

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, May 18, 2016
Laurel, Maryland**

Vice Chair Chris Lawson called the meeting to order at 10:10 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocevar ("RGH") Building, 14501 Sweitzer Lane, Laurel, Maryland, 20707, with due notice having been given to all members of the Commission and the public. In addition to Vice Chair Lawson, Commissioners Fausto R. Bayonet, Omar M. Boulware, Howard A. Denis and Mary Hopkins Navies, were present at the meeting, reflecting the presence of a quorum. Also in attendance were WSSC General Manager and Chief Executive Officer Carla A. Reid, Acting General Counsel Russel Beers, and Corporate Secretary Sheila R. Finlayson, Esq., who recorded the minutes of the meeting. Other members of WSSC management were also called upon, during certain portions of the meeting, to provide information to the Commission.

PLEDGE OF ALLEGIANCE

Vice Chair Lawson opened the meeting by asking Commissioner Boulware to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of May 18, 2016, as drafted, to which Commissioner Bayonet seconded the motion. The motion carried unanimously with five affirmative votes.

APPROVAL OF MINUTES

Commissioner Boulware then moved to approve the open session minutes of the March 16, 2016 Regular Commission Meeting and April 29, 2016 Rescheduled Commission Meeting, as drafted. Commissioner Denis seconded the motion. The motion carried unanimously with five affirmative votes.

WSSC RETIREES

The Corporate Secretary advised that there were no retirees for the month of May 2016.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on the Sixth Annual Women's Business Owners

(WBO) Expo held on March 31, 2016 at WSSC. The video captured great moments from the conference including footage of the various speakers and comments from attendees. Over 300 women and women business owners attended this WSSC signature event.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Denis shared that he attended a meeting on May 5, 2016 of the DC Water and Sewer Authority; sharing how DC Water is a great success story and citing the extensive progress the water utility has made throughout the years. Commissioner Navies congratulated the SLMBE office on their successful WBO summit.

Public Comments. None.

GENERAL MANAGER'S REPORT

General Manager ("GM") Carla Reid was recognized to provide her monthly report. The GM's full report can be found in the corresponding segment of the archived meeting video and the written "General Manager's Report" provided in the meeting materials, and both are referred to for that purpose. However, highlights are as follows:

GM was pleased to report that the Water Quality Report has been released at the end of March 2016; it shows for 97 years in a row WSSC has surpassed federal standards for drinking water quality as set by the EPA. Report is available electronically with hard copies available upon request.

WSSC made two presentations on "Lead in Drinking Water - Can it Happen at WSSC" on March 24, 2016 to the Montgomery County Council T & E Committee and on April 12, 2016 to the Prince George's County Council.

WSSC participated with the Drug Enforcement Administration's (DEA) National Drug Take Back Day on April 30th; such initiative aimed at reducing the amount of unwanted pharmaceuticals in the WSSC system and waterways which helps to maintain the water quality.

WSSC Chief of Plant Operations J.C. Langley participated in the American Water Works Association (AWWA) Water Matters! Fly In held on April 13, 2016. This is an annual event that brings AWWA members from across the country to Washington, DC in an effort to

raise the water community's concerns to members/staffs of Congress.

WSSC hosted a joint Council meeting of the Prince George's and Montgomery County Councils T & E and THE Committees on April 7, 2016. The council members discussed the Purple Line project; WSSC's rate structure; street paving concerns in both Counties and Ms. Reid's vision for WSSC. Commissioners Lawson, Bayonet and Denis were in attendance along with many members from WSSC management.

WSSC joined with other local water utilities and community organizations in celebrating National Drinking Water Week which is held annually during the first week of May whereby WSSC participated in and supported several drinking water events around the region including WSSC's annual Children's Water Festival held at Brighton Dam. WSSC also hosted 75 brownies and girl scouts in the Wonders of Water Journey which teaches young girls about water and being good environmental stewards. Additionally, WSSC hosted its 5th Engineering Academy to promote STEM education and STEM careers in the water industry and several members of WSSC management participated in Prince George's County Public School's annual "Principal for a Day" event. And lastly, WSSC held its annual "How to Do Business with WSSC" event on April 15th.

During the GM's report, Ms. Reid recognized a group of high school students from Leadership Prince George's - Emerging Leaders Program, which is a year-long program that helps develop young leaders through knowledge building, civic engagement and other opportunities within the community. The GM also recognized two WSSC employees, Aaron Hughes-Project Manager, Utility Services and Maya Sathyanadhan-Project Manager, Development Services, who both received the Chesapeake Water Environment Association's "Young Professional Award."

The GM then provided her monthly update on WSSC operations.

For month of April, Contact Center answer rate was 86%; monthly target is 95%. Drop was due to large backlog of bills that had not gone out.

Delinquencies continue to decrease; mostly due to decrease in Federal Government account delinquencies.

HomeServe Contract has been signed.

Water Production ran slightly higher than the same period in FY 2015 while production is slightly lower for calendar year 2016.

All plants and facilities are operating well within permit parameters with zero violations.

Joint Motions for Entry of the Consent Decree for Potomac Plant were granted in April by the United States District Court, District of Maryland. This closes the cases filed by MDE and Citizen Plaintiffs and helps put other deliverables in motion.

Water main breaks and leaks decreased to 48 in April; which is a significant drop from March. Cumulative water main replacement remains above target, while cumulative sewer main repair and replacements at slightly below target.

Operating revenues in March were \$50,422,000 with operating expenses at \$40,735,000.

Disparity Study in its final stages of review by SLMBE Office and Executive Steering Committee. Commissioners to receive full briefing on findings at June Commission meeting. Public meetings will be held in both counties as well to share findings.

Employee Appreciation Picnic will be held on Saturday, June 11th at Brighton Dam.

Deputy General Manager for Administration Thomas Street updated the Commission on his and the General Manager's recent trip to New York City to meet with the three bonding agencies, Standard & Poor's, Moody's and Fitch, to introduce new management. All is well with WSSC; AAA Bond Rating was reaffirmed. WSSC recently held bond sale of \$181 million; \$145 million of new money with 2.81% interest rate and refunding issue of \$36.4 million with interest rate of 1.08% which is lowest rate the Commission has ever received - will create \$5 million in savings over next nine years. May conduct other issues this Fall if opportunity arises.

Following discussion, the General Manager's Report was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Auditor Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of April 4, 2016 through May 6, 2016. No SDC audit reports were issued during the reporting period. IAO currently has fourteen SDC audit requests in process with ten active and four inactive. The status of the Fiscal Year (FY) 2016 Audit Projects are as follows: FY 2014 Blue Plains WWTP O & M and Capital Indirect Audit (in planning phase); Payroll Operational Audit (in planning phase); Cloud Computing Services Compliance Audit (in planning phase) and Right to Audit Specified Procurement Contracts (preliminary work has begun). With respect to FY 2015 Carryover Audit Projects: Regulatory Services Group Operational Audit is under management review and auditors preparing draft audit report for Construction Contracts Change Orders Audit. Under Internal Audit Follow-up Activities, two management action items were closed since the last status report with thorough review underway for seven implemented-pending Internal Audit verification action items. No delinquent management plans of action were reported.

Hotline. Three cases closed; fifteen in progress; one new.

Audit Committee Meeting. Meeting to be held during afternoon open session.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on April 14, 2016; several open and closed items were reviewed. New hire orientation/code of ethics training was provided to 20 new employees on April 25, 2016. Achieved 100% completion rate for annual ethics training for all employees not on leave status for CY 2015.

External Auditors. External auditors BCA Watson Rice, LLP have commenced auditing WSSC's financial statements.

Report of External Auditors. Engagement Principal Marshall Blair of BCA Watson Rice, LLP, along with other representatives of the auditing firm, provided an overview to the Commission of their audit plans, responsibilities and approach for the recently-commenced annual audit of WSSC's financial statements for the year-ended June 30, 2016, OPEB Trust and retirement plan

audits. Mr. Blair circulated a summary of the firm's presentation, incorporated herein by reference. Specific details can be found in the presentation and corresponding segment of the archived meeting video and both are referred to for that purpose.

Point of Information: Commissioner Chris Lawson disclosed that BCA Watson Rice, LLP, is still a client of his company.

Resolution 2016-2122 - Appointment of Regular Member to WSSC Board of Ethics. Maxene Bardwell provided an overview of the following two action items, recommending that the Commission appoint George Pruden to the WSSC Board of Ethics as a regular member and Lorielle Pankey as an Alternate Member.

Whereby, a motion was made by Commissioner Boulware and seconded by Commissioner Denis, to adopt Resolution 2016-2122, reappointing George E. Pruden, II as a Regular Member of the WSSC Board of Ethics for a term of three years beginning May 18, 2016, as recommended by the Prince George's County Commissioners. The motion unanimously carried by a vote of five-to-zero.

Resolution 2016-2123 - Appointment of Alternate Member to WSSC Board of Ethics.

On motion made by Commissioner Denis and seconded by Commissioner Boulware, the Commission voted five-to-zero to adopt Resolution 2016-2123 appointing Lorielle L. Pankey as an Alternate Member of the WSSC Board of Ethics for a term of three years, beginning May 18, 2016. The motion carried unanimously.

The reports of the Internal and External Auditors were received as information.

OTHER REPORTS

Resolution 2016-2124 - Approval of Extension of MBE Program.

Acting General Counsel Russel Beers reported on this item. The SLMBE office is seeking approval for the extension of the expiration of Standard Procedure No. MBE SP 11-01 (Minority Business Enterprise Program) to July 1, 2017. Such extension will align with the current sunset of the authorizing statute enabling the SLMBE office to complete the 2015 Disparity Study and present its findings to the public and other stakeholders. The Disparity

Study was completed by MGT of America in May 2016 and the findings will be reported to the Commission and the public in June. The Commission, at the request of management, had extended the current MBE Policy through September 2016 and the SLMBE office is now requesting an additional extension to July 2017.

Following discussion, a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet, to adopt Resolution 2016-2124, approving an additional extension of the Minority Business Enterprise (MBE) Program under Standard Procedure/Regulation MBE 11-01 to July 1, 2017, as requested and recommended by the WSSC Small, Local Minority Business Enterprise Office. The motion carried unanimously by a vote of five-to-zero.

Consent Decree Quarterly Update. Chief Engineer Gary Gumm provided Commissioners with a quarterly update on the status of projects being undertaken to comply with the Consent Decree. Detailed information can be found in the presentation handout circulated to Commissioners and the corresponding segment of the archived meeting video. In summary, Mr. Gumm reported on schedule status, costs and areas of concern. Cumulative projected cost at \$1.0 billion with total program costs estimated at \$1.5 billion; \$957 million has been spent to date; Areas of concern continue to center around Rights of Entry, National Park Service, Stream Stabilization Permits and Consent Decree Modification with the last two having made significant progress.

The Commission received the quarterly report as information.

CONSENT CALENDAR

Contracts for Approval

The Vice Chair asked if there were any contracts that Commissioners would like removed prior to consideration of the Consent Calendar Resolution, to which there were none.

Whereby, a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet, to adopt Resolution 2016-2125, approving the twelve contracts included on the Consent Calendar for the May 18, 2016 Commission Meeting, as follows:

A. Engineering and Construction

Architect/Engineer Contracts:

1. BD4144B05, Brighton Dam Upgrade, Amendment No. 3, to URS Corporation, in the amount of \$2,351,762.21.

Construction Contracts:

1. BR5878A15, Olney Mill Water Main Replacement, to Sagres Construction Corporation, in the amount of \$2,327,153.00, with a substantial completion time of 364 calendar days.
2. BRCR5867A15, Longwood Water Main Replacement, to B & P Utilities, Inc., in the amount of \$2,153,487.00, with substantial completion time of 760 calendar days.
3. BT5136B11, Coakley Terrace II 16-Inch Transmission Water Main Replacement, to Sagres Construction Corporation, in the amount of \$2,457,575.00, with substantial completion time of 330 calendar days.
4. AC6077A16, Area Water and Sewer House Connection Construction, to Fort Myer Construction Corporation, in the amount of \$6,480,819.00, with a base term of three (3) years and a one (1) year option term.

B. Logistics

1. Contract 7001, JCB Backhoe Loaders (Sole Source), to Valley Supply & Equipment Co., Inc., in the amount of \$559,300.00.
2. Master Contract 6153, Facilities Maintenance, Repair and Operating (MRO) Supplies, Option Term IV, to Fastenal Company riding Western States Contracting Alliance's (WSCA) Contract No. 1862, in the amount of \$750,000.00.

C. Production

1. Contract 1132, Indefinite Delivery Indefinite Quantity (IDIQ), Tank Rehabilitation Services, to Nostos SS Contractors, LLC, D&M Painting Corporation and Horizon Brothers Painting Corporation, for a not to exceed amount of \$15,000,000.00, with a base term of two years with two (2), two-year option terms.

D. Information Technology (IT)

1. Bridge Contract 7000, Cisco SmartNet Maintenance, to DISYS Solutions, Inc., in the amount of \$618,606.78, for the period starting May 18, 2016 through August 31, 2019. Contract 7000 bridges State of Maryland Department of Information Technology (DoIT) Contract 060B1400028, Public Branch Exchange (PBX) Telecommunications Equipment and Services.
2. Contract 6819, Telecom Hardware/Software, Maintenance/Support and Services, Change Order No. 1, in the

amount of \$500,000.00, for a total contract amount of \$1,000,000.00.

3. Contract 1052, IT Support Basic Ordering Agreement for Temporary Services of Oracle Identity Management Implementation Consultant, Change Order No. 3 to Task Order 40, in the amount of \$41,170.00, for a total amount of \$603,670.00.

4. Contract No. 1052, IT Support Basic Ordering Agreement for Temporary Services of Senior Business Process Improvement Consultant, Change Order No. 4 to Task Order 19, in the amount of \$65,510.58, for a total amount of \$548,813.58.

The motion carried unanimously by a vote of five to zero.

ADDITIONAL BRIEFINGS

Solar Photovoltaic (PV) Purchase Power Agreement (PPA) Phase 2.

Acting Chief of Plant Operations Gary Grey along with WSSC Energy Manager Robert Taylor presented this briefing on the Solar PV PPA Phase Two Project. Mr. Taylor reported from a power point presentation, incorporated herein by reference. Specific details can be found in the presentation handout and the corresponding segment of the archived meeting video and both are referred to for this purpose.

Following the presentation, the Commission received the briefing as information.

IRO Legislative Update. Deputy General Manager for Strategic Partnerships Monica Johnson introduced Karyn Riley as the new Intergovernmental Relations Office (IRO) Director replacing Michael Stroud. Ms. Riley previously served as the Government Relations Manager in IRO.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the period beginning March 12, 2016 through May 13, 2016, sharing that Commissioners' Engineering Scholarship Program campaign is in final stretch with application deadline of June 3rd. Press release announcing scholarships was issued on March 14th. Corporate Secretary continues to monitor outreach efforts by Communications team and has communicated with HR team to ensure eligible past winners were placed in summer internships for 2016.

The Commission received the Corporate Secretary's report as information.

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Lawson reported on the recent activities of the Board of Trustees sharing that the Plan's assets were \$705.7 million as of March 31, 2016 which represents year-to-date investment gain of \$6.2 million (increase of 1.0% from December 31, 2015 to March 31, 2016). The Commission received the report of the Retirement Plan Board of Trustees as information.

Personnel and Governance. Nothing to report for the month.

Legislation. Nothing to report for the month.

Audit. The next quarterly meeting to be held during the afternoon open session.

The Vice Chair announced that the Morning Open Session business has concluded. The Commission will recess for lunch and reconvene in Closed Session in the Commissioners' Conference Room at approximately 1:45 p.m. The Commission will go back into Open following Closed to conduct the Audit Committee meeting and entertain any unfinished business.

The Chair then stated that he reviewed the closing statement and approves it as written. He then called for a Motion to go into Closed.

CLOSED SESSION

Whereby at 12:43 p.m., Commissioner Boulware moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b)(13) to approve the March 16, 2016 Closed Session Minutes; Section 3-305(b)(7) and Section 3-305(b)(8) to consult with counsel to obtain legal advice and discuss pending or potential litigation for attorney/client privileged legal matters; and, Section 3-305(b)(1) to discuss personnel matters involving Commission Office direct reports and other personnel and to receive a briefing from Human Resources on the compensation study.

Commissioner Denis seconded the motion. The motion carried unanimously with five affirmative votes.

The Vice Chair declared the meeting was Closed (12:43 p.m.). The Commission took a lunch recess. The meeting reconvened in the Commissioners' Conference Room at 1:45 p.m.

ATTENDEES: Vice Chair Chris Lawson; Commissioners Fausto Bayonet, Omar Boulware, Howard Denis and Mary Hopkins Navies. Staff present: General Manager Carla Reid, Corporate Secretary Sheila Finlayson, Acting General Counsel Russel Beers, Deputy General Manager for Operations Joe Mantua, Deputy General Manager for Strategic Partnerships Monica Johnson and Deputy General Manager for Administration Thomas Street, Associate Counsel Matthew Gallagher, Associate Counsel Danny O'Conner, Outside Counsel Bob Carney, Human Resources Director Todd Allen and HR Compensation Manager Lisa Watts.

Closed Session Minutes - On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted unanimously five-to-zero to adopt the closed session minutes of its Regular Commission Meeting held on March 16, 2016, as drafted.

Legal Matters - Commissioners were briefed by the Acting General Counsel on confidential legal matters affecting the Commission, which included attorney/client privileged legal and pending litigation matters.

The Commission unanimously approved a change order request from legal counsel for confidential outside legal services (mover - Commissioner Boulware and seconder - Commissioner Denis; motion carried with five affirmative votes).

The Commission also authorized legal counsel to settle a pending claim involving a WSSC litigation matter (Commissioner Boulware - mover; Commissioner Bayonet - seconder; motion unanimously carried with five affirmative votes).

Outside Counsel Bob Carney departed at 2:27 p.m. Messrs. Beers, Gallagher, and O'Conner were excused at 2:50 p.m.

Todd Allen and Lisa Watts joined the meeting at 2:55 p.m. to present the compensation study briefing to Commissioners.

All members of management with the exception of General Manager Reid were excused at 3:28 p.m. while the Commission met in executive session with the General Manager to discuss a personnel matter.

At 4:05 p.m., the Vice Chair called for a motion to end closed, whereby a motion was made by Commissioner Boulware and seconded by Commissioner Denis to end the Closed Session. The motion carried unanimously with five affirmative votes.

OPEN SESSION

At 4:10 p.m., the Commission convened as the Audit Committee to conduct the quarterly meeting of the Committee. The Audit Committee meeting concluded at 4:37 p.m. Minutes of this proceeding are recorded separately and can be found in the Audit Committee Minutes, incorporated herein by reference.

ADJOURNMENT

There being no additional business, the Vice Chair called for a motion to adjourn, to which Commissioner Boulware moved to adjourn the meeting. Commissioner Bayonet seconded the motion. The motion carried unanimously with five affirmative votes.

At 4:39 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary