily category accounts for 48 percent of the 90-day delinquent balance.

Mr. Khalil reviewed the progress on Developer Deposits, noting that 9 accounts were refunded in November 2025 for an approximate total of fifty-seven thousand dollars, and 39 accounts were refunded in December 2025, for an approximate total of three hundred twenty four thousand dollars.

Committee member Alexander McPhail noted there were approximately 11,000 delinquent accounts worth over \$33 million and asked for an update on the Authority's efforts to collect those accounts. He advised that the Authority could be more assertive with commercial clients, given utility costs are part of doing business. Mr. Khalil clarified that the delinquent amount had been reduced to approximately \$31 million since September and discussed challenges to collect amounts from multi-family clients, especially during the winter when there was a moratorium on disconnections. Kirsten Williams, Chief Administrative Officer, added that business accounts do not follow the same protocols as residential accounts. However, many commercial clients are in mixed-use buildings, where residential customer considerations also apply.

Committee member Anthony Giancola noted the legal complications affecting collection strategies and asked the legal team for an update. Amber Jackson, Interim Chief Legal Officer, agreed to schedule a legal update.

Dr. McPhail stated that the number of commercial accounts with balances more than 90 days past due was unacceptable and warranted strong action. He is concerned about the impact of upcoming rate increases on the outstanding delinquent amount.

II. 2025 COST OF SERVICE STUDY UPDATE FOR WATER, SEWER, AND CRIAC

Mr. Khalil noted that the cost of service (COS) study for water, sewer, and the Clean Rivers Impervious Area Charge Relief (CRIAC) is conducted every two years to align with the rate making process. The last COS study was completed in FY 2024. An independent consultant, Raftelis, conducted the study to ensure it is impartial, objective, and carried out by a team with specialized cost-of-service knowledge.

Jon Davis and Vanessa Bryant of Raftelis presented an overview of the study, beginning with the study objective to conduct a comprehensive review using calculations based on budget, cost of service, and inflation.

The goals of the cost-of-service study, drawn from Board rate-setting policy and past DC Water discussions about priorities, include revenue sufficiency, cost of service, and simplicity. Affordability is also a focus, ensuring that rates remain accessible for customers. The Authority is expanding its customer assistance program, and the costs associated with this expansion are reflected in the COS study.

Other factors impacting DC Water's budget include delayed timing for some large projects, leading to escalating capital costs in FY 2027 to FY 2028, and the operations and maintenance budget, which is projected to increase 3.5% from FY 2026 to FY 2027 and 4.8% from FY 2027 to FY 2028.

Revenue Sufficiency Analysis

The revenue sufficiency report projects revenue based on rates and service units. This differs from DC Water's financial planning approach. Mr. Davis noted that this distinction explains some discrepancies, but both methods yield similar results, making dual analysis valuable. He is confident that the proposed rates will adequately cover the utility's cash needs in line with budget forecasts and will help sustain DC Water's operations and maintain its reserve funds. Debt service coverage meets bond covenant requirements. He also noted the Authority's efforts to increase target cash on hand to 350 days by 2032.

Mr. Davis then reviewed the comparison of revenues and expenses, noting only minor differences in operating revenue between the Authority's financial plan and the Raftelis analysis. The variance in projected revenue for the first year, FY 2027, is just under \$2 million or 0.2%, which is a minimal and acceptable margin of error. For the second year, operating revenue increases slightly but there is less than a 0.5% difference between the two analyses, well within a comfortable range.

Cost of Service Analysis

Vanessa Bryant reviewed the findings of the Cost of Service Analysis, which she clarified as referring to a principle rather than an additional fee or tax. The principle involves setting rates with precision to recover the costs of providing specific services, including water,

sewer, and stormwater, to particular customer classes. The focus is on accurately allocating costs, with consideration of the Board's emphasis on equity in dividing DC Water's total expenses fairly among customers.

Ms. Bryant reported that Raftelis was also mindful of affordability. This is supported by programs such as the CAP, which offers discounted services to low-income customers to address equity concerns. She noted CAP-related costs were factored into the analysis.

The analysis considered shifts in operating and capital spending across the organization. It also adheres to DC Water's detailed capital improvement plan, which may alter costs allocation depending on project timing. Precise figures were used for both the capital and operating budgets.

This year, a new Public Inconvenience Fee from the District Department of Transportation (DDOT) will be passed through to customer bills and was factored into COS calculations. Ms. Bryant used the FY 2027 rate development summary as an example of how costs are distributed. Of the total annual cost of \$812.5 million, the largest share is for water and sewer due to their high infrastructure costs. In contrast, fees such as metering and water system replacement are less costly. Revenue requirements are allocated and then divided by units of service to produce a unit cost. For example, the Clean Rivers Project fees depend on equivalent residential units calculated by square footage. Water and sewer rates are volumetric. She noted that Raftelis always evaluates two years for each analysis. The total annual cost for FY 2028 is estimated at \$855 million, with the increase primarily due to anticipated inflation.

The Public Inconvenience Fee will take effect in FY 2027 and add 42 cents per water unit consumed. Ms. Bryant highlighted that most rate changes are under \$1, an intentional approach to achieve gradual, manageable annual increases rather than steep adjustments that would cause "rate shock" for customers.

Overall, the cost share for metering, CRIAC, and the water system replacement fee remain relatively stable year-to-year, while the share for water will increase from FY 2026 to FY 2028 from 28.4% to 31.1% and the share for sewer will slightly decrease from 47.5% to 45%. Ms. Bryant noted that these shifts are typical, especially as new capital projects arise.

Ms. Bryant presented information on affordability, noting that DC Water tracks the monthly bill impacts for a typical residential customer using 5.42 CCF per month. It was reported that the monthly bill increases by about \$6 each year, largely driven by increases in water and sewer volumetric rates to address rising costs. Ms. Bryant also highlighted the inclusion of the new Public Inconvenience Fee, totaling \$2.28 per month.

Customers in the CAP program will receive approximately 68% discount, reducing payments from \$157 to \$50 for the same projected water use. Trends for these customers mirror overall rate adjustments. CAP customers will also pay the Public-Inconvenience Fee.

Alternative Rate Structures

Mr. Davis presented the result of the alternative rate structures analysis, beginning with the impervious area charge tiers. There are six single-family residential tiers, and customers are assigned to the tier that best represents their measured area. He noted this system has caused confusion, because the approach for residential properties differs from that for other customer classes. To increase fairness, Raftelis explained the options to consider. These include adding more tiers to reduce inequity or implementing a tier system where charges increase with every 100 square feet of usage, which would both eliminate inequities and streamline the process across all customer types.

Mr. Davis noted that the necessary data to revise the tier system already exists, and the changes could be implemented by October 1, 2026, when the new rates take effect. However, while increasing impervious area tiers would improve equity, provide consistency across customer classes, and resolve confusion between single-family and multi-family properties, implementation and administration would require greater effort. As the data is already available and tracked, these concerns are mostly mitigated.

Mr. Davis noted that a prior decision to add billable impervious area to the CRIAC fee had been deferred to allow for better communication with stakeholders. The current proposal is independent and can be enacted without affecting or depending on the CRIAC update, ensuring no overlapping impacts. Raftelis considered whether commercial customers could receive the potential impact of adding a large commercial and small commercial rate. However, the analysis was unable to identify the same correlation in peaking as observed on the water side for residential customers. The item will be deferred to continue analysis as more data becomes available.

Stormwater management was also analyzed and considered the stormwater only assets that DC Water operates and maintains. Raftelis decided to reassess these costs once they are tracked in greater detail within the accounting system, as detailed tracking does not currently exist. In closing, Raftelis noted that the Board will be asked to approve publication of proposed rates on March 5, 2026.

Dr. McPhail asked how the 42-cent inconvenience fee was determined and whether other values were modeled. Jon Davis responded that the analysis considered cost recovery for the fee over a period of time.

Dr. McPhail asked how the projected \$12.7 million cost of the Public Inconvenience Fee was calculated. Mr. Davis responded that the total projected cost was divided by the number of years to get the average annual cost of \$12.7 million. Ms. Oyeyemi explained

that the cost covers the newly implemented occupancy permit fees from DDOT that was previously waived. Matthew Brown, Chief Operating Officer, further explained that most DC Water projects do not occupy streets for more than 30 days, but the Lead Free DC program typically exceeds this threshold, triggering the fees. He noted that DC Water had previously been exempt, but following a DDOT audit, the agency determined DC Water is subject to the fees. DC Water submitted multiple appeals in coordination with the Office of Legal and Government Affairs, but the fees are currently being assessed and included in the proposed rate increase. Dr. McPhail emphasized that these fees are a significant driver of the rate increase, and Mr. Brown acknowledged and shared this concern. He also noted that additional information on these costs and new fee will be discussed at the joint committee meeting.

Mr. McPhail also asked what steps were taken to ensure affordability was considered. Mr. Davis stated that affordability was considered by ensuring funding was sufficient to fund the CAP program fully. He also noted DC Water's efforts to review cost impacts across different customer segments and EPA guidance on affordability.

Mr. Giancola noted that although the Raftelis report is complex, it provides a strong foundation for informed decision-making. He also recommended continued discussion with the District government about the Public Inconvenience Fee.

III. DC RETAIL WATER AND SEWER RATES COMMITTEE WORKPLAN

Mr. Khalil briefly reviewed the Committee workplan for FY 2026.

IV. AGENDA FOR COMMITTEE MEETING ON FEBRUARY 23, 2026

The meeting on February 23, 2026, will include the monthly update, the Committee workplan, and any other items the Committee wishes to discuss.

V. ADJOURNMENT

The meeting adjourned at 10:21 AM.

Follow Up Action:

1. The office of Government and Legal Affairs to provide update on legal considerations affecting delinquent account collection strategies. (Mr. Giancola)
2. Provide detailed information on the costs for the DDOT Public inconvenience Fee (Dr. McPhail).



**MINUTES OF THE JOINT MEETING
DC RETAIL WATER AND SEWER RATES &
FINANCE AND BUDGET COMMITTEES
JANUARY 27, 2026
(via Microsoft Teams)**

RETAIL WATER AND SEWER RATES COMMITTEE MEMBERS PRESENT

1. Howard Gibbs, Principal, Vice Chair, District of Columbia
2. Anthony Giancola, Principal, District of Columbia
3. Alexander McPhail, Alternate, District of Columbia
4. Jimmy Ortiz, Alternate, District of Columbia

FINANCE AND BUDGET COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal, District of Columbia, Chair
2. Fariba Kassiri, Principal, Montgomery County

DC WATER STAFF

1. David L. Gadis, CEO/General Manager
2. Lola Oyeyemi, Interim Chief Financial Officer & EVP
3. Kirsten Williams, Chief Administrative Officer & EVP
4. Matthew T. Brown, Chief Operating Officer & EVP
5. Amber Jackson, Chief People Officer and EVP & Interim Chief Legal Officer
6. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
7. Moussa Wone, Chief Engineer and Vice President, Engineering & Clean Rivers
8. Michelle Rhodd, Secretary to the Board

The joint meeting of the DC Retail Water and Sewer Rates Committee and the Finance and Budget Committee meeting was called to order by Anthony Giancola, Chairperson, at 10:23 AM. Board Secretary Michelle Rhodd called the roll.

I. PROPOSED FY 2027 BUDGET AND TWO-YEAR RATES

Lola Oyeyemi, Interim Chief Financial Officer & EVP, presented the proposed FY 2027 budget and two-year rate proposal and the ten-year capital improvement Program (CIP). She reviewed the budget calendar which includes multiple meetings with the Board, committees, and stakeholders. Committee recommendations and actions are expected

in February, with full Board adoption of the proposed budgets and two-year rates anticipated on March 5, 2026. Public outreach and hearings are planned for the spring.

The proposed FY 2027 operating budget is \$844.1 million and the 10-year Capital Improvement Program (CIP) is at \$9.69 billion with a \$67 million increase. The proposed rates for the next two years include a 6.0 percent annual increase for volumetric water and sewer rates, a Clean Rivers Impervious Area Charges (CRIAC) fee of \$25.50 per equivalent residential unit (ERU) in FY 2027 and \$27.22 in FY 2028 and increases for Payment in Lieu of Taxes (PILOT) and groundwater rates. Several fees, including right-of-way, customer metering, and high-flow backwash, remain unchanged.

A new public inconvenience fee of \$0.42 per Ccf will be introduced in FY 2027 to recover costs associated with occupancy permits when construction projects in public spaces extend beyond 30 days. The average residential customer will pay approximately \$2.28 per month. This fee is expected to generate \$12.7 million annually or \$127 million over 10 years and required to pay the previously waived permit fees charged by DDOT.

Overall, the combined rates for the average customer are projected to rise by 6.6 percent in FY 2027, down from the previous forecast of 6.7 percent, and by 5.3 percent in FY 2028, down from the previous forecast of 5.7 percent. Without the public inconvenience fee, the FY 2027 increase would have been approximately 5 percent for the average residential customer.

DC Water Retail Water and Sewer Rates Committee member Alexander McPhail asked how the \$127 million over 10 years cost of the inconvenience fee was calculated. Ms. Oyeyemi stated that of the \$12.7 million annual cost, about \$10.5 million is allocated to Lead Free DC work, \$3.2 million to small-diameter water main replacement, and \$1.4 million to large water main projects in the District. These cost estimates were used in calculating the inconvenience fee.

Next, Ms. Oyeyemi highlighted management's commitment to customer affordability and reviewed the various Customer Assistance Programs (CAPs) and their income thresholds. CAP customers typically receive about a 68 percent discount on their monthly bills.

The FY 2027 operating sources and uses are balanced at \$1.07 billion. Debt Service and Pay-Go are projected to be the largest expenditures supporting the capital program. The 10-year CIP sources and uses of funds is \$9.69 billion. The CIP sources include \$3.3 billion in additional borrowing and \$3.1 billion in Pay-Go funds, making up 67 percent of CIP financing. Wholesale Customer contributions account for 21.3 percent, and federal grants is 4.3 percent.

Ms. Oyeyemi explained that the financial plan includes an Assumed CIP Spend Rates category of \$709 million, representing a portion of the CIP that will not be spent. This portion is consistent with historical spending patterns for the CIP. The proposed customer

rates are based on the assumption that 90 percent of the CIP budget will be spent, except for the mandated Clean Rivers, Capital Equipment and the Washington Aqueduct. Without this assumption, the average residential bill increase in FY 2027 would have been higher at 7.3 percent, compared to the proposed increase of 6.6 percent. She added that over 10 years, projected cumulative increases are lower at 52.2 percent compared to 56 percent without factoring. Excluding District Department of Transportation (DDOT) fees, the rate increase would be approximately 5 percent in FY 2027.

Finance and Budget Committee Chair Anthony Giancola noted past delays with completing some capital projects and asked whether the budget aligned rates as closely as possible with actual expenditure levels. Matthew Brown, Chief Operating Officer and EVP, confirmed that research was conducted with the Authority's financial advisor and peers to understand the best way to align budgeting with capital expenditures to minimize increases. He noted the complexity of budgeting capital expenditures, given that project costs are not consistent year to year and some projects extend beyond the 10-year budgeting cycle. He also noted that the only project where spending is obligatory and funds required in advance is the Washington Aqueduct due to the Aqueduct's interpretation of the Anti-Deficiency Act.

Ms. Oyeyemi discussed proposed budget amendments for the current year, including the reprogramming of approximately \$24.4 million from Debt Service to Pay-Go to reduce future borrowing. The proposed revision of \$3.2 million in the operating revenue budget is mainly due to lower consumption for the Federal customers due to resolution of leakage at JBAB. Additionally, there is an increase in Potomac Interceptor costs for wholesale customers, and interest earnings based on current forecasts.

Proposed Capital Improvement Program

Mr. Brown reviewed the proposed CIP, beginning with the 10-year disbursement budget of \$9.69 billion and the lifetime project budget of \$17.4 billion. He noted that completing the two tunnels and the remaining green infrastructure projects for the Clean Rivers project would require \$1.3 billion in spending. He noted that the CIP has been prioritized based on consequences and risk of failure, with large sewers and transmission mains prioritized, as well as work on the Potomac Interceptor (PI) to address the recent collapse.

Mr. Giancola noted that the PI collapse must be addressed immediately and asked about its impact on the outer years of the 10-year CIP. Mr. Brown stated that the impact was not expected to be significant. Moussa Wone, Chief Engineer and Vice President, Engineering and Clean Rivers, noted the affected section of the PI was extended to almost two miles in length to ensure all vulnerable sections of the pipe are addressed. The Authority is in an active procurement process to address the collapse.

Dr. Wone then reviewed the proposed 10-year CIP budget noting that detailed presentation on the CIP for the various service areas was delivered to the Environmental Quality and Operations committee this month. He highlighted that the proposed CIP is

relatively flat compared with the approved CIP. Key changes include accelerating the Advanced Metering Infrastructure (AMI) meter replacement program and reallocation of some software from operating to capital equipment. Water and Sewer projects make up 57 percent of the 10-year CIP. Clean Rivers spending will decline as the project wraps up in 2030. Lead Free DC is included but extends beyond the current CIP, ending in 2037 per regulations.

Mr. Brown observed that the plan was financially constrained, and shaped by affordability, ability to implement, and contractor capacity. Alternative scenarios were considered and ranged from \$12 billion to over \$20 billion which would have required double-digit rate increases over multiple fiscal years. There was a collaborative effort between finance and engineering to ensure that costs and risks were balanced to arrive at the proposed amounts.

Ms. Oyeyemi then reviewed the Authority's debt service costs. The debt at the end of FY 2025 was \$4.1 billion. Another \$3.6 billion in borrowing is projected to advance the CIP over the next 10 years, which will drive additional rate increases. Debt service is anticipated to account for approximately 31.7 percent of net operating expenses and 24.4 percent of operating revenue in FY 2027. The financial plan sets a target for debt service as a percentage of operating revenues at 33 percent or less, and the current projections comply with this objective. Further, debt service is expected to increase from \$247.4 million in 2026 to nearly \$472.6 million by 2035.

Kirsten Williams, Chief Administrative Officer and EVP, discussed the inconvenience fee and its impact on the Lead Free DC program. She noted that it is a unique project because, without a specific mandate, the Authority relies on customer partnerships to obtain right-of-entry forms. This means staying longer on each block. Moving on and off blocks within 30 days would increase costs due to repeated street restoration and curb-to-curb work. The Authority continues to consult with the DC Council and its executive office to emphasize the importance of partnership between DC Water and the city in completing the project.

Proposed Operating Expenditure Budget

Ms. Oyeyemi reviewed the process improvements implemented during the budget cycle. Following the internal auditors' feedback, DC Water introduced performance-based budgeting and later implemented program-based budgeting to enhance transparency and align with best practices. This approach will guide future budget decisions to better align with Blueprint 2.0.

The proposed FY 2027 operating budget is \$844.1 million, an increase of \$5.9 million or 0.7 percent compared to FY 2026. The personnel services budget includes a \$9.5 million increase for merit consistent with union agreements, overtime to address emergency repairs and other salary adjustments. The authorized headcount remained at the Board-authorized level of 1283 FTEs with a vacancy rate of 5 percent assumed in the budget.

Ms. Oyeyemi explained that a new Governmental Accounting Standards Board (GASB) requirement requires sick leave to be accrued, impacting future budgets. Between 2022 and 2025, leave adjustments rose by 15 percent or \$3 million. Ms. Oyeyemi noted that vacancy savings may help address overtime needs and ensure adequate staffing while recruitment efforts are ongoing to lower the vacancy rate and meet targets.

Mr. Giancola stated skepticism of a 5 percent vacancy rate and noted that overtime increases should already be included in the budget. Ms. Oyeyemi replied that further increases were needed to cover the sick leave accrual and other expenses. Mr. McPhail also observed that historical and projected headcount figures are unrealistic, while Chair Giancola noted that funds remain in personnel services each year due to higher-than-projected vacancies. Ms. Oyeyemi explained that funds are required in the budget to ensure that all departments can hire the personnel they need. She also noted that the Board has flexibility and the authorization to redirect any favorable net position to areas of need as part of the mid-year projections process.

Ms. Oyeyemi then reviewed the operating budget comparison by cost category. The fixed cost for chemicals and supplies totals \$60.2 million, including a \$1.4 million increase for chemicals and \$1.3 million for critical supplies. She explained that the decrease in the contractual services category was mainly due to the reallocation of some software costs to capital. There were increases for maintenance, repairs, cleaning, insurance, and other professional services. Water purchase also increased and reflects DC Water's share of approximately 75 percent of the Washington Aqueduct's operating costs.

Ms. Oyeyemi noted that while the budget is conservative, there are various risks that may impact the budget such as market volatility, overtime impacts, legal cases, and insurance policy requirements. DC Water will continue to manage these risks within the overall proposed budget.

Proposed Operating Revenues, Rates, Fees and Charges

Syed Khalil, Vice President, Rates and Revenue, reviewed the FY 2026 vs FY 2027 operating revenues, noting year-over-year growth is driven mainly by rate increases and public inconvenience fees. The metering and water system replacement fees are unchanged. Residential, commercial, and multi-family categories are expected to increase due to rate increases in both FY 2027 and FY 2028. Federal contributions remain steady, while wholesale revenue increase is due to increase in indirect cost rate from 20 percent to 25 percent and operations and maintenance expense projection. Other revenue will increase in FY 2027, largely driven by the public inconvenience fee of \$12.7 million, resulting in total other revenue of \$13.8 million.

Rate highlights include the lifeline rate, a reduced rate offered to residential customers in FY 2027, set at \$6.49 per Ccf (0-4 Ccf) compared to the regular rate of \$8.40 per Ccf (>4 Ccf). This provides a discount for the first four Ccf consumed, incentivizing reduced usage

and greater savings. The rate increases has shifted from Sewer to Water rate reflecting a reallocation of investment focus toward water service. The groundwater rate increases to \$3.90 in FY 2027 and is unchanged in FY 2028. The Right-of-Way Fee, Customer Metering Fee, Water System Replacement Fee, and High-Flow Filter Backwash Rate for FY 2027 and FY 2028 will remain the same as FY 2026.

In the Proposed Financial Plan, the projected rates increase for FY 2027 and FY 2028 are 6.6 percent and 5.3 percent respectively which are lower than last year's forecasts. Chair Giancola noted the lower rate increases in the outer years of the proposed plan and asked why the FY 2027 increase cannot be lowered as well. Mr. Khalil noted that the original proposed plan included a 5.0 percent increase for FY 2027, but the implementation of the inconvenience fee increased it to 6.6 percent.

Mr. Khalil explained that the CAP discounts for all CAP programs will increase in FY 2027 and FY 2028 under the proposed plan. For CAP+ program introduced in FY 2025, the monthly discounts for low-income customers are \$137.73 in FY 2027 and \$145.58 in FY 2028. The net bill for FY 2027 and FY 2028 will be \$19.07 and \$19.49 respectively.

The projected average monthly residential customer bill ranges from \$147 in FY 2026 to \$230 in FY 2035 and are lower than previous forecasts in the approved previous financial plan (\$138 in FY 2025 to \$245 in FY 2034).

Proposed Financial Plan

Ms. Oyeyemi reviewed the Authority's grant funding, noting that there is \$413.5 million available to support the CIP program, with approximately \$308.6 million coming from the Bipartisan Infrastructure Law (BIL) and the rest from other grants. She explained that with the requirement to replace brass as part of the Lead-Free DC Program, the EPA and DOEE funds totaling \$237.6 million will be used to remove lead lines on the private side. Federal grant funds for private side replacement will be fully utilized in 2032 with full brass replacement or in 2034 without brass replacement. Future Board policy decisions will be required to determine how funds will be made available for private side replacements.

Next, Ms. Oyeyemi reviewed the financial plan which serves as the fiscal roadmap to achieve the Board's strategic plan and is one of management's tools to monitor progress and ensure we meet or exceed all financial goals. This includes complying with debt requirements, maintaining strong debt coverage and liquidity ratios and debt service as a percent of operating revenues target. Maintaining strong credit ratings is crucial for securing lower borrowing costs for customers.

The Rate Stabilization Fund (RSF) has a balance of \$40.6 million. Ms. Oyeyemi reminded the Committee that the RSF policy was revised in 2023 to ensure that DC Water maintains a target of 5 percent of projected revenues. It also prioritizes using RSF for only emergencies or unplanned events to prevent future rate spikes and reduce expenses.

Ms. Oyeyemi reviewed the intent to reimburse capital expenditure to satisfy the requirement in the master indenture for DC Water to reimburse itself with debt proceeds for capital expenditures. The plan is to go to the market in the summer of 2027 to issue approximately \$476 million in new bonds.

In closing, Ms. Oyeyemi reviewed the budget adoption calendar noting that management will present the budget recommendations to the various Board Committees in February. She acknowledged the Board members' concerns about the proposed rate increases and emphasized balancing affordability with the need to address aging infrastructure and avoid major system failures. She expressed appreciation for the Committee's feedback and emphasized ongoing collaboration. Final budget adoption by the full Board is anticipated on March 5, 2026.

II. ADJOURNMENT

The meeting adjourned at 11:26 AM.

FOLLOW-UP ITEMS

1. Provide detail breakdown on how the 10-year cost of the inconvenience fee was calculated. **(Mr. Giancola & Dr. McPhail)**



**MINUTES OF THE MEETING
FINANCE AND BUDGET COMMITTEE
JANUARY 27, 2026
(Via Microsoft Teams)**

COMMITTEE MEMBERS PRESENT

1. Anthony Giancola, Principal, Chair, District of Columbia
2. Richard Jackson, Principal, District of Columbia

OTHER BOARD MEMBER PRESENT

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

DC WATER STAFF

1. David L. Gadis, CEO/General Manager
2. Lola Oyeyemi, Interim Chief Financial Officer & EVP
3. Kirsten Williams, Chief Administrative Officer & EVP
4. Matthew T. Brown, Chief Operating Officer & EVP
5. Amber Jackson, Chief People Officer and EVP & Interim Chief Legal Officer
6. Barbara Mitchell, Associate General Counsel and Director of Government and Legal Affairs
7. Ivan Boykin, Vice President, Finance
8. Michelle Rhodd, Secretary to the Board

Anthony Giancola, Chair, called the meeting to order at 11:28 AM. The meeting was conducted via MS Teams. Secretary to the Board Michelle Rhodd called the roll.

I. MONTHLY REPORT TO THE FINANCE AND BUDGET COMMITTEE

Lola Oyeyemi, Interim Chief Financial Officer & EVP, presented the December 2025 Financial Report. As of the end of the first quarter of FY 2026, total operating revenues were \$259.5 million, or 25.7 percent of the budget; operating expenditures totaled \$178.3 million, or 21.3 percent of the budget; and capital disbursements were \$179.2 million, or 19.6 percent of the budget. Ms. Oyeyemi noted that the actuals were measured against the adopted budgets, which are subject to revision pending finalization of the ongoing budget process.

The Authority recently met with the rating agencies regarding the upcoming refunding bond deal and anticipates receiving the Authority's updated ratings next month. Ms. Oyeyemi informed the Committee that the auditor presented its findings to the Audit Committee in January with the issuance of an unmodified "clean" opinion for DC Water's FY 2025 financial statement. She congratulated the Finance staff for their work on the completed audit. The Finance team continues to close out FY 2025, including the A133 audit, Annual Comprehensive Financial Report, and the Green Bond Attestation report with anticipated completion of these items in February 2026.

Major operating revenue variances were in the Residential/Commercial/Multi-Family and DC Housing Authority categories. Residential receipts were higher than anticipated due to the higher CRIAC (Clean Rivers Impervious Area Charge) assumed in the budget, while DC Housing Authority receipts were lower than expected due to lower consumption.

Operating expenses were aligned with the budget at 21.3 percent with no significant variances, except for cost pressures impacting supplies which is being monitored by staff. Capital disbursements totaled \$179.2 million or 19.6 percent of the budget. A detailed quarterly CIP update will be presented at the February 2026 Committee meeting.

Cash investments, including the Rate Stabilization Fund balance of \$40.6 million, totaled \$725.1 million. The interest income for December was \$1.2 million, with a year-to-date total of \$3.5 million. The retail account delinquencies totaled \$31 million for 12,346 accounts. The Accounts Payable performance for invoices paid within 30 days was 96 percent through the end of December 2025.

II. UPDATE ON 2026 REFUNDING ACTIVITIES

Ivan Boykin, Vice President, Finance, provided an update on the 2026 Refunding Activities. In February, management will seek approval from the Board for the Authority's financing plan, including recommendations to issue Series 2026A and 2026B fixed-rate refunding bonds. These bonds aim to refinance older series for lower interest rates and save DC Water ratepayers money. Mr. Boykin noted that PFM, the Authority's financial advisors, and Squire Patton Boggs, its bond counsel, were available at the meeting for technical questions.

Mr. Boykin further noted that market catalysts, such as Federal Reserve policy impacts, tariffs, and geopolitical events, may affect pricing this year. The 2026A and 2026B bonds, issued on a subordinate lien as tax-exempt bonds, are targeted to refund 2014C, 2015A, and 2016A bonds after their April 1 call date, plus a 2022A forward direct bank placement.

The Authority expects to refund approximately \$584.4 million in debt, including \$296.4 million in principal, saving over \$26.2 million, or 8.9 percent. The 2026B bonds will be independently certified as green bonds.

Committee authorization was sought to refund \$271.6 million in 2010 Build America Bonds (BABs). Mr. Boykin noted that market conditions are now favorable for this action, unlike last July 2025. The preliminary financing calendar includes Board consideration on February 5, 2026, pricing on February 12, 2026, and closing on March 2, 2026.

Mr. Boykin asked for the committee's recommendation for the authorization to issue Series 2026A and 2026B rate refunding bonds to refund several series of older bonds for lower interest rates, and to refund the Authority's BABs to remove future financial risk from sequestration and delays in subsidy payments.

III. ACTION ITEMS

The Committee agreed to recommend the following action items for Approval of Series 2026 A/B Bond Resolution and Related Documents to the full Board for approval:

- Resolution
- 38th Supplemental Indenture
- Bond Purchase Agreement
- Preliminary Official Statement
- Escrow Agreement

IV. AGENDA FOR THE FEBRUARY 2026 COMMITTEE MEETING

The agenda for the meeting on February 26, 2026, includes the January 2026 Financial Report, the CIP Quarterly update, and Committee recommendation to the Board of the Proposed FY 2027 Budgets, and any other items the Committee wishes to discuss.

V. ADJOURNMENT

The meeting adjourned at 11:42 AM.

dc

CEO's Report

FEBRUARY
2026



ACCOUNTABILITY TRUST TEAMWORK CUSTOMER FOCUS SAFETY WELL-BEING

Inside

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Chair Morris-Hughes, and members of the Board, it is my pleasure to present you with the CEO's Monthly Report for February 2026. This report captures the highlights of the team's efforts over the past month, across the five cascading imperatives of the Blueprint 2.0 strategic plan: **Equitable, Sustainable, Resilient, Reliable, and Healthy, Safe and Well**. There are also individual reports from Finance and Procurement; Administrative; Customer Care; Information Technology; Operations and Engineering; and People and Talent, as well as the monthly update from Internal Audit.



CRIAC Outreach Begins with District, Partners

In January, DC Water undertook extensive customer and stakeholder communications related to the Clean Rivers Impervious Area Charge (CRIAC), informed by direct customer feedback and ongoing engagement with elected officials and District partners.

Outreach activities included direct engagement with impacted customers through the Customer Care Call Center via both phone and email, coordination with Advisory Neighborhood Commissions in affected areas, and engagement with the Department of Energy and the Environment (DOEE). These efforts were focused on listening to customer concerns, providing additional context regarding impervious area measurements and the Clean Rivers Program, and explaining the decision to pause implementation while additional education and outreach occur.

DC Water also engaged proactively with the media to help provide broader public context. This included responding to an inquiry from The 51st, which resulted in an educational article that discussed the Clean Rivers Program, impervious area measurements, customer impacts, and DC Water's decision to pause implementation. The coverage reflected a constructive, non-adversarial discussion focused on transparency and public understanding.

As a result of this engagement and analysis, I decided to pause implementation of the proposed CRIAC ERU measurement updates and to reset the implementation timeline to no earlier than Fiscal Year 2029. This pause will allow time to further assess implementation approaches, evaluate affordability considerations, strengthen customer education, and engage the Board on key policy considerations prior to moving forward.

Additional customer communications and outreach efforts, including enhanced website content, community engagement, and public information sessions, are being developed and will continue in the coming weeks.



Rating Agency Engagements

This month, our Finance department alongside some members of the Senior Executive Team completed meetings with Standard & Poor's, Moody's, and Fitch to support the upcoming Series 2026 refinancing.

Discussions focused on financial performance, governance, liquidity, and the long-term capital and debt management strategy. These engagements are an important milestone as we advance toward a successful refinancing and continue to position DC Water for favorable market access and competitive borrowing costs.

Special thanks to **Matt Brown** (Chief Operating Officer & EVP), **Lola Oyeyemi** (Acting Chief Financial Officer and EVP), **Ivan Boykin** (Vice President, Finance) and **Syed Khalil** (Vice President, Rates and Revenue) for leading this effort on behalf of the Authority.




Pure Water DC Discovery Center PDB Team Selection



As 2025 drew to a close, DC Water issued the notice to proceed to the Kokosing / Carollo Design-Build team for the first phase of design and construction of the Pure Water DC Discovery Center. The

team brings relevant construction and design experience at DC Water along with extensive experience with water reuse across the county; with demonstration facilities; and with interactive, public exhibition spaces.

The Discovery Center is the research and development facility at Blue Plains that will evaluate technologies to create purified drinking water from Blue Plains effluent as a second source and serve as an interactive educational space for the public, regulators, and others. The contract kickoff on January 6th concluded a two-month full and open competitive procurement process from proposal advertisement to contract kickoff.

The contract is a Progressive Design Build (PDB), two-phase delivery process where the Design Build team was selected based on qualifications. The Pure Water DC team will work closely with the Design Build team to develop the final design and scope for a Guaranteed Maximum Price (GMP) proposal before construction.

The GMP proposal will come before the Environmental Quality and Operations committee on February 19 with the expectation of presentation during the March Board meeting for approval. A groundbreaking event for the Pure Water DC Discovery Center is being planned for summer 2027. Thanks to **Dr. Rabia Chaudhry** (Director, Water Supply and Resilience), **Ryu Suzuki** (Director, Wastewater Engineering), **Kevin Bellamy** (Director of Procurement, Capital Programs), and **Korey Gray** (Vice President and Chief Procurement Officer) and the procurement team to move this PDB procurement forward on an aggressive schedule.



Automated Alarm Dashboard Improves Operational Focus and Reliability

DC Water has made significant progress in improving operational efficiency by rethinking how system alarms are managed. Rather than allowing recurring alarms to become background noise, teams are now treating alarm volume itself as a signal – using data to learn systematically from alarm activity and better distinguish critical issues from routine events.

The Pumping team, in collaboration with Maintenance Operations and Instrumentation, developed an Automated Alarm Dashboard to analyze and prioritize alarm activity more effectively. Since implementation, monthly alarms were reduced from 6,092 in August to 1,782 in December, representing a 71 percent reduction. The dashboard filters out non-critical noise and directs attention to alarms that require action, improving situational awareness and response.

This innovation has delivered measurable benefits, including time and cost savings for SCADA staff, improved visibility into chronic and recurring issues, and enhanced system reliability through more focused maintenance and follow-up. The effort was led by **Nischay Cherukuri** (Project Manager/CTR, Pumping) under the supervision of **Carlos Almeida** (Senior Manager, Maintenance Operations), with support from the SCADA team.


dc **Highlights**

Healthy, Safe and Well
Crews Respond to Potomac Interceptor Break

In response to a break in the Potomac Interceptor (PI) discovered on January 19, our crews worked around the clock to install temporary bypass pumping at the site. Despite challenges posed by snow, sleet, and bitter cold temperatures, our teams and contractors worked with remarkable speed.

Six high-capacity pumps began diverting wastewater into a controlled section of the C&O Canal, routing it around the break and returning flow to the system downstream. Since the activation of the bypass, flows have increased to roughly 40 million gallons per day, indicating the system is operating effectively and we are closing in on full containment.

We are very grateful for the efforts of our crew, many of whom worked through the night and through a winter storm to address this crisis. In particular, I want to thank **Chris Collier** (Vice President, Water Services) for his leadership in coordinating this response. His team performed masterfully under pressure and in difficult conditions. Through their tenacity and work ethic, the team prevented tens of millions of gallons of additional overflow from reaching the Potomac River.





Divisions

The CEO report includes service level based key performance indicators. These are indicators for which the teams have established or confirmed response and resolution times in which to perform the related work. This is assisting us in identifying productivity and resource needs as well as benchmarking ourselves against other utilities. It is important to note that where teams may not meet the Service Level Targets set for a specific metric, it does not mean the work is not getting accomplished. The teams are doing a tremendous job and continue to strive to meet high performance expectations.

The data in the CEOs Monthly Report reflects the most recent information available at the time of production and printing.



Financial Metrics

Metric	Target	Sep-25	Oct-25	Nov-25	Dec-25
Operating Cash Balance (Millions \$)	\$341.6	\$333.7	\$410.6	\$402.2	\$358.9
Delinquent Account Receivables (%) †	3.30%	4.16%	3.85%	3.81%	3.84%
On-time Vendor Payments (%) ****	97%	96%	95%	96%	96%
Investment Earnings Data (Millions \$)	\$8.8	\$14.8	\$1.2	\$2.3	\$3.5
Core Investment Yield Data (%) - Merrill Lynch 1-3 Year Treasury Index *		3.7%	3.6%	3.5%	3.5%
Core Investment Yield Data (%) - Actual Monthly Yield ††	3.82%	4.1%	4.1%	4.2%	4.2%
Short Term Investment Yield Data (%) - Merrill Lynch 3-Month Treasury Index *		3.9%	3.8%	3.8%	3.6%
Short Term Investment Yield Data (%) - Actual Monthly Yield ††	4.06%	3.9%	3.9%	3.9%	3.8%
Days of Cash on Hand** and ***	282**	331	372	406***	324***

Notes:

* Represent annual Treasury Index targets developed and provided by the Authority's investment advisor

** 282 days of cash is the Board policy requirement for annual days of operating reserves excluding the Rate Stabilization Fund.

*** 324 days of cash is made up of 33 days in the Rate Stabilization Fund and 291 days in the operating cash balance.

In adherence to debt covenants, the Authority is required to spend bond proceeds to reimburse itself for capital expenditures from the cash balance account within three years to close out the Series 2022 Bonds. Finance reimbursed \$68.1 million in October 2025. Subsequently, \$24.9 million was reimbursed in December 2025 from the 2025B Green Bonds.

**** On-time vendor payment performance was impacted by the year-end closeout activities including payments of accrued invoices. (December % was impacted by 30 invoices that were paid by 440 that did not have ample PO funding in the FY25 closeout)

Metrics Explanations:

† Delinquent account receivables as a percentage of 12-month rolling average retail revenue. The delinquent account receivables increased due to the impact of COVID-19.

†† Investment earnings lag the benchmarks. We are in a rising interest rate environment. As lower yielding investments are sold and reinvested, performance is expected to improve.



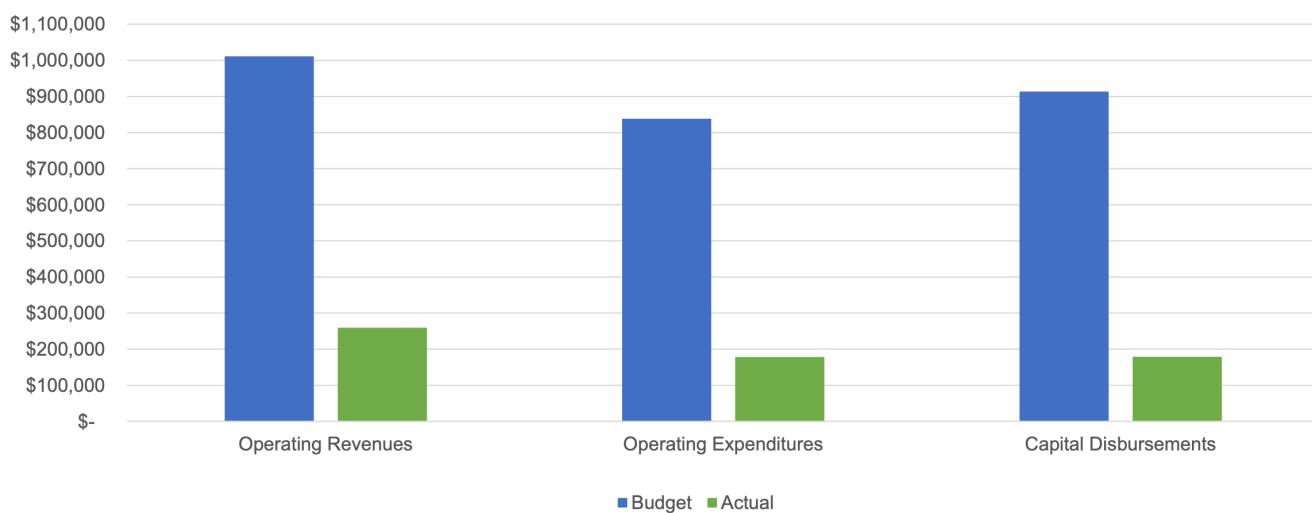
Finance Highlights

FY 2026 Financial Performance

At this early stage in the fiscal year, DC Water is on track with its budget. As of the end of December 2025, with 25 percent of the fiscal year completed, total operating revenues were \$259.8 million or 25.7 percent of the budget. The December 2025 receipts were higher by \$5.0 million as compared to the monthly budget of \$48.9 million partly due to slightly higher CRIAC than the budget and partly due to collections from prior months' billings.

Total operating expenditures were \$178.3 million or 21.3 percent and capital disbursements were \$179.2 million or 19.6 percent of the respective budgets.

FY 2026 Year to Date Performance Budget vs. Actuals (\$000's)



FY 2025 Financial Audit

The FY 2025 financial audit has been completed and, on December 22, 2025, the external auditor issued an unmodified (clean) audit opinion. This is our 29th consecutive year receiving a clean opinion on financial statements and 5th year using Enterprise Resource Planning. Management will be presenting the audit results to the Audit and Risk committee on January 22, 2026.

FY 2027 Budget Process

This budget proposal was reviewed with the Board of Directors during the Budget Workshop on January 15, 2026. The details of the proposed budgets and rates will be reviewed with the various Board Committees over a two-month process with budget adoption anticipated by the full board on March 5, 2025. Management and staff will then conduct extensive public outreach efforts which include town hall meetings in each ward in the District and public hearing activities. Details of the budget proposal are available online at dcwater.com/ratemaking-process.

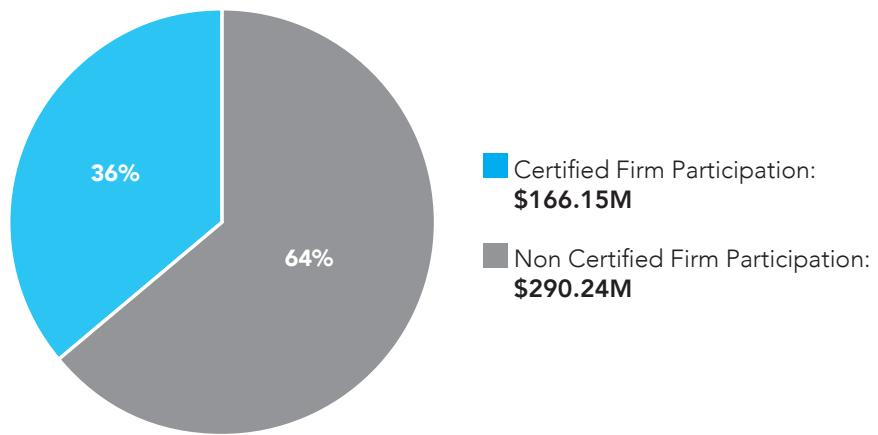


Finance, Procurement, and Compliance

Procurement and Compliance

In December, seven different procurement actions were approved by the Board. The value of the eligible procurement actions for this period totaled \$456.39 million. Of this total, the planned certified firm participation is \$166.15 million (in prime and subcontracting opportunities).

Certified Firm Participation December 2025 Awards



Highlights

Certified Firm Participation

- In December, 14 certified firms were added as subcontractors on existing DC Water contracts.
- Two new mentor - protégé relationships were established.

Process Improvement

- Procurement and Compliance are continuing to review, revise, and update the department's processes and procedures. Procurement is also collaborating with the Center of Excellence on Oracle upgrades and CM's training.
- In December, G&S Produced 138 POs; M&M Produced 307 POs.

Outreach and Engagement

Society of American Military Engineers Northern VA Post Industry Outreach

DC Water participated in the December 3rd event, hosted by the Society of American Military Engineers. In total, the team met with over 150 firms who are interested in pursuing DC Water procurement opportunities.

Maryland Washington Minority Companies Association Annual Winter Breakfast Outreach

The MWMCA (Maryland Washington Minority Companies Association) Annual Winter Breakfast Outreach is a networking and business development event focused on connecting certified businesses with opportunities. During this event, DC Water staff met with over 125 firms.

Continued our "Vendor Day" contractor engagement efforts

During this reporting period, meetings were held with five new and existing contractors interested in capital procurement and Goods and Service opportunities.


Finance, Procurement, and Compliance
Procurement – continued

Upcoming Business Opportunities: All current and planned solicitations are available at dcwater.com/procurement. Those upcoming in the next three months are shown below.

Project Title / Description	Solicitation Type	Contract Type	Estimated Contract / Program Value
Pure Water DC Demonstration DC Water is exploring potable water reuse among a portfolio of solutions to augment water supply resilience for the Washington region. The Pure Water DC Demonstration Museum will have a dual purpose: testing treatment technologies and configurations to create purified water, and a nucleus for the communications and public education campaign.	RFQ/RFP	Progressive Design Build (PDB)	\$8M - \$10M
Anacostia Force Main High Priority Project This Project is designed to rehabilitate force mains and associated structures that have outlived its design life and/or are defective. The Project will use the CMAR method, with the CMAR partnering with DC Water and the Sewer Program (SPM) to deliver preconstruction and construction services.	Competitive Task Order	Construction CMAR MSA for Qualified Contractors	\$6M - \$8M
Green Infrastructure Maintenance Contract The purpose of the contract is to maintain DC Water-constructed Green Infrastructure (GI) facilities installed pursuant to the Long-Term Control Plan Consent Decree and other facilities installed to comply with District stormwater regulations as part of Clean Rivers construction projects.	RFQ/RFP	Cost Reimbursement Maintenance Services	\$3M - \$5M
Miscellaneous Facilities Upgrade Phase 9 (MFU-9) This procurement will solicit qualified contractors for multiple contracts to perform urgent, emergency and non-emergency rehabilitation and upgrades to the Blue Plains AWTP, sanitary sewer pump stations, stormwater pump stations, and water facilities including, but not limited to, architectural, structural, process equipment, piping systems, electrical, mechanical, HVAC, instrumentation and controls.	RFQ	Construction MSA Construction Management at Risk (CMAR)	\$170M - \$215M
Potomac Interceptor: PI-01: 10,000 LF of rehabilitation on National Park Service (NPS) property utilizing geopolymers; PI-02: 3,300 LF of rehabilitation utilizing geopolymers in Loudoun County, VA, and 2,700 LF of rehabilitation utilizing CIPP in both Loudoun and Fairfax Counties, VA; and PI-03: 16,000 LF of rehabilitation on NPS property utilizing geopolymers.	Outreach for RFQ	(TBD) Individual Procurements, or Master Services Agreement Procurements	\$300M – \$400M
230030.15 Lead Service Line Replacement Contract: Construction Package 22 This Task Order will support the LFDC Capital Improvement Project and Emergency Repair Replacement (CIPERR) program for both the private and public side work	Competitive Task Order	Construction MSA for Qualified Contractors	\$30M - \$35M
Water and Sewer PCA Local sewer cleaning, pipe assessment and related, minor construction work, i.e.; short access path/road, manholes entry excavation/repair, etc.)	RFQ/RFP	Professional Services	\$50M

– procurement continued


Procurement / Upcoming Business Opportunities – continued

Project Title / Description	Solicitation Type	Contract Type	Estimated Contract / Program Value
230030.16 Lead Service Line Replacement Contract: Construction Package 23 This Task Order will support the LFDC Capital Improvement Project and Emergency Repair Replacement (CIPERR) program for both the private and public side work	Competitive Task Order	Construction MSA for Qualified Contractors	\$30M - \$35M
Meter Building (HE01) & Distribution Shop Rehab Project (HE02) Design and construction for a) roof replacement of the Meter Operations Building and b) repair of the Distribution Building at DC Water's Bryant Street location.	RFQ/RFP	TBD	\$4M - \$5M
Small Diameter Water Main (SDWM) Replacement - 19C: ~ 6.06 miles of small diameter water mains twelve inches in diameter and smaller and associated valves and appurtenances.	Competitive Task Order	Construction MSA for Qualified Contractors	\$20M - \$24M
Water Main Infrastructure Repair and Replacement Contract The work includes responding to requests for emergency repairs on the DC Water water system at various location throughout Washington, DC.	Multi-Step IFB	Construction	\$55M - \$60M
Public Space Restoration Contract This project is an indefinite delivery and indefinite quantity (IDIQ). The work includes emergency sewer main infrastructure repair and replacement at various location citywide.	Multi-Step IFB	Construction	\$30M - \$35M
Small Diameter Water Main (SDWM) Replacement ~ 36.9 miles of design and replacement of small diameter water mains 12-inches in diameter and smaller. Project includes public and private side lead service lines, valves, hydrants, various appurtenances, and restoration of public and private space. Design-Builder is responsible for obtaining all required permits and working with other stakeholders on public outreach efforts.	RFQ/RFP	TBD	\$200M - \$210M
Transmission Mains Replacement This portfolio encompasses critical water infrastructure projects, including large-diameter water main rehabilitations (greater than/equal 16 inches) and upgrading of existing interconnections and a booster pump station in the 4th High Reno Pressure Zone.	RFQ/RFP	TBD	TBD
Sewer Main Infrastructure Repair and Replacement Contract This contract scope includes responding to requests for emergency repairs on the sewer mains at various locations	Multi-Step IFB	Construction	\$20M - \$25M

– procurement continued


Finance, Procurement, and Compliance
Procurement / Upcoming Business Opportunities – continued

Project Title / Description	Solicitation Type	Contract Type	Estimated Contract / Program Value
Small Diameter Water Main (SDWM) Replacement - 19B: ~ 4.44 miles of small diameter water mains twelve inches in diameter and smaller and associated valves and appurtenances.	Competitive Task Order	Construction MSA for Qualified Contractors	\$15M - \$18M
LFDC Voluntary Full Replacement Contract 2 This Task Order will support the LFDC Capital Improvement Project and Emergency Repair Replacement (CIPERR) program for both the private and public side work	Competitive Task Order	Construction MSA for Qualified Contractors	\$8M - \$10M
Rock Creek Area Sewer Rehabilitation DC Water intends to address all infrastructure within the park in a coordinated manner. Also included in this project will be sewers adjacent to Rock Creek Park which are not anticipated to require NPS coordination or NEPA permitting. Scope includes Pipe condition assessment, Sewer rehabilitation, including concrete, RCP, and brick pipe up to 180" diameter, Continuous flow diversion for all sewers as needed, MS4 outfall rehabilitation.	TBD	TBD	TBD



In December, DC Water Contractors filled five new positions. Four of those positions, or 80 percent, were filled by local residents.

Twenty-two new hires for FY 26. The table highlights the total (combined) new hires for FY '26 as of December 2025:

Location	# of New Hires
District of Columbia	7
Prince George's County	9
Montgomery County	1
Fairfax County	1
Loudoun County	0
Outside the User Jurisdiction	4



Fleet, Facilities, Safety, Security and Emergency Management

Administration Metrics

Metric	Target	Oct-25	Dec-25
FACILITIES: Preventive Maintenance Completion Rate	90%	98%	100%
FACILITIES: Service Request Completion Rate	90%	91%	91%
FLEET: Technician Resource Allocation	50-90%	60%	56%
FLEET: Priority One Vehicles In-Service	90%	87%	84%
FLEET: Technician Productivity	81%	73%	80%
SAFETY: Contractor/ROCIP Lost Time Incident (LTI) (FY)	< 1.0	0.8	0.9
SAFETY: Contractor/ROCIP Recordable Incident Rate (RIR) (FY)	< 2.4	0.8	0.5
SAFETY: DC Water Employee Lost Time Incident (LTI) (FY)	< 1.1	0	0.32
SAFETY: DC Water Employee Recordable Incident Rate (RIR) (FY)	< 2.5	0.98	1.29
SECURITY: Percent of security investigations completed within 21 days	95%	100%	100%
SECURITY: Security Camera operational uptime	90%	96%	97%
SECURITY: Smart card readers operational uptime	90%	97%	97%

Fleet Metric 1: Priority One (P1) Unit Availability measures the percentage of units available to meet the organization's operational mission. The target is 90 percent. In December, 84 percent of P1 vehicles were available for operation. The expectation is that technicians will continue to spend at least 50 percent of their hours focused on serving P1 vehicles.

Fleet Metric 2: Priority 1 Assignment ensures the technician resources are allotted appropriately to the immediate service and repair of P1 units. In this period, 56 percent of the technician hours were allocated to P1 vehicles, (prior month 60 percent). The target is at least 50 percent to support the goal of minimizing unit downtime. Technician's remaining hours are split between servicing P2 & P3 units, representing 70 percent of the fleet.

Fleet Metric 3: Productivity tracks technicians on productive versus nonproductive activities, which may be defined as lunch, breaks, and on-site but unassigned duties while clocked in. In this period 80 percent of the technician hours were classed as productive, (prior month 73 percent). This variation can be explained that anything above 81 percent implies that technicians may be working through breaks/lunch. Taking scheduled breaks is a mandatory, safety requirement, especially when operating heavy machinery. Any drop may be interpreted as idle, non-productive time, and potential lack of supervision. The target ensures the balance of productive work vs necessary breaks.

While focusing on routine maintenance, 78 units arrived for unscheduled services including oil and filter changes, battery and safety checks, fluid top offs, and repair of seasonal equipment. Fleet responded to 59 roadside assistance calls and 25 fuel requests. Additionally, 15 units were sent to auction generating \$83,720 in revenue.



To boost awareness of our DC Water Cares Assistance programs, we:

- Delivered 11,542 flyers via Lead-Free DC Activators.
- Promoted assistance during customer calls and emails.
- Added SPLASH donation reminders to daily Currents emails. Reminders will run through December for internal donations.
- Produced and shared social media posts for X, Bluesky, Facebook, and Stories to promote DC Water Cares.
- Collaboration with DOEE's Utility Discount Partnership (UDP) to advertise assistance.

Update on Utility Assistance Enrollment:

- CAP+, CAP1, and CAP2 eligibility is determined by DOEE and the Utility Discount Program. Processing was delayed due to the government shutdown affecting LIHEAP funding. DC Water will apply retroactive credits in January 2026 for all applications submitted between October and December 2025. These credits will appear in the February report.
- Clean Rivers Impervious Area MOU covering CAP3 and the CRIAC Non Profit programs is nearly finalized. Enrollment data is expected to be included in the January report.

Customer Assistance Programs (CAP)

Program	FY2025 Enrolled	FY2025 Dollars	Dec. Enrolled	Dec. Dollars	# FY26 Enrolled	FY2026 Dollars	FY2026 Budget
CAP +	2,174	\$1,537,636	174	\$15,703	231	\$95,328	\$2,700,000
CAP I	1,863	\$1,225,594	134	\$11,766	192	\$70,910	\$2,100,000
CAP II	238	\$102,654	31	\$2,809	51	\$8,131	\$200,000
CAP III	54	\$5,749		\$-	-	\$-	\$10,000
Non Profit CRIAC Relief	174	\$900,902		\$-	-	\$-	\$843,133

Residential Leak Assessment and Repair Programs (RLAAP and RLRAP)

DOEE is finalizing the MOU for the Repair Program (RLRAP), which DC Water expects to receive in January. Beginning in January, customers who qualify for the Assessment Program (RLAAP) will start receiving assessments. Once the MOU is fully executed and funding is in place, eligible customers will be offered repair services.


Metrics:

The team met all its targets this month.

Key Performance Indicators

Metric	Target/Service Level	Oct 25	Nov 25	Dec 25
% of bills issued on time (w/in 5 days)	97%	99.47%	99.70%	99.1%
% unbilled	< 2%	0.1%	0.7%	0.2%
# of bill investigations (Disputes)	trend only	208	157	226
% Bill Investigations/Dispute Resolution <= 30 Days	80%	100%	98%	92%
% of calls answered in 60 Seconds (Call Center) (revised)	75%	78%	91%	79%
Monthly call volume served (Call Center)	trend only	10,899	7,496	10,359
Average Wait Time (minutes) (revised)	<0:50	:58	:24	:47
Abandon rate	3%	4%	1%	2%
Emergency dispatch <= 10 Min (ECC)	> 92%	100%	100%	100%

The Payment Plan Incentive Program participant and payment distribution:
The Payment Plan Incentive Program

Adjustment Year	No. Accounts that Received Credits*	Adjustments
FY 2024	470	\$122,307
FY 2025	2250	\$601,461
FY 2026	871	\$270,236

FY 2026 Payment Plan Incentive Program

Adjustment Month	No. Accounts that Received Credits*	Adjustments
Nov-25	409	\$118,605
Dec-25	133	\$41,988
Jan-26	215	\$74,553
FY26 Distribution	871	\$270,236

*This is the total number of distributions (34 new accounts with no previous credits. 87.5 percent are recurring customers who have maintained their payment plan).



IT Monthly Report

Metric	Target	Oct 25	Nov 25	Dec 25
Number of tickets submitted	Trend only	1011	697	777
Number of open tickets	Trend only	19	4	28
SLA Compliance Rate	98%	100%	99%	98.2%
Number of active projects	Trend only	11	11	10
Number of completed projects	Trend only	0	0	1
On schedule performance	90%	90.91%	90.91%	90%
On budget performance	90%	91%	90.91%	90%
Cyber Awareness Training Compliance	97%	93%	93%	57.13%

Cyber Security Risk Profile

Cyber Awareness Training Compliance: The decline this month is due to the annual reset of the training cycle, which temporarily lowers completion rates. As employees and contractors progress through their newly assigned modules, compliance is expected to increase.

Cyber Exposure Level: The current exposure score is 46.72, indicating a slightly elevated risk. This increase is due to the release of recent patches addressing known vulnerabilities. Our monthly average exposure score is 40.14, which falls within the guarded range.

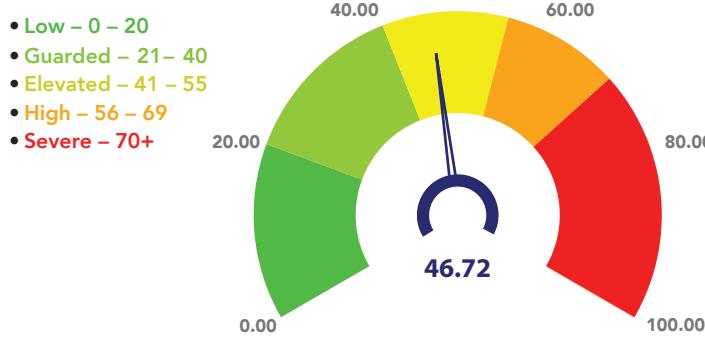
This monthly trend reflects overall stability in our cyber risk posture throughout the period. We anticipate a decline in the exposure score once all mandatory patches have been successfully implemented. At this time, no active threats have been identified.

Cyber Risk Level: Indicates that 100 percent of assessed systems had a low to moderate risk.

This level suggests that while there is some potential for harm or negative impact, it is low.

Risks are present but not severe, and they can often be managed with standard precautions and controls.

Cyber Exposure Level



Cyber Risk Level





Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators

Metric	Target/Service Level	Sept-25	Oct-25	Nov-25	Dec-25
Wastewater Operations					
NPDES Permit Compliance, percent number of days	100%	100%	100%	100%	100%
Air Permit Compliance, percent number of days	100%	100%	100%	100%	100%
Biosolids Class A Exceptional Quality (EQ) Compliance, percent number of days	100%	100%	100%	100%	100%
Tunnel Dewatering Compliance, percent of events tunnel dewatered within 59 hours of end of rainfall	100%	100%	100%	100%	100%
Renewable Electrical Energy Generated On Site, percent of total use at Blue Plains AWTP	>20%	15%	18%	24%	27%
Reactive Maintenance, percent of total maintenance hours	<20%	29%	29%	30%	27%
Critical Asset Availability, percent of total critical assets at the Blue Plains AWTP	>95%	95%	96%	97%	99%
Sewer Operations					
Combined Sewer System (CSS) structures (all outfalls, regulators, tide gates) inspections	100%	100%	100%	100%	100%
*NPDES Permit Requirement to clean catch basins in the MS4 area annually	14,700	15,108	44	87	1,121
*NPDES Permit Requirement to inspect the catch basins in the Combined Sewer Anacostia Tributary area twice annually.	11,400	9,725	4,369	7,293	7,500
*NPDES Permit Requirements to clean 85% of Catch Basins in the Combined Sewer area annually	9,095	8,917	2,882	5,232	5,465
Miles per month Sewer Cleaning and Inspection to meet 1,400 Miles of Small Diameter (<12 inches) in 10Yr Cycle	>12	13	7.66	6.54	5.4
Sewer Backup (Investigation to Resolution) Within 24 Hours Excluding Line Breaks	>95%	100%	100%	100%	100%
Number of SSO's	Report	3	4	7	7
SSO's to Body of Water	Report	2	0	0	4
SSO's per 100 miles of pipe (YTD) (AWWA 2021 Utility Benchmarking Report)	2	2.6	0.3	0.84	1.52
SSO's per 100 miles of pipe (Water Body) (YTD)	Information Only	1.2	0	0	0.3
Combined Sewer Overflows (CSOs)/Dry Weather Overflows	0	0	0	0	0

* Month-to-Month Cumulative Total for Catch Basin Inspection and Cleaning

Key Performance Indicators continued –



Water Services, Sewer and Pumping Operations, Wastewater Treatment, Engineering, DC Clean Rivers

Key Performance Indicators continued

Metric	Target/Service Level	Sept-25	Oct-25	Nov-25	Dec-25
Pumping Operations					
Firm Pumping Capacity Maintained	100%	100%	100%	100%	100%
Reactive Maintenance	<20%	20%	13%	14%	17.53%
Critical Asset Availability	>95%	98%	98%	98%	98%
Water Operations					
Safe Drinking Water Compliance	100%	100%	100%	100%	100%
Total Fire Hydrants Replaced	>21/Month	11	16	24	11
Approved Hydrant Flow Tests (Non-Winter Months)	>180	185	183	103	45
Fire Hydrant Operational Rate	99%	99.9%	99.83%	99.8%	99.86%
Priority 5 Emergency Water Service work orders completed w/in 24 hrs	>90%	100%	100%	100%	100%
Water Quality Complaint Resolution (within 48 hours)	>90%	85%	97%	93%	97%
Water Main Breaks	<28/Month	17	19	27	74
Water Main Break Rate /100 Miles (National Average is 25)	25	46.95	46.57	46.10	43.26
% of Hydrant Leaks in inventory that are not leaking	>90%	99%	99%	99%	99%
Permit Operations					
Overall On-time completion of Permit Reviews	90%	100%	98%	100%	100%
Lead Free DC					
Lead Service Line Replacements	100%*	82%	95%	93%	68%
Material Verifications	100%*	62%	82%	87%	76%
Right-of-Entry Authorizations	100%*	235%	192%	170%	183%
Payment Time	30 Days	27	25.8	26.2	27.7
Public Events & Presentations	N/A	19	21	6	10
Public Events & Presentations	7+	N/A	N/A	8.6	9.1

* Target is to complete 100% of the planned activity in each month

Explanation of Missed Targets

Wastewater Operations Reactive Maintenance (<20 percent):

DC Water has adopted a manufacturing industry best practice benchmark of less than 20 percent reactive maintenance hours as a percentage of total maintenance hours. To our knowledge, there is no similar benchmark used in the public water utility sector. Blue Plains manages around 45,000 assets within our asset management/maintenance management system, and this stringent industrial benchmark is tracked as a marker for continuous improvement. Over the last four fiscal years, we have observed a descending trend in the percentage of total reactive maintenance hours, measured at an annual average, at the Blue Plains Advanced Wastewater Treatment Plant. The goal is to remain on the reduction path towards a benchmark that is appropriate for Blue Plains.

Lead Service Line Replacements:

In December, 235 LSRs were completed. Cold weather heavily impacted production rates.



- LFDC completed 235 LSRs in December.
- The new LFDC Customer Satisfaction KPI is based on Overall Program Satisfaction from survey respondents. Respondents are also asked about contractor capability, outreach clarity, and restoration satisfaction.
- Construction Packages 20 and 21 began construction work in December.
- LFDC successfully partnered with DC Water Facilities Management to move to a new, larger office at Blue Plains ahead of schedule.
- In December, outreach operations resulted in over 19,000 touchpoints, which includes over 11,800 in-person touchpoints.
- LFDC participated in ten stakeholder engagement events in December including four Community Meetings/Events, one CBO Engagement, and five ANC Presentations



DC Clean Rivers Projects – Current Status

DC Water/DC Clean Rivers and their consultant SZ PM Consultants Inc. received an Honor Award for the DC Clean Rivers DDOT permitting program as part of the 2025-2026 ACEC/MW Engineering Excellence Awards.

Northeast Boundary Tunnel (NEBT): Substantial Completion was October 31, 2024. Well abandonment is nearing completion. Finalizing as-builts and other administrative submittals.

Green Infrastructure (GI) Maintenance Contracts: GI facilities maintenance is ongoing. Clean Rivers is working with Procurement on the next contract (June 2026 Award).

Rock Creek Green Infrastructure Project C (RC-C): Construction field work is on-going. Twelve facilities have been completed; four facilities are in active construction (out of 43).

Potomac Interceptor High Priority Sliplining Repairs: Sliplining repair from MH-19 downstream (approx. 800 LF) by Fort Myer Construction Corporation was completed in Dec 2025, with final restoration to be completed in Q1 of 2026.

Potomac Interceptor (PI-01) Lock 10/Cabin John Geopolymer Rehab: 10,800 LF of geopolymer rehabilitation of pipe from MH-18 to MH-11. Permitting has been completed. The Environmental Assessment was submitted in December 2025. Procurement outreach expects for the project to begin in January 2026 with an RFQ anticipated to be released in February 2026.

Updates on Consent Decree Projects

Potomac River Tunnel is an 18' diameter, 5.5-mile-long tunnel designed to provide additional storage & conveyance for the sewer system & to reduce CSO discharges into the Potomac River.

- The base slab in the Overflow Mining Shaft (OMS) shaft is complete. North TBM assembly is ongoing, and gantries are being fitted out. Installation of other WPP mining support systems such as the North TBM grout plant, muck handling and surface conveyors, gantry crane system, TBM support shops, and the slurry treatment plant are ongoing.
- CSO-022: Secant pile installation for Near Surface Structure Support of Excavation is ongoing. Curtain grouting started and continues around the shaft.
- CSO-028: SOE for the UPI relocation and ventilation vault has been installed, and excavation started.
- CSO-029: The wire mesh system was completed & slope seeded. Sidewalk reopened to the public on Dec. 24th.
- CSO-024: Center of roadway was excavated for jet grout sleeves.
- CSO-027: Bike path relocation around south side of CSA is 90 percent complete.

Piney Branch Tunnel: (A minimum 4.2-million-gallon tunnel to control CSO 049, the largest CSO to Rock Creek)

- The Early Work Package – Tree removal has been completed, roadway relocation, site setup, and design of temporary support of excavation are underway.



People and Talent has developed cluster-specific score cards measuring various items across talent management, employee/labor relations, compliance and employee engagement. The metrics are aligned with BluePrint 2.0, the Authority's strategic initiatives and the HCM Strategy.

Highlights & Initiatives

Talent Acquisition Partnership with Lincoln Tech

DC Water has numerous positions that require specific licenses, certifications, and experience, that can be a challenge to fill at times. Some of our most hard-to-fill roles are within the Process Engineering group, specifically, their Instrumentation roles. The primary recruitment challenges for these roles are based on salary (for higher level positions), along with the lack of a large industrial workforce in the Washington, DC area. To bridge this gap and retain institutional knowledge, Talent Acquisition has partnered with Lincoln Tech, with the support from our Process Engineering team and Sr. Recruiter, Jennifer Lam.

Lincoln Tech offers skilled trade programs to their students, with areas of focus on skills that we need and can utilize at DC Water for our specialized, niche roles. Process Engineering currently has an entry-level Instrumentation Technician that we will partner with Lincoln Tech to fill – this will not exclude applicants outside of Lincoln Tech, as we will fill according to our standard, recruitment process. However, this partnership will provide Lincoln Tech's graduating students with a career opportunity with DC Water and create a sustainable talent pipeline for us as positions become available or created.

People and Talent Metrics

Metric	Target	Oct-25	Nov-25	Dec-25
Vacancies	N/A	169	168	171
FTEs	N/A	1116	1117	1114
*Vacancy Rate	10%	13.15%	13.07%	13.31%
Temporary Alternative Duty Program (TAD) +	50% of WC claims eligible for TAD program	89%	90%	90%

*Reflects recommended position eliminations in the approved FY26 Budget.

Metric	Q1	Q2	Q3	Q4
Self-Identified Veterans (Active)	28	29	26	26
Female Workforce (Active)	22.8%	22.9%	22.8%	22.8%

Key Performance Indicators (KPI Benchmark)

KPI Definition	Business Relevance
+ Percentage of Workers' Compensation claims eligible for placement into TAD program	The more claims eligible for TAD program will reduce overall Workers' Compensation costs and claim exposure for the Authority, leading to realized financial savings.



Annual Turnover Metrics					
Year	2021	2022	2023	2024	2025
Involuntary (Dismissal, Medical Disqualification)	1.01%	0.78%	1.97%	1.92%	1.93%
Voluntary (Resignation, Retirement)	4.15%	5.77%	5.55%	5.93%	4.84%
Other (Death)	0.55%	0.10%	0.09%	0.26%	0.35%
Total Turnover Rate	5.71%	6.65%	7.61%	8.11%	7.11%

NOTE: AWWA Turnover Benchmark: 7%

Key Performance Indicators by Cluster

Cluster	Metric	Nov-25	Dec-25
Learning & Development	Total cost of tuition assistance/reimbursement	23,702.43	\$29,927.13
	Total # of employees participating in tuition assistance/reimbursement	14	16
	Total # of employees seeking associate's degree	0	2
	Total # of employees seeking a bachelor's degree	0	1
	Total # of employees seeking a master's degree	3	3
	Total # of employees seeking a doctorate degree	0	1
	Total # of employees seeking a certification	3	3
	Total # of employees participating in external training	10	9



Key Performance Indicators by Cluster – continued

Cluster	Metric	Nov-25	Dec-25
Talent Acquisition	Hires	10 (4 external, 6 internal)	4 (1 external, 3 internal)
	Positions Under Recruitment*	65 (cancelled positions that were held during the freeze with no movement and can now provide the actual number of positions actively under recruitment)	73
Separations	Separations	4	4
	Term Reasons	<ul style="list-style-type: none"> • 2 voluntary (2 resignations) • 2 involuntary (1 dismissal and 1 death) 	<ul style="list-style-type: none"> • 2 voluntary (2 resignations) • 2 involuntary (1 dismissal and 1 death)
Benefits – Retirement Plan Participation	457(b) Pre-Tax	871 Employees Participated	870 Employees Participated
	457(b) Roth	128 Employees Participated	129 Employees Participated



Government Affairs Highlights:

"December has been a slow month in terms of legislation and regulatory affairs, largely due to the holiday season. However, two important pieces of legislation were introduced that are of significance to DC Water. The Government Affairs team is actively monitoring the situation and how it unfolds with these two new legislative developments.

B26-0542 - Powering Local Utility Guidance in Housing Act of 2025: Bill 26-542 would require the Department of Housing and Community Development (DHCD) to provide administrative assistance for affordable housing development projects, ensuring timely engagement from utility partners in the permitting process. Additionally, DHCD staff would lead a coordinated effort between government agencies and utilities to integrate utilities' permitting updates into existing government data systems for more efficient tracking of permit issues. Government Affairs is currently evaluating the potential impacts of this legislation in collaboration with the permitting team and plans to submit written testimony by the end of the month.

B26-0565 - Strengthening Air Pollution Permitting Amendment Act of 2026: Bill 26-565 would close gaps in nuisance air pollution regulations and establish deadlines for responding to complaints. It would bolster civil penalties for violation of District air pollution. Government Affairs is currently assessing the potential impacts of this legislation on DC Water. According to preliminary discussions, this bill strengthens the District's air permitting and enforcement framework by requiring facilities to operate solely under valid, up-to-date permits. It also establishes strict deadlines for the Department of Energy and Environment (DOEE) to review permits and respond to complaints, while directing the agency to raise fees and fines to ensure timely enforcement.

The bill expands permit requirements to cover more emission sources, operational limits, community engagement, and emergency restrictions on poor air quality days. It also grants Advisory Neighborhood Commissions a formal role in negotiating community mitigation agreements. Govt. Affairs plans to submit testimony and potentially attend the hearing."

General Litigation includes cases filed by and against DC Water. DGLA tracks all ongoing litigation and provides quarterly updates.*

	Pre-1st Quarter	FY 2026 YTD
Cases Managed	29	29
New Cases	2	2
Cases Closed	1	1
Amount Demanded of DC Water in Closed Cases	-	-
Amount Paid by DC Water in Closed Cases	\$20,500	\$20,500

*This data is current as of 11/30/25.

Freedom of Information Act

DGLA manages requests from the public for information as required by the DC Freedom of Information Act (FOIA). FOIA requests received in December 2025 related to industrial dischargers, flooding at various locations, procurement, and customer records.

FOIA Data

Open Requests	86
Requests Opened this Month	12
Requests Closed this Month	4

Revenue Recovery Cases

Currently, DGLA is managing 214 open foreclosure cases and 57 active bankruptcy cases.

Other Legal Matters

Type of Legal Matter	# Reviewed/Processed
Contracts	11
Agreements	7
Easements	0
Subpoenas	0



Internal Audit CEO Report February 2026

This timeline represents the FY 2026 audit plan and the status of each project. The Cherry Bekaert Internal Audit team is executing the FY 2026 internal audit plan, following up on prior audit findings and monitoring the hotline.

FY2026 Timeline	Oct - 25	Nov - 25	Dec - 25	Jan - 26	Feb - 26	Mar - 26	Apr - 26	May - 26	Jun - 26	Jul - 26	Aug - 26	Sept - 26	Oct - 26	Status
Customer Billing and Collections Audit														Started
Emergency Management Policy Gap Analysis														Started
Legal Operational Audit														Started
Recruitment, Performance Evaluation, Compensation Analysis & Training/ LMS Assessment														Started
Asset Management Lifecycle														Started
Cloud Security														Not Started
Work Order Management - Department of Maintenance Services														Not Started
Procurement, Contracting, & Contract Compliance Audit														Not Started
Physical Security - HQO & Fort Reno														Not Started
Operational Technology Resiliency Audit														Not Started
FY 2027 Risk Assessment														Not Started
Ongoing Follow-up Procedures														Ongoing
Ongoing Hotline Monitoring														Ongoing

Open Prior Audit Findings

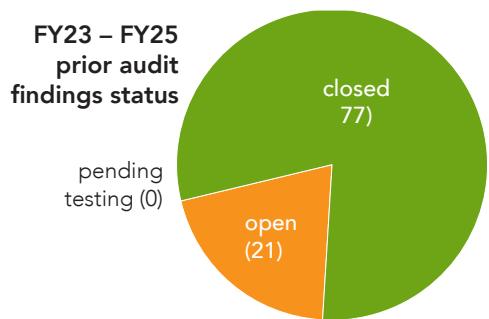
Audit Report / Subject	Issue Date	Open
Work Order Management Audit - DWO	7/27/2023	1
Fleet Management Audit	10/27/2023	1
Work Order Management Audit	4/11/2025	6
Safety Audit	6/18/2025	2
Strategic Plan Monitoring Audit	9/29/2025	3
Third-Party Vendor Management Audit	11/6/2025	3
Budget Monitoring Audit	11/12/2025	1
Contract Compliance Audit	12/16/2025	4

At least one original remediation target date has been extended.

**total
19**

2 Findings Closed this month:

- One FY23 Fleet Management Audit Finding
- One FY25 Budget Monitoring Audit Finding



In total, 79 percent of all prior audit findings from FY23-FY25 are closed. Management's target closure rate is 95 percent.

Previously, total audit findings were calculated from FY17 through FY25, reflecting open items that have since been resolved from FY17.

The four FY25 findings from the Contract Compliance Audit have been added to the open findings list.

As a result of focusing on a shorter reporting period and adding the remaining FY25 findings, the percentage closed has decreased to 79 percent this month.

"Pending Testing" indicates that Management represents that the Action Plan is completed, but Internal Audit has not yet performed testing to validate the status.





FY23-FY24 Open High Risk Prior Audit Findings*

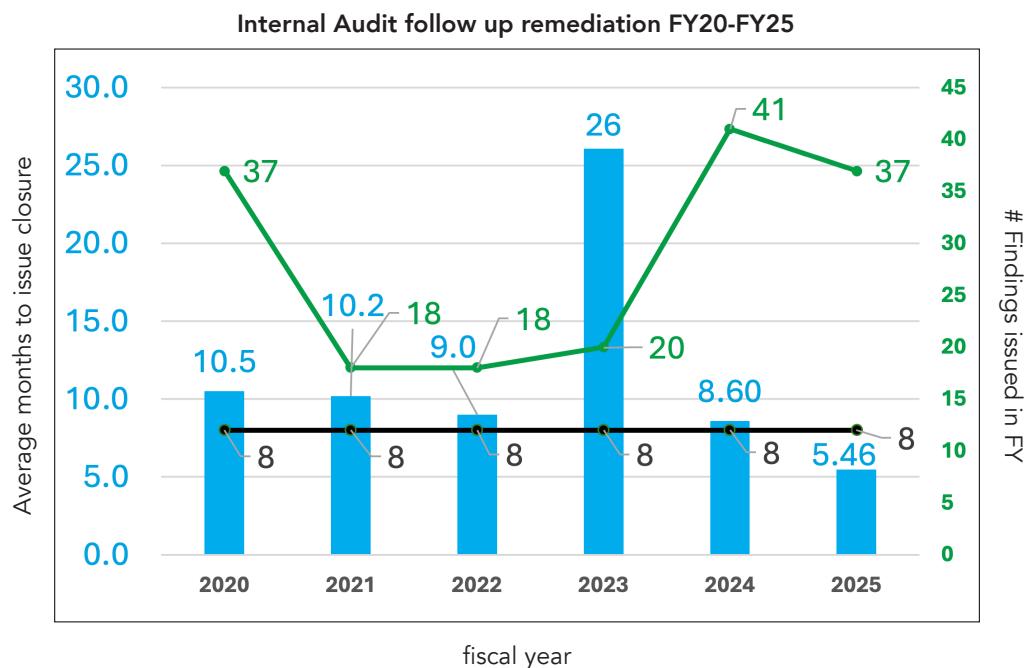
FY25 Contract Compliance Audit: Findings Distributed, Management Action Plans to be supplied during FY2026 Q2. Findings have been added into the count above. Once management responses have been received, any high risk findings will be added to the 'High Risk Open Findings' Chart below

	Audit FY	Issue Date	Audit Report	High Risk Open Finding	Original Target Date	New Target Date	# Extensions
1	2025	4/15/2025	Work Order Management-Facilities Audit	Lack of Current Asset Retirement and Disposal Standard Operating Procedures (SOPs) <i>Facilities team is currently working towards completing the set action plans.</i>	3/31/2026		

*Note: The audit findings reported above represent open findings through the FY25 Audit Plan year.

Time to closure by fiscal year

The graph below illustrate the average number of quarters from audit finding issuance to audit finding closure year-over year as of January 2026. Management has made significant improvements to achieve timelier audit finding closure as illustrated by the decline from FY23 to FY24. Management's target time to closure is 8 months.



*Management goal is eight months from issue to closure





Presented and Adopted: February 5, 2026

SUBJECT: Approval of the Award of Contract No. 10577, Belt Filter Press Overhaul, Alfa Laval Inc.

#26-06
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY

The Board of Directors (“Board”) of the District of Columbia Water and Sewer Authority, (“DC Water”) at its meeting held on February 5, 2026, upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed to approve the Award of Contract No. 10577, Alfa Laval Inc.

Be it resolved that:

The Board of Directors hereby authorizes the CEO and General Manager to execute the Approval of the Award of Contract No. 10577, Alfa Laval. This contract is to perform onsite reconditioning of ten (10) Winklepress Type 97 Size 3 (2.0 meter) belt press filters currently operating at Blue Plains. The purpose of this strategic initiative is to maintain optimal equipment performance, enhance reliability, and support the long-term sustainability of solids processing operations at the facility. The total contract value is \$3,354.620.00.

This Resolution is effective immediately.

Secretary to the Board of Directors

**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT NEW AWARD

BELT FILTER PRESS OVERHAUL

(Joint Use Direct)

Approval to exercise award year and approve funding in the amount of \$3,355,000.00 for the reconditioning of ten (10) Winklepress belt press filters.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Alfa Laval Inc. 10470 Deer Trail Drive Houston, TX 77038 USA	SUBS: N/A	PARTICIPATION: N/A
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DESCRIPTION AND PURPOSE

Base Year Contract Value: \$3,354,620.00
Base Year Contract Dates: 03-02-2026 – 03-01-2027
Total Number of Proposals: Sole Source

Purpose of the Contract:

This contract is to perform onsite machine reconditioning of ten (10) Winklepress Type 97 Size 3 (2.0 meter) belt press filters in operation at Blue Plains. This strategic initiative is driven by the need to ensure continued optimal performance, increase equipment reliability, and support the long-term sustainability of solids processing operations at the facility.

Contract Scope:

This reconditioning project includes the disassembly of the filter presses and the installation of new, original equipment manufacturer (OEM) replacement parts. The contractor will be providing the delivery and handling of all supplied parts, and a one-year period of preventative maintenance inspections. The vendor will warrant parts for one year with the roller and bearings warranted for three years.

Sole Source Solicitation

Alfa Laval is the sole manufacturer and installer of patented OEM parts for the 15+ Winklepress belt filter press units currently operating at Blue Plains. The units were purchased over 10 years ago and are currently in need of repair and refurbishment. Refurbishment was determined to be a more cost-effective approach than purchasing new units. Alfa Laval sells OEM parts only to existing Winklepress unit owners and is the only entity, outside the existing owner of the equipment, who can perform repair and maintenance services using OEM parts.

PROCUREMENT INFORMATION

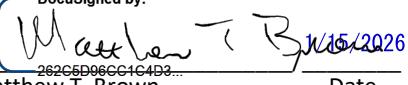
Contract Type:	Goods and Services	Award Based On:	Sole Source
Commodity:	Maintenance	Contract Number:	10577
Contractor Market:	Sole Source		

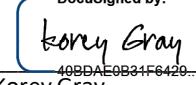
BUDGET INFORMATION

Funding:	Capital	Department:	Wastewater Treatment
Project Area:	Blue Plains	Department Head:	Nicholas Passarelli

ESTIMATED USER SHARE INFORMATION

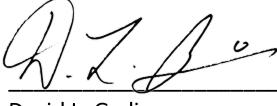
User - Operating	Share %	Dollar Amount
District of Columbia	43.43%	\$1,456,911.47
Washington Suburban Sanitary Commission	42.13%	\$1,413,301.41
Fairfax County	9.21%	\$308,960.50
Loudoun Water	4.44%	\$148,945.13
Potomac Interceptor	0.79%	\$26,501.50
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$3,354,620.00

DocuSigned by:

 Matthew T. Brown
 Chief Operating Officer and EVP
 1/15/2026
 Date
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DocuSigned by:

 Korey Gray
 VP Compliance and Chief Procurement Officer
 1/15/2026
 Date
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Signed by:

 Lola Oyeyemi
 Acting CFO and EVP of
 Finance, Procurement and Compliance,
 and Vice President, Budget
 1/15/2026
 Date
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 David L. Gadis
 CEO and General Manager
 2/3/2026
 Date

Presented and Adopted: February 5, 2026

**SUBJECT: Approval to Fund Option Year Three and Option Year Four
of Contract No. 10279, Security Systems, Pavion (d/b/a
Enterprise Security Solutions)**

**#26-07
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
D.C. WATER AND SEWER AUTHORITY**

The Board of Directors ("Board") of the District of Columbia Water and Sewer Authority, ("DC Water") at its meeting held on February 5, 2026, upon consideration of a joint-use matter, decided by a vote of ____ () in favor and ____ () opposed to approve Funding for Option Year Three and Option Year Four of Contract No. 10279, Pavion (d/b/a Enterprise Security Solutions).

Be it resolved that:

The Board of Directors hereby authorizes the CEO and General Manager to execute the Approval to Fund Option Year Three and Option Year Four of Contract No. 10279, Pavion (d/b/a Enterprise Security Solutions). DC Water requires an experienced contractor to provide both routine maintenance and emergency repairs for their access control, alarm, and video surveillance systems. This ensures these security systems at DC Water facilities continue to operate safely, properly, and reliably. The combined funding amount for Option Year Three and Option Year Four is \$3,546,345.09.

This Resolution is effective immediately.

Secretary to the Board of Directors

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

SECURITY SYSTEMS

(Joint use Indirect)

This contract action is to approve funding for option year 3 and option year 4 in the amount of \$3,546,345.09.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME: Pavion (d/b/a Enterprise Security Solutions). 44710 Cape Court Unit 112. Ashburn, VA 20147	SUBS: Telecommunications Development Corp., Washington DC Aspen of DC., d/b/a ADC Management Solution, Washington DC	PARTICIPATION: DBE 20% WBE 10%
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DESCRIPTION AND PURPOSE

Base Year – Option Year 4 Value:	\$3,610,000.00
Base Year – Option Year 4 Date:	11-01-2022 – 10-31-2027
Prior Modification Value:	\$2,137,000.00
Prior Modification Date:	11-01-2024 – 10-31-2025
Option Year 3 & Option 4 Value:	\$3,546,345.09
Option Year 3 & Option Year 4 Date:	11-01-2025 – 10-31-2027

Purpose of the Contract:

DC Water requires a qualified contractor to provide maintenance and on-call and emergency repair services to ensure the continued proper, safe and reliable operation of access control, alarm and video surveillance systems utilized at DC Water Facilities.

Contract Scope:

To provide preventative and operational maintenance of DC Water's security system. The work includes: the maintenance, repair, installation, testing, troubleshooting, replacement and reconfiguration of existing and future hardware and software that comprise the facilities security and access control systems: including card readers, locking devices, cabling, wiring, control panels, software, etc. The contractor is also responsible for maintaining an on-site spare parts inventory for all security systems installed at DC Water facilities.

Existing Need:

The Department of Security continues to identify and implement various security enhancement projects throughout all DC Water facilities. These projects are funded through CIP and capital equipment funding which was not included in the initial budget allocation for this contract. This has led to the prior modification funding requests and this current one. New projects added to the contract associated with this request include but are not limited to camera and card reader upgrades, end of life network devices replacements, server replacements, perimeter camera coverage and intrusion detection systems. The following table shows the cost breakdown of this funding request.

	OY3	OY4
Capital Projects	\$ 712,680.09	\$ 95,669.00
Capital Equip. Projects	\$ 600,000.00	\$ 500,000.00
Operating Costs	\$ 800,000.00	\$ 838,000.00
TOTAL	\$ 2,112,680.09	\$ 1,433,669.00

Spending Previous Year:

Cumulative Contract Value:	11-01-2022 to 10-31-2027: \$5,747,000.00
Cumulative Contract Spending:	11-01-2022 to 12-22-2025: \$5,594,814.87

Contractor's Past Performance:

According to the COTR, the Contractor's quality of products and services, timeliness of deliverables; conformance to DC Water's policies, procedures and contract terms; and invoicing, all meet expectations and requirements.

PROCUREMENT INFORMATION

Contract Type:	Goods and Services	Award Based On:	Highest Ratings
Commodity:	Security	Contract Number:	10279
Contractor Market:			Open Market with DBE/WBE Goal

BUDGET INFORMATION

Funding:	Operating, Capital & Capital Equipment	Department:	Security
Project Area:	DC Water Wide	Department Head:	Ivelisse Cassas

ESTIMATED USER SHARE INFORMATION

User – Operating	Share %	Dollar Amount
District of Columbia	66.11%	\$1,082,881.80
Washington Suburban Sanitary Commission	24.83%	\$406,715.40
Fairfax County	5.81%	\$95,167.80
Loudoun Water	2.83%	\$46,355.40
Other (PI)	0.42%	\$6,879.60
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,638,000.00

ESTIMATED USER SHARE INFORMATION

User – Capital Equipment	Share %	Dollar Amount
District of Columbia	85.46%	\$940,060.00
Washington Suburban Sanitary Commission	7.67%	\$84,370.00
Fairfax County	2.69%	\$29,590.00
Loudoun Water	1.77%	\$19,470.00
Other (PI)	2.41%	\$26,510.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,100,000

ESTIMATED USER SHARE INFORMATION

User – Capital	Share %	Dollar Amount
District of Columbia	85.46%	\$690,811.71
Washington Suburban Sanitary Commission	7.67%	\$62,000.07
Fairfax County	2.69%	\$21,744.48
Loudoun Water	1.77%	\$14,307.71
Other (PI)	2.41%	\$19,481.12
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$808,345.09

Signed by:



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Kirsten B. Williams Date
Chief Administration Officer and EVP

DocuSigned by:



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Korey Gray Date
VP Compliance and
Chief Procurement Officer

Signed by:



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Lola Oyeyemi Date
Acting CFO and EVP of
Finance, Procurement and Compliance,
and Vice President, Budget



2/3/2026 Date

David L. Gadis
CEO and General Manager

Presented and Adopted: February 5, 2026

Subject: Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds

#26-08
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 February 5, 2026, upon consideration of a joint-use matter, by a vote of _____ (_____) in favor and _____ (_____) opposed Approving the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds.

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 Computershare Trust Company, N.A., as trustee (the "Trustee") (its predecessors in that capacity having been Norwest Bank Minnesota, N.A., Wells Fargo Bank Minnesota, N.A. and Wells Fargo Bank, 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, pursuant to the Twelfth Supplemental Indenture of Trust, dated October 27, 2010 (the "Twelfth Supplemental Indenture"), between the Authority and the Trustee, the Authority issued its Public Utility Subordinate Lien Revenue Bonds, Series 2010A (Federally Taxable – Issuer Subsidy – Build America Bonds) (the "Series 2010A Bonds"), in the aggregate principal amount of \$300,000,000; and

WHEREAS, pursuant to Section 301(b) of the Twelfth Supplemental Indenture, the Series 2010A Bonds are subject to extraordinary optional redemption prior to their stated maturities, at the option of the Authority, upon the occurrence of, *inter alia*, legislation enacted by the Congress of the United States or an order, ruling, regulation the effect of

which, as reasonably determined by the Authority, would be to suspend, reduce or terminate the payment from the United States Treasury to the Authority with respect to the Series 2010A Bonds pursuant to Sections 54AA or 6431 of the Internal Revenue Code; and

WHEREAS, since 2013 such payments with respect to the Series 2010A Bonds have been subject to an automatic reduction (sequestration) pursuant to the provisions of the Budget Control Act of 2011 and therefore the Authority's option for an extraordinary optional redemption of the Series 2010A Bonds has been triggered; and

WHEREAS, the Authority has heretofore entered into thirty-seven (37) 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 2026A (the "Series 2026A Bonds") to: (a) currently refund or advance refund, as applicable, in conjunction with the Series 2026B Bonds (defined below), a portion of the Authority's outstanding Senior Debt and/or Subordinate Debt (the "Refunded Bonds") that are identified as Refunded Bonds in the Certificate of Award; (b) fund a Series 2026A Debt Service Reserve Requirement, (as defined herein), if determined necessary; and (c) pay certain costs of issuance of the Series 2026A Bonds; (ii) to issue Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds) (the "Series 2026B Bonds" and, collectively with the Series 2026A Bonds, the "Series 2026AB Bonds") to: (a) currently refund or advance refund, as applicable, a portion of the Refunded Bonds as identified in the Certificate of Award; (b) fund a Series 2026B Debt Service Reserve Requirement, (as defined herein), if determined necessary; and (c) pay certain costs of issuance of the Series 2026B Bonds; (iii) to designate the Series 2026AB Bonds as Subordinate Debt for purposes of the Indenture; and (vi) to secure the Series 2026AB 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 CEO and General Manager, the Interim Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, the Chief Operating Officer and Executive Vice President Operations & Engineering, and the Interim Chief Legal Officer and Executive Vice President, Government & Legal Affairs 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 January 27, 2026, to review the issuance of the Series 2026AB Bonds and recommended approval of this Resolution by the Board.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Board approves the Substantially Final Form of Certain Documents, Authorizing the Sale and Setting Terms and Details of the Series 2026AB Bonds:

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 Thirty-Eighth 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 of the Board and the CEO and General Manager, the Chief Operating Officer and Executive Vice President Operations & Engineering, the Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, the Controller, the Vice President, Budget, the Vice President, Finance, and the Vice President, Rates and Revenue of the Authority, including any of the foregoing who are in an interim, acting or similar capacity, provided that any official other than the Chairman shall be designated by the Chairman as her designee for the purpose of executing and delivering any document authorized hereunder.

“Bond Purchase Agreement” means the Bond Purchase Agreement for the Series 2026AB Bonds between the Authority and the 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 2026AB Bonds to the Original Purchasers and specifying terms of the Series 2026AB Bonds, as provided for in Section 4 of this Resolution and identifying the Refunded Bonds, if any.

“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 2026AB Bonds, as originally executed and as it may be amended from time to time in accordance with its terms.

“Escrow Agent” means the Trustee as Escrow Agent.

“Escrow Agreement” means the Escrow Agreement, dated the same date as the Series 2026AB Bonds, between the Authority and the Escrow Agent, providing for the Refunded Bonds to be deemed paid and no longer Outstanding under the Indenture.

“Financial Advisor” means, collectively, PFM Financial Advisors LLC and Sustainable Capital Advisors.

“Interest Payment Dates” means for the Series 2026AB 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 2026AB Bonds are Outstanding.

“Original Purchasers” for the Series 2026AB Bonds means the purchasers identified as such in the Bond Purchase Agreement.

“Refunded Bonds” means any Outstanding Senior Debt and/or Subordinate Debt to be caused to be deemed paid and no longer Outstanding under the Indenture as the result of the deposit of certain proceeds of the Series 2026AB Bonds and any other funds in escrow under the Escrow Agreement and identified as the Refunded Bonds in the Certificate of Award.

“Savings Threshold” means, as applicable, that: (i) as the result of the refunding of the Refunded Bonds (other than any of the Authority’s outstanding Series 2010A Bonds), the Authority will achieve an aggregate reduction in bond debt service that has a present value at the time of sale of the Series 2026AB Bonds equal to at least three percent (3.0%) and will fulfill any other standards that any Authorized Official executing the Certificate of Award deems appropriate or (ii) the Chief Financial Officer and Executive Vice President, Finance, Procurement and Compliance, determines, in consultation with the Authority’s Financial Advisor, that the refunding of any Series 2010A Bonds included in the Refunded Bonds is in the best interests of the Authority.

“Series 2026A Debt Service Reserve Requirement” means, if determined in the Certificate of Award to be necessary, a required fund balance in the Series 2026A Debt Service Reserve Account or Accounts established under the Thirty-Eighth 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 existence of a balance in the Series 2026A Debt Service Reserve Account in the amount of the specified required fund balance will not cause the interest on any Series 2026A Bonds intended to be excluded from gross income for federal income tax purposes not to be so excluded.

“Series 2026B Debt Service Reserve Requirement” means, if determined in the Certificate of Award to be necessary, a required fund balance in the Series 2026B Debt Service Reserve Account or Accounts established under the Thirty-Eighth 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 existence of a balance in the Series 2026B Debt Service

Reserve Account in the amount of the specified required fund balance will not cause the interest on any Series 2026B Bonds intended to be excluded from gross income for federal income tax purposes not to be so excluded.

“Thirty-Eighth Supplemental Indenture” means the Thirty-Eighth Supplemental Indenture of Trust by and between the Authority and the Trustee, dated as of the same date as and relating to the Series 2026AB 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 2026AB Bonds.

(a) Series 2026A Bonds. The Authority is authorized to issue, sell and deliver, as provided in this Resolution and the Certificate of Award, the Series 2026A Bonds which shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026A” and shall constitute Subordinate Debt for purposes of the Indenture. The issuance of the Series 2026A Bonds is authorized for the following purposes: (i) to currently refund or advance refund, as applicable, a portion of the Refunded Bonds, as identified in the Certificate of Award, and cause those Refunded Bonds to be deemed paid and no longer Outstanding for purposes of the Indenture; (ii) funding a Series 2026A Debt Service Reserve Requirement, if determined necessary in the Certificate of Award; and (c) paying issuance costs of the Series 2026A Bonds (including all or a portion of the fees and costs of any escrow bidding agent or verification agent engaged pursuant to Section 6). For those purposes the proceeds from the sale of the Series 2026A Bonds shall be allocated and deposited, as provided in the Thirty-Eighth Supplemental Indenture.

(b) Series 2026B Bonds. The Authority is authorized to issue, sell and deliver, as provided in this Resolution and the Certificate of Award, the Series 2026B Bonds which shall be designated “Public Utility Subordinate Lien Revenue Refunding Bonds, Series 2026B (Green Bonds)” and shall constitute Subordinate Debt for purposes of the Indenture. The issuance of the Series 2026B Bonds is authorized for the following purposes: (i) to currently refund or advance refund, as applicable, a portion of the Refunded Bonds, as identified in the Certificate of Award, and cause those Refunded Bonds to be deemed paid and no longer Outstanding for purposes of the Indenture; (ii) funding a Series 2026B Debt Service Reserve Requirement, if determined necessary in the Certificate of Award; and (c) paying issuance costs of the Series 2026B Bonds (including all or a portion of the fees and costs of any escrow bidding agent, verification agent or independent sustainability consultant engaged pursuant to Section 6). For those purposes the proceeds from the sale of the Series 2026B Bonds shall be allocated and deposited, as provided in the Thirty-Eighth Supplemental Indenture.

(c) Designations. Any designation of bonds authorized above may be revised or clarified in the Certificate of Award, including, but not limited to, the issuance of a single series of bonds.

(d) Savings Threshold. Before an Authorized Official executes the Certificate of Award, the Authority's Financial Advisor shall have given the Authority a written certification that identifies the Refunded Bonds (consistent with this Resolution) and determines that the Authority's issuance and sale of the Series 2026AB Bonds on the terms set forth in the Certificate of Award and the application of the proceeds of the Series 2026AB Bonds and any other legally available funds to refund the Refunded Bonds (other than any of the Authority's outstanding Series 2010A Bonds) identified in the Financial Advisor's certificate will meet the Savings Threshold.

Section 3. Terms and Provisions Applicable to the Series 2026AB Bonds.

(a) Form, Transfer and Exchange. The Series 2026AB Bonds: (i) shall initially be issued only in fully registered form and substantially in the forms attached as Exhibits to the Thirty-Eighth 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 Thirty-Eighth Supplemental Indenture.

(b) Denominations and Dates. The Series 2026AB Bonds shall be dated as of the date of issuance and delivery, but in no event later than December 31, 2026, and there shall be a single Series 2026AB Bond representing each interest rate for each maturity of the Series 2026AB Bonds bearing the same series or subseries designation as provided in the Thirty-Eighth Supplemental Indenture.

(c) Principal Maturities. The principal of the Series 2026AB 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 final principal retirement date shall be no later than December 31, 2066 and, with respect to the Series 2026AB Bonds, the principal retirement schedule shall be consistent with the achievement of the Savings Threshold.

(d) Interest Rates and Interest Rate Periods for the Series 2026AB Bonds. The Series 2026AB 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 2026AB Bonds shall not exceed a rate that would cause the Savings Threshold not to be achieved.

(e) Optional and Mandatory Redemption.

(i) *Optional Redemption of the Series 2026AB Bonds.*

Make Whole Optional Redemption. Prior to such date or dates as may be specified in the Certificate of Award for the various maturities of the Series 2026AB Bonds, the applicable Series 2026AB Bonds shall be subject to make whole redemption prior to their stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part (in whole multiples of \$5,000). The Certificate of Award shall specify the method by which the make whole redemption price shall be determined, provided that should the redemption price exceed 110% of the principal amount of the applicable Series 2026AB Bonds to be redeemed, further action by the Board shall be necessary to take action on such redemption.

Other Optional Redemption. Additionally, from and after the date or dates specified in the Certificate of Award, the applicable Series 2026AB Bonds shall be subject to redemption prior to their stated maturities, at the option of the Authority, from any source of available funds, as a whole or in part (in whole multiples of \$5,000), 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 applicable Series 2026AB Bonds to be redeemed.

(ii) *Mandatory Sinking Fund Redemption* - Any Series 2026AB 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.

(f) Redemption Provisions. Redemption of Series 2026AB Bonds shall be effected in accordance with Article IV of the Master Indenture; provided, however, that notices of redemption of the Series 2026AB 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.

(g) Places and Manner of Payment. The principal of and the interest and any redemption premium on the Series 2026AB Bonds shall be payable at the places and in the manner specified in the Thirty-Eighth Supplemental Indenture.

(h) Execution. The Authorized Officials are, and each of them is, authorized and directed to execute the Series 2026AB Bonds, and the Secretary of the Board is authorized and directed to affix the seal of the Authority to the Series 2026AB Bonds and to deliver them to the Trustee for authentication in accordance with the Indenture.

Section 4. Sale of Series 2026AB Bonds.

(a) General. The Series 2026AB Bonds shall be awarded and sold to the 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 2026AB Bonds times the percentage of such principal amount at which such Series 2026AB 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 2026AB 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 Original Purchasers, substantially in the form presented to this Authority, 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 2026AB Bonds and the sale thereof, all as provided in this Resolution, the Bond Purchase Agreement, the Certificate of Award, and the Thirty-Eighth 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 2026AB Bonds approved in the Certificate of Award shall be incorporated into the Thirty-Eighth 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 2026AB Bonds, specify the aggregate principal amount, the purchase price, the first 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 any of the Series 2026AB Bonds and, if so, from whom and on what terms; (iii) specify the amount, if any, of the Series 2026A Debt Service Reserve Requirement and the Series 2026B 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 any of the Series 2026AB 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 2026A 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 2026A Bonds. There is hereby authorized to be paid from the moneys deposited in the Series 2026B 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 2026B 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 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 Original Purchasers to establish the date, location, procedure and conditions for the delivery of the Series 2026AB Bonds. The Authorized Officials are, and each of them is, further authorized and directed to make the necessary arrangements for the printing of the Series 2026AB Bonds, and the execution, authentication and delivery of the applicable Series 2026AB Bonds to DTC for the accounts of the 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 2026AB Bonds; Tax Covenants.

(a) Allocation of Proceeds. The proceeds from the sale of the Series 2026AB Bonds shall be allocated, deposited and credited for the purposes approved in this Resolution and as specified in the Thirty-Eighth 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 2026AB Bonds.

Section 6. Thirty-Eighth 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 2026AB Bonds, to execute, acknowledge and deliver in

the name of and on behalf of the Authority, the Thirty-Eighth Supplemental Indenture, substantially in the form 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. The approval of those changes shall be conclusively evidenced by the execution of the document by an Authorized Official.

The Authorized Officials are, and each of them is, authorized in connection with the issuance of the Series 2026AB Bonds, to execute, acknowledge and deliver in the name of and on behalf of the Authority, the Escrow Agreement, substantially in the form 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. If in the Certificate of Award, 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, the Authorized Official is authorized to engage an 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 are, and each of them is, authorized in connection with the issuance of the Series 2026B Bonds, to engage an independent sustainability consultant to prepare an opinion regarding the Series 2026B Bonds conformance with the Green Bond Principles established by the International Capital Market Association.

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 2026AB 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 Thirty-Eighth Supplemental Indenture, the Bond Purchase Agreement, the Escrow 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 2026AB 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 2026AB 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 submitted to the Authority at this meeting, 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 Original Purchasers for distribution to prospective purchasers of the Series 2026AB 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 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 Original Purchasers to sell book entry interests in the Series 2026AB Bonds, and will provide copies as appropriate to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access website at www.emma.msrb.org.

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 Original Purchasers as may be reasonably requested to qualify the Series 2026AB 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 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 Original Purchasers and to specify the final principal amount, interest rates and redemption provisions of the Series 2026AB Bonds, the price of the Series 2026AB Bonds to the general public, any credit enhancement provisions with respect to the Series 2026AB Bonds and any change in ratings of the Series 2026AB 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 2026AB 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 2026AB Bonds may, and the Trustee may (and, at the request of the Holders of at least 25% in aggregate principal amount of Outstanding Series 2026AB 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 submitted to the Authority at or prior to this meeting 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 Original Purchasers of the Series 2026AB Bonds a true and certified transcript of all proceedings relating to the authorization and issuance of the Series 2026AB Bonds along with other information as is necessary or proper with respect to the Series 2026AB Bonds.

Section 9. Issuance of Single or Multiple Series. Notwithstanding anything herein to the contrary, if an Authorized Official, determines it to be advantageous to the Authority, the Series 2026AB Bonds may be issued in one series or each of the Series 2026A Bonds and Series 2026B Bonds may be issued in one or more separate series or subseries, each bearing a distinctive designation, provided that the Series 2026AB 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 2026AB Bonds may be issued at the same or different times and so may have different dates of issuance. The Series 2026AB 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 Thirty-Eighth Supplemental Indenture, as applicable,

shall refer to each and all such Supplemental Trust Indentures, but any Supplemental Trust Indenture subsequent to the Thirty-Eighth Supplemental Indenture shall bear a different designation. A separate Bond Purchase Agreement and Continuing Disclosure Agreement may be entered into for each series or subseries, and each reference in this Resolution to the Bond Purchase Agreement or to the Continuing Disclosure Agreement shall refer to each and all such Bond Purchase 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.

2. This Resolution is effective immediately.

Secretary to the Board of Directors