

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, October 18, 2017
Laurel, Maryland**

Chair Thomasina V. Rogers called the meeting to order at 10:05 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 Chair Rogers, Commissioners Fausto R. Bayonet, Omar M. Boulware, Howard A. Denis, T. Eloise Foster and Chris Lawson, 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, General Counsel Amanda Stakem Conn 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

Chair Rogers opened the meeting by welcoming everyone and asking Commissioner Foster to lead the pledge of allegiance. Following the pledge, the Chair asked General Manager Carla Reid to lead the Commission in the recitation of its mission and vision statements.

AGENDA APPROVAL

Commissioner Boulware moved to adopt the Commission's Public Meeting Agenda of October 18, 2017, as drafted, to which Commissioner Denis seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Lawson moved to approve the open session minutes of the August 16, 2017 Regular Commission Meeting, as drafted. Commissioner Foster seconded the motion. The motion carried unanimously with six affirmative votes.

Commissioner Denis then moved to approve the open session minutes of the August 15, 2017 Special Commission Meeting on Rate Structure, as drafted. Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

WSSC Retirement and Investments Division Manager Richard Baker recognized the following Retirees for the month of October 2017:

Vanita Wyche-Taylor, Customer Service Supervisor, Customer Care Division, retires with 16 years and 7 months of service.

Wayne Palmer, Field Meter Mechanic, Meter Services Division, retires with 33 years and 10 months of service.

Anna Nolen (present), Administrative Assistant I, Utility Services South Division, retires with 12 years and 3 months of service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Comments. Commissioner Denis started by wishing the Washington Wizards great success on the start of their season. He also took an opportunity to thank the IRO team for the "Experts on Tap" program held on October 5th in the Senate Office Building on Capitol Hill, with Senator Ben Cardin serving as the host, noting how impressed he was with the panelists, quality of information and the genuine collegiality between the Democratic and Republican staffers - blown away by their level of engagement and bipartisan plans to introduce/support legislation to fund infrastructure and water projects.

Chair Rogers echoed Commissioner Denis's sentiments, further pointing out that the session said a lot about who we are as a Commission in terms of our stature and ability to convene the top thinkers to talk about the pressing issues that face the Commission and industry with the promise from them of continued

involvement and commitment in ensuring that legislation reflects the real needs of utilities such as WSSC.

Public Comments. There were no comments from the public.

CHAIR REPORT

Chair's Report. The Chair had nothing further to report outside of the comments she provided under Commissioner comments.

GENERAL MANAGER REPORT

Monthly Report. General Manager ("GM") Carla Reid provided her monthly report, reporting from a power point presentation displayed at the meeting and incorporated herein by reference. The GM's full report can also be found in the corresponding segment of the archived meeting video and written "General Manager's Report" and both are referred to for this purpose. However, highlights are as follows:

Protect Our People, Infrastructure, Systems and Resources

Final Discolored Water Update:

- Last chlorine increase on 9/15; levels of organic material and manganese have decreased. Complaints continue to decrease as well.

Protecting People:

- WSSC participated in several safety events over past month.
- Experienced major decreases in accidents and injuries.

Improve Infrastructure

Water Storage Tank Rehab:

- Completed painting of Camp Springs tank - lead paint cleanup and mitigation; extensive community outreach while project ensued - agreed to paint "Camp Springs" on tank.

Experts on Tap:

- Hosted on Capitol Hill with help of Senator Cardin; included WSSC experts, 12 Congressional offices, utility partners, industry reps;

- Focused on importance of investing in water infrastructure; enjoys bipartisan support.

Data Infrastructure:

- WSSC Operations heavily dependent on technology;
- Modular Data Center DataPod/New Disaster Recovery Data Center at Seneca - Migrating back-up server to WSSC-owned DataPod facility; will have capacity to meet future expansion needs.

Achieve Business Process Excellence and Maintain Financial Stability

System Preparedness:

- October is National Cyber Security Awareness Month; Developed online Cyber Security Training for employees.

Rate Structure Public Hearings:

- Continue open and transparent public process;
- 3 public hearings held in October (this week) to receive comments on five rate structure alternatives; Monday's hearing in Largo (80 customers); Tonight's will be held at WSSC; Last hearing tomorrow in Rockville.
- Next Steps: Management to recommend rate structure alternatives to Commission in November; Commission to vote on recommendations to transmit to Counties for review.

Enhance Customer Experience and Community Engagement

CFC:

- Full CFC took survey on Rate Structure review and policy considerations
- 53 members responded
- Ranked policy considerations as follows:
 - 1) Affordability;
 - 2) Rate Stability;
 - 3) Conservation/Demand Management.

HomeServe Satisfaction:

- Surveyed 800 WSSC customers with HomeServe
- Nearly 70% satisfied to completely satisfied
- Over 70% would recommend HomeServe

- Nine out of 10 believe purchase provides value
- Data still being compiled; will provide complete results to Commission by end of month to assist Commission decision-making on contract renewal options.

Inspire Employee Engagement

- #H2OPeople Giving Campaign - Goal \$90,500; currently at \$27,000 in first week
- Participating in several other community charitable events
- Customer Service Week - October 2-6; Building Trust - Theme.

Following Commissioner questions, the GM's Monthly Report was received as information.

Digital Business Roadmap Update. Chief Information Officer (CIO) Vennard Wright provided a briefing on the Status of the IT Five-Year Strategic Plan and WSSC's Digital Business Road Map, reporting from a power point presentation contained in the advance materials and incorporated herein by reference. Mr. Wright explained that IT has come before the Commission over the last several months with some very large projects/contracts and the purpose of this briefing is to connect the dots and hopefully restore Commission trust in the IT program and services, alluding to questions and concerns raised by Commissioners at previous meetings with regard to the IT strategic plan, IT contracts and IT projects that remain outstanding. IT is currently in year 4 of the 5-year plan with only 50% of the plan completed. Specific details can be found in the corresponding segment of the archived meeting video.

The Commission received the report as information.

Centennial Celebration Update. Centennial Project Manager Ayanna Castro provided a briefing on the activities planned for the Commission's Centennial Celebration in 2018 when the Commission will turn 100 years old. Ms. Castro reported from a power point

presentation contained in the advance materials and incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video.

The Commission received the report as information.

Supply Chain Management Transformation Update. Chief Procurement Office David Malone walked Commissioners through the Supply Chain Transformation Strategy, reporting from a power point presentation contained in the advance materials and incorporated herein by reference. Specific details can be found in the corresponding segment of the archived meeting video.

The Commission received the report as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Audit Director Maxene Bardwell reported on the monthly activities of the Internal Audit Office (IAO) for the period of September 4, 2017 through October 6, 2017.

Achieve Business Process Excellence and Maintain Financial Stability

FY 2018 Audit Projects: Three in fieldwork phase; two in report phase.

Carryover Audit Projects: Both in report phase. Exit Conference held for Payroll Audit.

Internal Audit Follow-up: No management action items closed since last report and none requiring Internal Audit verification. Three delinquent management plans of action (Customer Relations, General Services, Information Technology).

External Auditors. Exit Conference held on 9/14/17. Financial Reports audit will be presented at November Commission meeting.

Improve Infrastructure

System Development Charges (SDC) Audits: Total fiscal year-to-date actual financial adjustments of \$503,877.11. Three SDC Reports issued during reporting period. 18 SDC audit requests in process with 15 active and 3 inactive.

Protect Our People, Infrastructure, Systems and Resources

FWA Hotline. FWA training provided to 16 new employees. Five hotline cases closed since last report with five in process. Top issue types for the latest twelve months are: Conflict of Interest, Fraud, Theft of Goods/Services and Theft of Time (3 each); Customer Relations and Employee Relations (2 each).

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on September 14, 2017; several open and closed items were reviewed. New hire orientation/code of ethics training provided to 16 new employees on September 25, 2017.

Board of Ethics Position. Interviews conducted on September 27, 2017 for Montgomery County regular member opening. Search Committee will submit nominee to Montgomery County Commissioners for formal recommendation/approval at November Commission Meeting.

The Report of the Internal Audit Office was received as information.

OTHER REPORTS

IRO - Proposed 2018 Legislative Agenda. IRO Director Karyn Riley presented the following two pieces of WSSC-Sponsored Legislation for Commission approval:

- Creation of Indirect Customer Assistance Program - this bill will expand the application of the Customer Assistance Program to "indirect customers" - those who do not hold accounts directly with WSSC but indirectly pay for water and sewer as part of combined residential costs.

Following discussion, a motion was made by Commissioner Foster and seconded by Commissioner Boulware, to approve the proposed WSSC-Sponsored Legislation for the 2018 Maryland General Assembly Session relating to Creation of Indirect Customer Assistance Program, subject to further amendments of the Commission.

The motion carried unanimously by a vote of six-to-zero.

- Service Rates - Establishment of Customer Classes - this legislation will allow WSSC to establish certain customer classes for certain service rates or charges. Enabling legislation is critical to allowing WSSC to fully explore all rate structure options during its comprehensive rate study/review process.

Following discussion, a motion was made by Commissioner Boulware and seconded by Commissioner Denis, to approve the proposed WSSC-Sponsored Legislation for the 2018 Maryland General Assembly Session relating to Establishment of Customer Classes (Service Rates), as recommended by management.

The motion carried unanimously by a vote of six-to-zero.

Customer Service - HomeServe Renewal Options Update. Director of Customer Service Crystal Knight-Lee had briefed Commissioners last month on the renewal options on the HomeServe USA contract. Today's briefing provides follow-up to Commissioners per questions raised at the September briefing. Ms. Knight-Lee walked through power point presentation contained in the advance materials and incorporated herein by reference. She also referenced her written memorandum provided in the advance materials, asking Commissioners if there were any additional questions or concerns that needed to be addressed. Additionally, HomeServe Chief Relationship Officer Mike Rauscher was on hand to respond to Commissioner questions.

In summary, the current two-year HomeServe contract became effective on May 17, 2016 with an automatic renewal to occur on

May 17, 2018 unless either party provides notice of its intent not to review. WSSC has four options: 1) renew contract 'as is' under automatic renewal provision; 2) negotiate new terms; 3) allow contract to expire; or 4) not renew with HomeServe but solicit alternate vendors. Management to provide its recommendation to Commissioners by November meeting.

Following Commissioner questions, the Commission received the briefing as information.

Engineering and Construction - Resolution 2018-2171 - First Amendment to MTA Purple Line Agreement. Management is seeking authority for the WSSC GM to approve an Amendment to the Maryland Transit Administration (MTA) Purple Line Agreement (originally executed on May 26, 2016) in connection with the MTA's construction of a light rail line in Prince George's and Montgomery Counties. MTA initiated this Amendment request due to design changes and standards for the project. WSSC staff has worked with MTA on the revisions to the agreement which include: MTA design changes; WSSC crossed over pipes that will not be relocated; additional terms and conditions; and process to cover variances.

Whereupon, a motion was made by Commissioner Bayonet and seconded by Commissioner Lawson, to adopt Resolution 2018-2171, delegating authority to the WSSC General Manager/CEO to approve the First Amendment to the Maryland Transit Administration (MTA) Purple Line Agreement, on behalf of the Commission, in connection with the MTA's construction of a light rail line in Prince George's and Montgomery Counties.

The motion carried unanimously with six affirmative votes.

Office of Supplier Diversity and Inclusion - FY 2017 OSDI Programs' Performance Results Report. Acting OSDI Director Courtney Edmonds provided an overview of the FY 2017 Performance Results Report (formerly "Legislative Report") created in accordance with Maryland Annotated Code, Public Utilities

Article, Section 20-207, for distribution to Maryland legislators by October 31, 2017.

In summary, the OSDI is dedicated to promoting supplier diversity and entrepreneurship through contracting opportunities. The Performance Results Report highlights the program's accomplishments in this regard. In summary, WSSC awarded contracts to 64 new firms last fiscal year with total contract awards of more than \$14 million. In total, WSSC made \$156.9 million in contract payments to minority and women-owned firms in Fiscal Year 2017 (\$42 million more than in Fiscal Year 2016). Total contract payments of \$56.2 million were made to small, local firms in Fiscal Year 2017 (\$25.2 million more than Fiscal Year 2016).

Further details can be found in the presentation handout and corresponding segment of the archived meeting video.

The Commission received the briefing on the OSDI Performance Results Report for FY 2017, as information.

CONSENT CALENDAR

Contracts for Approval

The 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 Foster and seconded by Commissioner Boulware, to adopt Resolution 2018-2172, approving the four contracts included on the Consent Calendar for the October 18, 2017 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts:

1. BL1782A96, Hillmeade Road Transmission Water Main, to Rustler Construction, Inc., in the amount of \$2,516,404.00, with substantial completion time of 413 calendar days.

2. BRBT5895A15, Greenwood Manor Water Main Replacement (Repost), to Sagres Construction Corporation, in the amount of \$2,557,187.50, with substantial completion time of 645 calendar days.
3. BE4507A06, Brandywine Elevated Water Storage Facility, to CBI, LLC, in the amount of \$6,583,660.00, with substantial completion time of 540 calendar days.

B. General Services

1. Contract 7197, Mechanical Joint (MJ) Fittings and Accessories (Repost), to Daytner Corporation, with an upset limit of \$6,000,000.00.

The motion carried unanimously with six affirmative votes.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson reported on her recent activities, referring to her written report provided in the advance board materials, to which no questions were raised.

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

WSSC Employees Retirement Plan Board of Trustees. Commissioner Foster reported on the recent meeting of the Board of Trustees held on September 27, 2017. As of August 31, 2017, the Plan's assets were \$804.4 million which represents a year-to-date investment gain of \$72.2 million or an increase of 10.0% from December 31, 2016 to August 31, 2017.

The Commission received the report of the Retirement Plan Board of Trustees, as delivered by Trustee Foster, as information.

Governance & Strategic Visioning Committee. No report.

Legislative & Compliance Committee. Commissioner Boulware mentioned that the Committee met last week with management which

helped to inform the briefing presented by the IRO office today. Next meeting to be held on December 12, 2017.

The Commission received the report of the Legislative and Compliance Committee, as information.

Audit Committee. The Chair called for a motion to adopt the minutes of the Audit Committee Meeting held on July 19, 2017.

Whereby, a motion was made by Commissioner Boulware and seconded by Commissioner Bayonet, to approve the minutes of the Audit Committee Meeting of July 19, 2017. The motion carried with six affirmative votes.

Customer and Other Stakeholder Relations Committee. Nothing to report.

Innovation & Infrastructure Committee. Nothing to report.

Quarterly Audit Committee Meeting. The Chair announced that due to time constraints, the quarterly Audit Committee meeting will be postponed until next month.

The Chair then announced that the Morning Open Session business has concluded and called for a motion to go into Closed. After noting her approval of the written closing statement, the Chair called for a vote.

CLOSED SESSION

Whereby at 2:27 p.m., Commissioner Bayonet moved and Commissioner Boulware seconded, that the Commission go into Closed Session pursuant to Maryland Code Annotated, General Provisions Article: Section 3-305(b) (13) to approve the August 3, 2017 and August 16, 2017 Closed Session Minutes, Sections 3-305(b) (7) and 3-305(b) (8) to consult with counsel to obtain legal advice on pending legislation and an ethics matter and to discuss pending or potential litigation for attorney/client privileged legal

matters; and Section 3-305(b) (1) to discuss personnel matters relating to Commission Office direct reports and staffing.

The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed at 2:27 p.m. The Commission then recessed for lunch. The Closed Session portion of the meeting to reconvene at approximately 3:27 p.m. in the Commission Office Large Conference Room.

The meeting reconvened at 3:34 p.m. in the Commission Office Large Conference Room.

ATTENDEES: Chair Thomasina Rogers, Vice Chair Eloise Foster, Commissioners Fausto Bayonet, Omar Boulware, Howard Denis and Chris Lawson. Staff present: General Manager Carla Reid, Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Senior Counsel Russel Beers, Associate Counsel Heather Ashbury, Deputy General Manager (DGM) Thomas Street, DGM Monica Johnson, and DGM Joseph Mantua.

Closed Session Minutes - On motion made by Commissioner Boulware and seconded by Commissioner Denis, the Commission voted unanimously six-to zero, to approve the closed session minutes of its August 3, 2017 special meeting and August 16, 2017 regular meeting, as drafted.

Legal Matters - Commissioners were briefed by the General Counsel on a pending ethics matter and other confidential attorney/client privileged legal matters affecting the Commission.

Personnel Matters - The Commission met in executive session, without management present, at 3:51 p.m. to discuss personnel matters.

At 5:00 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Boulware and seconded

by Commissioner Foster to end the Closed Session. The motion carried with six affirmative votes.

OPEN SESSION

At 5:00 p.m., the Commission reconvened in open session.

ADJOURNMENT

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

At 5:00 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary