

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, March 27, 2018
Laurel, Maryland**

Chair Thomasina V. Rogers called the meeting to order at 10:07 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, noting that today's meeting was rescheduled from the original meeting date of March 21, 2018 due to inclement weather (snow) the Washington Metropolitan region experienced last Wednesday. She then asked 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 Bayonet moved to adopt the Commission's Public Meeting Agenda of March 27, 2018, as drafted, to which Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Foster moved to approve the open session minutes of the December 20, 2017 Regular Commission Meeting, as drafted.

Commissioner Boulware seconded the motion. The motion carried unanimously with six affirmative votes.

Commissioner Bayonet then moved to approve the open session minutes of the January 17, 2018 Regular Commission Meeting, as drafted. Commissioner Lawson 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 March 2018:

Ronald Elliott, Maintenance & Operations Strategist/Planner, Operations Support Division, retires with 11 years and 10 months of service.

Claudia Kelliehan (present), Customer Service Advisor, Customer Care Division, retires with 5 years and 11 months of service.

Leevern Peoples, Pipe Technician III, Pipeline Infrastructure Strategic Planning Division, retires with 30 years and 8 months of service.

COMMISSIONER/PUBLIC COMMENTS

Public Comments. None.

Commissioner Comments. Chair Rogers, on behalf of Commissioners, took a special moment to recognize Patria M. Finlayson, sister of Corporate Secretary Sheila Finlayson, who passed away last month. On behalf of the Corporate Secretary, Commissioners made a contribution from their own personal funds, in the amount of \$500, to Alfred Street Baptist Church in Alexandria, VA, where Ms. Patria Finlayson was a devoted and active member and Usher until the time of her death.

Commissioner Denis recognized the Chair for her leadership in general and for spearheading the initiative to present the donation to Alfred Street Baptist Church on behalf of Patria Finlayson. He also reflected on his attendance at the service, sharing how very deeply moving it was, with the church pastor flying back in town early from a business trip to preside, a full choir, ushers' ceremony and reflections from family and friends that were so loving and heartfelt. He also commented that he was glad to have Corporate Secretary Finlayson back with us today.

Commissioner Denis then shared his experience in attending the annual International Water Tasting Festival in Berkeley Springs, West Virginia, noting that Deputy General Manager Joe Mantua had also attended and that unfortunately, WSSC did not finish in the Top 5 in the festival's water tasting contest. Lastly, Commissioner Denis thanked leadership and the Finance Division for a job well done on the CIP which he mentioned was approved expeditiously by the Montgomery County Council at the session he recently attended. He also recognized the Intergovernmental Relations Office (IRO) for the successful WSSC legislative luncheon held on March 15th in Annapolis, which was well attended by legislators, noting that it was great to see his former colleagues and thanking IRO manager Guy Andes for the wonderful tour of the State House Office Building. Commissioner Bayonet chimed in, also thanking staff for the nice event and tour and Commissioner Denis, in particular, for everyone he was able to meet, pointing out that Commissioner Denis is still a "super-star" in Annapolis, well-regarded and loved by his former colleagues and friends.

CHAIR REPORT

Chair's Report. The Chair shared the Commission's plans for celebrating WSSC's 100th Anniversary in May, noting that former Commissioners will be part of the program and will share their perspectives on WSSC's evolution over the years.

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 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 February 5, 2018 through March 2, 2018.

Achieve Business Process Excellence and Maintain Financial Stability

FY 2018 Risk-Based Audit Projects: Three in fieldwork phase; one in report phase and one in preliminary review phase.

Carryover Audit Projects: Both in report phase.

Internal Audit Follow-up: one management action item closed since last report. None requiring Internal Audit verification. One action plan's implementation was rejected (General Services - 61 days delinquent).

External Auditors. New external auditing firm of Clifton Larson Allen LLP to commence auditing WSSC's Employee Retirement Benefit Plan and OPEB plan in March.

Improve Infrastructure

System Development Charges (SDC) Audits: Total fiscal year-to-date actual financial adjustments of \$843,105.76. No reports issued during reporting period. 21 SDC audit requests in process with 18 active and 3 inactive.

Protect Our People, Infrastructure, Systems and Resources

FWA Training/Hotline. FWA training provided to 9 new employees. Next quarterly hotline report to be provided in May.

Ethics Office. The Board of Ethics held its regularly-scheduled meeting on February 8, 2018; several open and closed items were reviewed. Code of ethics training provided to 9 new employees on February 28, 2018.

Following discussion, the IAO report was received as information.

Audit of Commission Office. Chair Rogers explained that the Commission Office has not been audited in over ten years and that she and the Vice Chair had requested an immediate internal audit of the Commission Office by the IAO, for purposes of bringing the Commission into alignment with operations in receiving regular audits, as a best practice, and to promote openness and transparency all around.

IAO Director Bardwell shared that the Commission Office audit would be considered low risk and that the IAO typically would not audit areas of low risk, thereby reserving the IAO's time and resources for the higher risk audits identified in the IAO's Commission-approved annual risk-based plan. Ms. Bardwell shared that the Commission Office audit could be conducted immediately as requested, but that the IAO would have to discontinue its work on another higher risk audit (i.e., the Employees' Retirement Benefits audit, currently in progress) that had been approved under the plan. She also noted that the Employees' Retirement Benefits audit had not been conducted previously and there was a critical need to conduct the audit.

Commissioner Boulware, while agreeing with the Chair and Vice Chair's recommendation for an audit of the Commission Office, expressed reservations and concerns with the timing, noting that he did not understand the urgency in pushing it to be conducted

immediately (i.e., by this fiscal year's end) and at the expense of displacing another higher risk audit that is currently in process. He therefore suggested that the Chair and Vice Chair reconsider with the recommendation that the Commission Office Audit be commenced at the beginning of Fiscal Year 2019.

Following discussion, a motion was made by Commissioner Lawson and seconded by Commissioner Foster, to approve the addition of a special audit of the Commission Office to the Internal Audit Office's Fiscal Year 2018 Audit Plan, as requested by the Chair and Vice Chair of the Commission.

By tie vote of three-to-three, the motion failed. Commissioners Lawson, Foster and Rogers voted in the affirmative while Commissioners Boulware, Bayonet and Denis voted against.

OTHER REPORTS

Finance - Set Front Foot Benefits Appeals Hearing Date. Affected property owners are notified in writing in early spring of their front foot benefit assessments. Customers who have issues with such assessments may request an appeal hearing before the Commission. Management is recommending the Commission set Wednesday, May 16, 2018 at 3:30 p.m. as the date and time for the 2018 appeals' hearings with one Commissioner to be appointed as the hearing officer.

Whereby, a motion was made by Commissioner Foster and seconded by Commissioner Lawson, to set the Front Foot Benefit Appeals Hearing date for Wednesday, May 16, 2018 at 3:30 p.m., in the WSSC Auditorium, with Commissioner Denis to serve as the Hearing Officer.

The motion carried with five affirmative votes; one absent. Commissioner Boulware left the room temporarily and was absent from the vote.

Finance - WSSC Employees' Retirement Plan Annual Report.

Retirement Plan Executive Director Richard Baker presented the 2017 Annual Results for the WSSC Employees' Retirement Plan. Mr. Baker walked through a power point executive summary provided to Commissioners and incorporated herein by reference.

At December 31, 2017, the Plan's assets were \$832.4 million.

The Retirement Plan Annual Report was received as information.

General Services - RGH Renovations Update. General Services Director Laura Ruprecht provided a briefing on WSSC's Comprehensive Facilities Renovation Plan which consisted of an update on all WSSC facilities, including the renovations taking place and planned for the WSSC Headquarters RGH building. The Customer Service department is being relocated to the Ninth floor of the RGH building with the renovations of the new floor prioritized and expected to be completed in early April. Ms. Ruprecht reported from a power point presentation contained in the advance materials and 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.

The Commission received the Facilities Renovation Plan Update, 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 Boulware and seconded by Commissioner Bayonet, to adopt Resolution 2018-2180, approving the seven contracts included on the Consent Calendar for the March 27, 2018 Commission Meeting, as follows:

A. Engineering and Construction*Architect/Engineer Contracts*

1. BP5692A14, Design Services During Construction - Brink Zone Reliability Improvements Project, Change Order No. 2, to Mott MacDonald, in the amount of \$650,433.00.
2. PM0005A13, Water and Sewer Rehabilitation Design Services, Option Term I, to A. Morton Thomas & Associates, Inc., in the amount of \$3,000,000.00. Option Term is for two (2) years.

Construction Contracts

3. PM5192A11, Sanitary Sewer System Rehabilitation, Consent Decree Environmentally-Sensitive Areas (ESA), IDIQ, Option Term I, to Inland Waters Pollution Control, in the amount of \$10,000,000.00. IDIQ task order contract with a two (2) year-option term.
4. BT5782A14, Metzert Road Water Main Replacement, Change Order No. 3, to Taylor Utilities, in the amount of \$388,809.90.
5. PM0005A15, Water Main Repair, Replacement and Rehabilitation, IDIQ, Change Order No. 1, in the amount of \$10,500,000.00. Additional funding of \$3,000,000.00 required to replace funding used during Emergency Declaration. \$7,500,000.00 needed to support Water Main Replacement Program.
6. BD4144B05, Brighton Dam Facility Upgrade, Change Order No. 4, to Cianbro Corporation, in the amount of \$2,620,829.72.
7. CT4231E05, Broad Creek Augmentation Project - South Conveyance, Change Order No. 8, to Northeast Remsco Construction, Inc., in the amount of \$602,016.17. Change Order will close out contract as it has reached substantial completion.

The motion carried unanimously with six affirmative votes.

ADDITIONAL BRIEFINGS

IRO - Legislative Update. IRO Director Karyn Riley provided an update of IRO's legislative activities, including a status report on legislation currently moving through the 2018 Maryland General Assembly Session and affecting the Commission. Four bills crossed over successfully (Connecting Pipe Emergency Loan Program, Indirect CAP, Funds Accountability and Transparency Act, and Inspector General). Commissioner Denis asked about management's preparation regarding the IG Bill, inquiring as to whether management has determined its next steps and action plan in setting up an IG office, should the bill pass?

The Commission received the IRO Legislative Update as information.

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. Nothing additional to report outside of Mr. Baker's earlier annual report.

Governance & Strategic Visioning Committee. Strategic Planning work session to take place during the afternoon open session.

Legislative & Compliance Committee. Nothing additional to report outside of IRO briefing.

Audit Committee. No report. Next Quarterly Meeting scheduled for May 16, 2018.

Customer and Other Stakeholder Relations Committee. No report.

Innovation & Infrastructure Committee. Commissioner Bayonet provided a report of the business conducted at the first meeting of the Innovation & Infrastructure Committee held on February 14, 2018, noting that the Committee was very impressed with the innovation projects and initiatives being conducted and implemented by management and the Innovation & Research Council.

The Committee report was received as information.

The Chair 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 12:10 p.m., Commissioner Foster 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 November 15, 2017, December 20, 2017 and January 17, 2018 Closed Session Minutes, 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; and Section 3-305(b) (1) to discuss personnel matters relating to Commission Office direct reports.

The motion carried unanimously with six affirmative votes.

The Chair declared the meeting was Closed at 12:10 p.m. The Commission then recessed for lunch, with the Closed Session portion of the meeting to reconvene at approximately 1:15 p.m. in the Commission Office Large Conference Room.

Commissioner Boulware had to depart at 1:15 p.m. due to a prior commitment.

The meeting reconvened at 1:15 p.m. in closed session in the Commission Office Large Conference Room.

ATTENDEES: Chair Thomasina Rogers, Vice Chair Eloise Foster, Commissioners Fausto Bayonet, 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, DGM Joe Mantua, DGM Monica Johnson, DGM Tom Street, Chief of Staff Jackie Vincent, Internal Audit Director Maxene Bardwell and Internal Auditor Janice Hicks.

Closed Session Minutes - On motion made by Commissioner Lawson and seconded by Commissioner Foster, the Commission voted five-to-zero, with one absent (Boulware), to approve the closed session minutes of its November 15, 2017, December 20, 2017 and January 17, 2018 Regular Meetings, as drafted.

Legal Matters - Commissioners were briefed by the General Counsel and members of her team on confidential attorney/client privileged legal matters affecting the Commission.

On motion made by Commissioner Foster and seconded by Commissioner Bayonet, the Commission authorized, by a vote of five-to-zero, one absent (Boulware), counsel to appeal a pending legal matter to the Maryland Court of Special Appeals, as recommended by the General Counsel.

Personnel Matters - No personnel matters were discussed.

At 1:50 p.m., the Chair called for a motion to end closed, whereby a motion was made by Commissioner Lawson and seconded by Commissioner Denis, to end the Closed Session. The motion carried with five affirmative votes.

OPEN SESSION

At 1:50 p.m., the Commission reconvened in open session.

Strategic Planning Worksession. Management conducted a strategic planning work session with Commissioners and provided an

environmental scan of the water industry. Management also discussed current industry trends; provided an update on the Veolia Benchmarking Study; highlighted key performance indicators currently under development; and, presented a high-level summary of WSSC's strategic initiatives for FY 2018 and FY 2019. Specific details can be found in the power point presentation contained in the advance materials and incorporated herein by reference.

Management and Commissioners to conduct an annual review of the WSSC Strategic Plan at the April Commission Meeting. The Commission received the briefing and material from the work session, as information.

ADJOURNMENT

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

At 4:00 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary