

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, July 18, 2018
Laurel, Maryland**

Chair T. Eloise Foster called the meeting to order at 10:09 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 Foster, Commissioners Fausto R. Bayonet, Omar M. Boulware, Howard A. Denis, Chris Lawson and Thomasina V. Rogers, 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 called upon, during certain portions of the meeting, to provide information to the Commission.

PLEDGE OF ALLEGIANCE

Chair Foster opened the meeting by welcoming everyone and asking Commissioner Boulware 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 July 18, 2018, as drafted, to which Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Per the request of the Corporate Secretary, approval of the minutes was deferred.

WSSC RETIREES

Retirement Plan Executive Director Richard Baker recognized the Retirees for the month of July 2018, as follows:

Jose Carbajal, Utility Technician II, Utility Services West Division, retires with 20 years and 5 months of service.

ENGINEERING SCHOLARSHIP AWARDS

Chair Foster and Corporate Secretary Sheila Finlayson presented this year's Commissioners' Engineering Scholarship Awards.

The Awards program awards two new scholarships annually to engineering students/residents of the WSSC sanitary district of Prince George's and Montgomery County. Candidates' rankings are based on scholastic achievement, essay content and overall application package.

This year's essay topic was as follows: "Since 1918, WSSC has proudly served the citizens of Prince George's and Montgomery Counties through its delivery of safe and reliable water and wastewater treatment services. In honor of WSSC's Centennial this year, write an essay, in 1500 words or less, detailing the benefits WSSC has brought to its 1.8 million residents over the past 100 years. Additionally, outline the challenges you foresee facing water utilities over the next 25 years and how you would resolve them."

Each new winner is awarded a scholarship in the amount of \$1000 and may receive additional awards of \$1000 each year for up to four consecutive years. Winners also receive priority consideration for participation in WSSC's paid summer internship program.

This year's winners were as follows:

- Cameron Taylor, a Prince George's County resident and Junior at the A. James Clark School of Engineering, University of Maryland, College Park; and

- Sebastian Wiggins, a Montgomery County resident and incoming freshman at Drexel University's College of Engineering, Philadelphia, PA.

Ms. Finlayson also recognized 2016 past winner Jean-Jacques Mvom-Ondoua (Montgomery County), who is currently participating in WSSC's summer internship program. He, along with other past winners, received cash renewal awards under the program.

Chair Foster thanked Corporate Secretary Sheila Finlayson for her fine work in overseeing the awards program on behalf of Commissioners and ensuring its continued success.

COMMISSIONER/PUBLIC COMMENTS

Commissioners shared the following highlights:

Chair Foster attended three events over the past month: WSSC Centennial Community Celebration held at RGH; Boat Ride along with Commissioner Denis, on the T. Howard Duckett Reservoir facilitated by the WSSC Acting Chief of Police; and the Annual Caribbean American Celebration sponsored by the Diversity Committee, which was also attended by Vice Chair Lawson and Commissioner Denis. The Chair commended staff on hosting such excellent events which served as educational and recreational events for the public and employees.

Vice Chair Lawson, along with Commissioner Denis, echoed the Chair's sentiments on the outstanding WSSC events, along with adding the Tiger Woods Golf Tournament, which Commissioner Lawson thanked the General Services Director for facilitating; and the Employee Service Awards, which Commissioner Denis expressed his pleasure in attending, also recognizing the five-year service of Corporate Secretary Sheila Finlayson.

In response to a question raised by Commissioner Denis regarding protocols for notification of boiling water alerts (referencing the recent boiling water event that transpired in the District of

Columbia), members from management summarized WSSC's emergency response and water contamination plans and procedures.

There were no comments from the public.

GENERAL MANAGER'S 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 be found in the presentation and corresponding segment of the archived meeting video and both are referred to for this purpose.

Following the GM's briefing and Commissioner questions, the GM's Monthly Report was received 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 June 4, 2018 through June 29, 2018.

Achieve Business Process Excellence and Maintain Financial Stability

FY 2018 Risk-Based Audit Projects: Three in fieldwork phase; majority over 80% complete. One discussion draft issued. Report to be issued on Basic Ordering Agreement Compliance Audit (90% complete).

Carryover Audit Projects: Right to Audit Specified Procurement Contracts Compliance Audit Report in process of being finalized (95% complete).

Internal Audit Follow-up: One management action item closed since last report and none required Internal Audit verification. One action plan's implementation was rejected and is delinquent (General Services - 180 days delinquent) - management working to rectify.

Continuous Compliance Audits: Several reports issued, to be discussed during audit committee meeting.

External Auditors. External auditing firm of Clifton Larson Allen LLP continuing to audit WSSC's Financials.

Improve Infrastructure

System Development Charges (SDC) Audits: Total fiscal year-to-date actual financial adjustments of \$1,755,094.17. One report completed during reporting period. 14 SDC audit requests in process with 11 active and 3 inactive.

Protect Our People, Infrastructure, Systems and Resources

Fraud, Waste and Abuse (FWA) Training/Hotline. FWA training provided to 17 new employees and 51 summer interns. 11 hotline cases closed; six in progress and one on hold.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on June 14, 2018; several open and closed items were reviewed. Code of ethics training provided to 17 new employees and 51 summer interns on June 4, 2018.

Following discussion, the IAO report was received as information.

OTHER REPORTS

FINANCE

Resolution 2019-2194 - Approval of New Water & Sewer Volumetric Rate Structure. Following management's review of its recommendation on the new rate structure, also presented to Commissioners at a special rate structure meeting held on yesterday, July 17, 2018, management officially presented its recommendation for Commission vote.

Following discussion, and on motion made by Commissioner Rogers and seconded by Commissioner Bayonet, the Commission unanimously voted six-to-zero to adopt Resolution 2019-2194, as amended, approving the selection of the four-tiered increasing block rate

structure (Option 4A), as recommended by management, to be effective July 1, 2019.

Work Session/Briefing - Proposed Capital Improvements Program

(CIP) for Fiscal Years 2020-2025. Mark Brackett, Section Manager, Capital Budget/Budget Division, provided an overview of the proposed WSSC Capital Improvements Program (CIP) for Fiscal Years 2020-2025. Specific details can be found in the corresponding segment of the archived meeting video, written power point handout, and staff draft work session booklet (incorporated herein by reference), and all are referred to for this purpose.

Point of Information: Total FY' 20 CIP Six Year Program totaling \$1,872,520,000 billion with FY' 20 Budget Year Cost at \$383.3 million. CIP proposes planning, design and construction expenditures for major water and sewer projects.

Public hearings on the CIP will be held in each County in September, as follows:

Wednesday, September 5, 2018 (7:30 p.m.) - Montgomery County
Stella B. Werner Office Building, 3rd Floor Hearing Room, 100 Maryland Avenue, Rockville, Maryland; and

Thursday, September 6, 2018 (7:30 p.m.) - Prince George's County
Department of the Environment Building, Conference Room 120, 1801 McCormick Drive, Largo, Maryland.

Following the Work Session, the Commission received the Proposed CIP Briefing for Fiscal Years 2020-2025, as information. The Final CIP will be considered by the Commission at the September 2018 Commission Meeting.

Approval of Bond Refunding Plan. Management presented a bond/debt refunding plan, prepared by WSSC's independent financial advisors WYE River Capital, Inc., for Commission approval to transmit to

both County governments for subsequent approval. The Plan provides the Commission with the opportunity to realize potential savings of \$5.7 million.

Whereupon, a motion was made by Commissioner Lawson and seconded by Commissioner Denis, to adopt the Debt Refunding Plan as proposed and presented to the Commission at this meeting, for transmittal to the County Governments of Prince George's and Montgomery for approval, in accordance with the Washington Suburban Sanitary District Code.

The motion carried unanimously with six affirmative votes.

Resolutions to Authorize Issuance of Bonds.

Management is also seeking approval to issue bonds in Fiscal Year 2019 for the construction of water supply facilities and large transmission mains, sewage disposal facilities and large collection mains and WSSC-built water/sewer pipes in subdivisions.

A portion of the debt may be realized through the State of Maryland Revolving Loan Program and through WSSC's Multi-Modal Note Program. The balance of debt to be obtained through a competitive bid process as authorized under State law. The bond sale amount, not to exceed \$488,000,000.00, is consistent with WSSC's Capital Improvements Program requirements and is within budget estimates.

Additionally, Commissioners approved a bond refunding plan at this meeting and immediately prior to this subsequent request by management for approval of certain bond issuances.

Management anticipates the bond sale to take place in October of 2018 and the refunding sale to take place in the spring of 2019. Sales to be facilitated by an electronic bidding method utilizing the PARITY System.

Resolution 2019-2195 - Authorization Providing for Issuance, Sale, Delivery and Publication of Notice of Sale, of Water Supply

Bonds and Sewage Disposal Bonds and Providing for Consolidation of Such Bonds for Issuance, Sale and Delivery as a Single Issue of Bonds.

Whereupon, a motion was duly made by Commissioner Bayonet and properly seconded by Commissioner Lawson, to adopt Resolution 2019-2195, providing Commission authorization to proceed, as stipulated in the aforementioned Resolution.

The motion carried unanimously with six affirmative votes.

Resolution 2019-2196 - Authorization Providing for Issuance, Sale, Delivery and Publication of Notice of Sale of Sewage Disposal Refunding Bonds, Water Supply Refunding Bonds and General Construction Refunding Bonds, to Refund Certain Outstanding Bonds of the Washington Suburban Sanitary District and Providing for the Payment of Such Outstanding Bonds from an Escrow Account and for the Payment of Such Refunding Bonds, and Providing for the Consolidation of Such Bonds for Issuance, Sale and Delivery as a Single Issue of Bonds.

Whereupon, a motion was duly made by Commissioner Boulware and properly seconded by Commissioner Bayonet, to adopt Resolution 2019-2196, providing Commission authorization to proceed, as stipulated in the aforementioned Resolution.

The motion carried unanimously with six affirmative votes.

CUSTOMER SERVICE

Customer Assistance Program (CAP) Regulation Briefing. Director of Customer Service Crystal Knight-Lee provided a briefing on the proposed CAP Regulation, which will codify the WSSC CAP Program. Management to come back to Commission next month for Commission vote. Ms. Knight-Lee referenced her memorandum to Commissioners contained in the advance materials and incorporated herein by reference. Specific details can be found in the written material and corresponding segment of the archived meeting video.

Following the briefing and discussion, the Commission received the report as information.

Request for Delegation of Authority to Write-Off Bad Debt. Next, Ms. Knight-Lee reviewed her second memorandum in the advance materials, indicating that management also planned to come back to the Commission next month for approval of this item. Specific details can be found in the written handout and corresponding segment of the archived meeting video.

The Commission received the report as information.

ENGINEERING & CONSTRUCTION

Contract BD4144B05 - Brighton Dam Upgrade Project, Change Order No. 5. Management reviewed work to be performed under this change order, thereby requesting Commission approval. Specific details can be found in power point presentation contained in board materials and corresponding segment of archived meeting video.

Whereby, a motion was made by Commissioner Bayonet and seconded by Commissioner Rogers, to approve Change Order No. 5 to Construction Contract BD4144B05, Brighton Dam Upgrade Project, to Cianbro Corporation, in the amount of \$4,300,000.00, as recommended by management.

The motion carried unanimously with six affirmative votes.

Consent Decree Update. Management provided its update on the SSO Consent Decree, reporting from a power point contained in the advance materials. Cumulative projected costs through March 2018 at \$973 million with actual costs at \$903 million. Total Spending at \$1.3 billion.

The Commission received the report as information.

INFORMATION TECHNOLOGY (IT)

Quarterly IT Update. Chief Information Officer Vennard Wright provided the Quarterly IT Update. Specific details can be found in the presentation handout and archived meeting video.

Following discussion, the Commission received the IT Quarterly Update, as information.

CONSENT CALENDAR

Contracts for Approval

A motion was made by Commissioner Boulware and seconded by Commissioner Denis, to adopt Resolution 2019-2197, approving the sole contract on the Consent Calendar for this meeting, as follows:

A. Engineering and Construction

Construction Contract:

1. **BT5584A13, Baltimore Avenue Water Main Replacement, Change Order No. 3, to Rivers Construction Group, Ltd., in the amount of \$908,982.20.**

The motion carried unanimously with six affirmative votes.

ADDITIONAL BRIEFINGS

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, presenting from her report distributed to Commissioners in the advance materials. No questions were raised.

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

WSSC Employees' Retirement Plan Board of Trustees. Chair Foster reported on the May 2018 Investment Results, noting that, as of May 31, 2018, the Plan's assets were \$816.0 million, which represents a year-to-date investment gain of \$6.9 million or an

increase of 1.0% from December 31, 2017 to May 31, 2018. The next meeting of the Retirement Plan Board of Trustees scheduled for Wednesday, July 25, 2018. No meeting in August.

The Commission received the report of the WSSC Employees' Retirement Plan Board, as delivered by Commissioner/Trustee Foster, as information.

Governance & Strategic Visioning Committee. No report.

Legislative & Compliance Committee. No report.

Audit Committee. On motion made by Commissioner Lawson and seconded by Commissioner Bayonet, the Commission unanimously approved its Audit Committee Minutes of February 21, 2018.

Customer and Other Stakeholder Relations Committee. No report.

Innovation & Infrastructure Committee. No report.

The Committee reports were received as information.

Committee Appointments for FY 2019. Chair Foster announced that the Committees for Fiscal Year 2019 will remain primarily the same with the exception of Legislative & Compliance - will only consist of Commissioners Boulware and Denis (Lawson no longer a member).

Quarterly Audit Committee Meeting. The Commission officially convened as an Audit Committee at 2:20 p.m. Due to extreme time constraints, Internal Audit Director Maxene Bardwell provided a quick overview of items contained on the meeting's agenda.

Business related to the Audit Committee concluded at 2:27 p.m. Minutes of this proceeding are recorded separately and can be found in the Audit Committee Minutes, incorporated herein by reference.

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, Chair Foster called for a vote.

CLOSED SESSION

Whereby, at 2:29 p.m., Commissioner Lawson moved and Commissioner Bayonet seconded, that the Commission go into Closed Session, pursuant to Maryland Code Annotated, General Provisions Article: Sections 3-305(b) (7) and 3-305(b) (8) to consult with counsel to obtain legal advice and discuss pending or potential litigation for attorney/client privileged legal matters; Section 3-305(b) (10) to discuss public security, if the public body determines that public discussion would constitute a risk to the public or to public security including (i) the deployment of fire and police services and staff; and (ii) the development and implementation of emergency plans; and Section 3-305(b) (1) to discuss personnel matters relating to Commission Office direct reports.

The Chair provided justification for discussion of the emergency plans in closed session as follows: *"the Commissioners have determined that the discussion of the emergency plan and what triggers an emergency response by the Commission is a public risk because those triggers may be used by someone intent on harming the water or sewer system or harming those customers or institutions that rely on the water or sewer system."*

The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was closed at 2:29 p.m. The Commission then took a short recess with the Commission reconvening in Closed at 2:45 p.m. in the Commission Office Large Conference Room.

ATTENDEES: Chair Eloise Foster, Vice Chair Chris Lawson, Commissioners Fausto Bayonet, Omar Boulware, Howard Denis and Thomasina Rogers. **Staff present:** General Manager Carla Reid,

Corporate Secretary Sheila Finlayson, General Counsel Amanda Conn, Senior Counsel Russel Beers, Associate Counsel Heather Ashbury, Associate Counsel Danny O'Connor, Associate Counsel Stephanie Kinder, Associate Counsel Jim O'Day, Deputy General Manager Monica Johnson, Chief of Staff Jackie Vincent, Production Director J.C. Langley, Homeland Security Director David McDonough, Water Quality Scientist Jin Shin, and Human Resources Director Todd Allen.

Pending Litigation/Legal Advice - Commissioners were briefed by the General Counsel, members of her legal team and other staff on pending attorney/client privileged litigation and legal matters, including a briefing on WSSC's emergency response plans.

A motion was made by Commissioner Boulware and seconded by Commissioner Rogers, to authorize settlement of a pending WSSC legal claim, as recommended by counsel. The motion carried unanimously with six affirmative votes.

Personnel Matters. Members of management were excused at 4:37 p.m. while the Commission met in executive session to discuss personnel matters.

At 6:30 p.m., Commissioner Lawson moved to end the Closed Session. Commissioner Denis seconded the motion. The motion carried unanimously with six affirmative votes.

OPEN SESSION RESUMED

ADJOURNMENT

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

At 6:30 p.m., the meeting was declared, adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary