

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, June 19, 2013
Laurel, Maryland**

Chair Chris Lawson called the meeting to order at 8:45 a.m., in the Auditorium of the Washington Suburban Sanitary Commission (hereinafter "WSSC") Richard G. Hocevar 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 Lawson, Commissioners Gene W. Counihan (Vice Chair), Melanie Hartwig-Davis, Antonio L. Jones, Adrienne A. Mandel, and Roscoe M. Moore, Jr., were present at the meeting. Also in attendance were WSSC General Manager and Chief Executive Officer Jerry N. Johnson, General Counsel Jerome K. Blask, and Corporate Secretary Sheila R. Finlayson, Esq., who recorded the minutes of the meeting. Members of WSSC management were also called upon, during certain portions of the meeting, to provide information to the Commission.

PLEDGE OF ALLEGIANCE

The meeting opened with the pledge of allegiance led by Commissioner Hartwig-Davis.

AGENDA APPROVAL

Vice Chair Counihan moved to adopt the Commission's June 19, 2013 Meeting Agenda, to which Commissioner Hartwig-Davis seconded the motion. The motion carried unanimously with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Mandel moved to approve the open session minutes of the May 15, 2013, May 16, 2013 and May 17, 2013 Commission Meetings, subject to a few minor non-substantive revisions which she had earlier provided to the Corporate Secretary. Commissioner Jones seconded the motion. The motion carried unanimously with six affirmative votes.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of June 2013: Veric E. Brown, Wastewater Collection Field Unit Coordinator, Wastewater Collections System Group, retired with 27 years and 9 months of service; Dennis J. Landis, Jr., Utility Technician III, Customer Care West Group, retired with 32

years and 9 months of service; Robert L. Martin, Contract Manager, Customer Care West Group, retired with 31 years and 3 months of service; Jeffrey C. Erickson, Water Quality Manager, Laboratory Services Group, retired with 29 years and 9 months of service; Charlett Bundy, Corporate Secretary, Commission/Corporate Secretary's Office, retired with 8 years and 1 month of service; and Kathy Balderson (present at meeting), Information Support Specialist, Customer Care Information Support Group, retired with 34 years and 11 months of service.

General Manager/CEO Jerry Johnson expressed his appreciation to all the retirees, paying special recognition to Dennis Landis, Jr., who he indicated is *"president of our local union and very active here among the employees. He has certainly served them and the Commission quite well. We have a very good, positive working relationship with the local union and much of that is due to his diligence and the efforts that he undertakes to be fair and objective while seriously representing his union members."*

Chair Lawson, on behalf of the Commission, also expressed his congratulations to the June retirees.

COMMUNICATIONS

Communications and Community Relations Director Jim Neustadt presented a video which featured a new customer-friendly tool for WSSC customers called "In Your Neighborhood," an interactive map that allows customers to see exactly where WSSC is doing water and sewer work. Last October, the Communications team shared a demonstration of "SR3" - an interactive map that enables customers to see where WSSC is doing its sewer rehabilitation work in Montgomery and Prince George's Counties. "In Your Neighborhood" includes details on all planned water *as well as* sewer work. Mr. Neustadt pointed out that this is a great achievement, due to the hard work and combined team effort of several internal groups primarily led by Infrastructure Systems and Information Technology.

WSSC has made the tool available to both the Montgomery County Department of Transportation and the Prince George's County Public Works Department and each is using it to aid in utility coordination; and, to eliminate unnecessary road cuts and inconvenience to customers. WSSC has also made "In Your Neighborhood" available to other local stakeholders, such as local

municipalities and Washington Gas. The access provided to these entities will not only allow them to view the data, but will also enable them to do behind the scenes analyses that WSSC hopes will result in better coordination, reduced costs and less inconvenience to customers.

ROBERT G. BERGER SCHOLARSHIP AWARDS

Martin Chandler, Member of the Environmental Group and Chair of the Robert G. Berger Memorial Scholarship Board, along with the Scholarship Board's Vice Chair Wayne Ludwig, presented the scholarship awards for the 2013-2014 academic year. Mr. Chandler provided a brief history of the scholarship, personally acknowledging and thanking the Berger family, and WSSC employees and retirees for their generous support and contributions over the years, which make the scholarships possible. All funds collected are used solely for these scholarships.

The following nine student recipients (and WSSC parents) were honored:

- **Carolina Garcia (Jaime Garcia, Materials & Services Group) - Freshman** - University of Maryland College Park - Studio Art & Graphic Design (present to receive award).
- **Sanchita Gupta (Ajay Gupta, Applications Development Division) - Freshman** - University of Virginia - Biology (absent).
- **Jackson Hawes (Jennifer Hawes, Office of Communications & Community Relations) - Senior** - University of South Carolina - Finance (absent).
- **Christine Long (Debra Long, Customer Relations Group) - Senior** - Towson University - Art Education (absent).
- **De'anee Love (Nicole Love, Customer Relations Group) - Freshman** - Lincoln University - Psychology (present to receive award).
- **Solita Parker (Yvette Parker, Wastewater Collection System Group) - Sophomore** - University of Maryland Eastern Shore - Pharmacy (present to receive award).
- **Theresa Russell (Ann Russell, Development Services Group) - Junior** - University of Maryland College Park - Biology (absent).

- **Natolie Tobery (William Tobery, Seneca/Damascus/Hyattstown Group) - Freshman** - Shepherd University - Psychology (present to receive award).
- **Christina Venanzi (David Venanzi, Infrastructure Systems Group) - Senior** - Stevenson University - Medical Technology (present to receive award).

The Robert G. Berger Memorial Scholarship Fund is a tribute to former Commissioner Robert G. Berger and supports the higher education goals of WSSC employees and retirees' children. Since its inception in 1996, the fund has awarded over \$125,000 in scholarships to more than 120 students. Formerly known as the WSSC Employee Scholarship Fund, it was renamed 10 years ago to honor the memory of former Commissioner Berger, who was a tremendous advocate for higher education and played a pivotal role in creating the WSSC Scholarship Fund. Point of interest - this year, the Scholarship Board received the largest number of scholarship applications ever in the history of the fund. Following the presentation, Chair Lawson thanked Mr. Chandler and congratulated the student recipients.

FISCAL YEAR 2014 COMMISSION MEETING DATES

A motion was made by Vice Chair Counihan, and properly seconded by Commissioner Mandel, to approve the Commission Meeting Dates for Fiscal Year 2014, as follows: July 17, 2013; August 21, 2013; September 18, 2013; October 16, 2013; November 20, 2013; December 18, 2013; January 15, 2014; February 19, 2014; March 19, 2014; April 16, 2014; May 21, 2014; and, June 18, 2014. The motion carried unanimously with six affirmative votes.

RECOGNITION OF DEPARTING COMMISSIONER

Recognition of Commissioner Melanie Hartwig-Davis. Chair Lawson took an opportunity to acknowledge Commissioner Melanie Hartwig-Davis, who will be departing from the Commission Board in July, for her service. The Chair recognized Commissioner Hartwig-Davis as follows:

"From her point of arriving at WSSC to this very moment, Melanie has demonstrated extraordinary service to the Commission and those that it serves. She wasted no time accepting her roles as a Commissioner and as a committee leader as demonstrated very recently in helping to bring structure and clarity to our personnel and governance policies and procedures. Melanie has done an enormous amount of work; she's been very focused and

diligent; she was very vocal in the watershed concerns that we worked on as acknowledged by the group. So, I just want to thank you for all that you've done here at the Commission. You're a terrific person, true and consummate professional and for me, a good friend. And, I want to thank you for all you've done and all you'll continue to do to serve your community."

The Chair then presented Commissioner Hartwig-Davis with a token of appreciation from the Commission; specifically, a workman's statue replica plaque "in recognition of her distinguished service and deep appreciation for leadership provided to WSSC."

Farewell Remarks of Commissioner Hartwig-Davis. Commissioner Hartwig-Davis provided the following farewell remarks:

"I truly appreciate your kind remarks Chair Lawson. The feeling is mutual, I assure you, we have a good team here, and I regret that I have to go. I have very much enjoyed working on this board and working with all of you. I believe we work well together and that is a big benefit for our customers... not to mention making this a most enjoyable experience for me. Thank you.

I believe that our collaboration is critical in order to meet the many challenges and to ensure the future of WSSC in its efforts to provide for our customers. Chair Lawson and I have both worked hard to see that come to fruition, internally.

We have taken our convictions outside WSSC as well however. As a state agency where the counties appoint our members and must approve our budget, we have worked to encourage cooperation across the counties and I believe we have had some success. It is my hope that this continues and that you will build upon this groundwork that I've been a part of.

We have a lot to be proud of and have made great progress in the two years I have been here. I am particularly proud of our efforts on the watershed and the new regulations. I am an environmentally-concerned citizen, my family and I are all enthusiasts in outdoor activities, and of course we all drink the water. Mr. Johnson and I have spoken at length about Phase II of the Watershed Study, and WSSC's opportunities to further efforts in protecting the quality of our source water. I believe it is very important that we continue these efforts with diligence.

I do regret that we were not able to increase the compensation for the hard-working people who sit in these seats. This is not selfish or greedy. I believe any objective review will show that additional compensation, commensurate with other boards, is long overdue. WSSC is a one-point-five billion dollar company, and believe me, we do more than spend one Wednesday a month working on WSSC business. I want my colleagues here to know that I will continue to be an advocate to this effort even though I don't sit there with you at the table.

Mr. Johnson, my compliments to you and your team for all of the issues we have worked on. Good luck on the many before you! I have learned a tremendous amount. Your expertise and professionalism are matched by your dedication. I thank you all for your kindness and patience as colleagues and friends.

I also want to thank WSSC for all I have learned in the Leadership Prince George's Program. I am pleased to say that I made it! Graduation is tonight and I know some of you will be attending and I really appreciate your support.

Last but not least, I want to thank our County Executive Rushern Baker for giving me this opportunity. I consider him a friend of mine and a friend of WSSC and our mission. I have a tremendous amount of respect for Mr. Baker and what he is accomplishing in Prince George's County. I wish him success in his numerous initiatives to transform this County on his Path to Greatness. So with both Leadership Prince George's and my tenure as a Commissioner coming to an end, I am going to have a windfall of time available to me each month but I don't have much difficulty filling my time. First, I will refocus on my own business, HD Squared Architects, as it has taken a backseat these past two years. I will now be able to dedicate more energy to my sustainably focused business and continue this in other realms as well. I am looking at all options in public service. I have and will always be involved in the community whether it's in government, the non-profit sector or some other platform. Our paths may very likely cross again in circles around clean water and the environment - who knows?

[Commissioner Hartwig-Davis then presented each Commissioner with some personal gifts/mementos.]

Once again, thank you to everyone. It has been an honor and a pleasure to serve. I leave you with one reassuring thought - that starting next month, on the third Wednesday of July at 8:30 in the morning... with coffee in hand and sleepy still in my eyes, I'll drag myself down to my basement home office in Cheverly and I'll be able to log-on to wsscwater.com and watch you all live and in living color. Congratulations on your new technological advancements and I wish you the best of luck!"

Commissioners all joined in thanking Commissioner Hartwig-Davis for her significant contributions to the Commission, each expressing similar sentiments of how it was a pleasure to work with such a dedicated, passionate and committed professional and colleague and how each was looking forward to continuing the friendship they shared and to crossing paths again.

RECOGNITION OF DEPARTING CHAIR LAWSON

Recognition of Chair Chris Lawson. Vice Chair Counihan recognized the excellent leadership of departing Chair Chris Lawson, as follows:

"Mr. Chairman, as you became Chairman this time a year ago, you were so relatively new with the WSSC but you really embraced your leadership role with this Board. You committed the time and interest and your even-handed approach to problem-solving - there are times when I was beginning to believe you could literally see around corners. In that I think you helped us anticipate a few things and you certainly helped us solve a number of things... And you kept the Board together, focused on working cooperatively. You have demonstrated all of the qualities and primary skills of leadership and I have learned from you... and I thank you."

Chris Lawson Speech. Chair Lawson thanked the Vice Chair for his remarks and then provided a summary of his accomplishments over the past year:

"As Chair for the past year I feel I have been able to contribute... and contribute even more on a regional level, on local level and even on an operational level with my commissioners and colleagues here. It has been a good year. I feel personally that it's been a great year given the enormous challenges that we have here at WSSC and the complexity of an organization of this type... And I feel we've made some tremendous progress."

We signed sealed and delivered an updated version of the regional Inter-Municipal Agreement... a process that was well underway before I came here and took over ten years to complete. This document is the business agreement between WSSC, Fairfax County and DC on the operation of the Blue Plains Wastewater Treatment Plant. Nearly 50 percent of the operating funds come from WSSC. And of course Blue Plains plays a critical role in cleaning up the environment, specifically the Potomac River and Chesapeake Bay.

Our own effort to repair the sewer system... the Consent Decree continues to move forward and towards completion. We have strategies in place to address the challenges of this extensive and comprehensive project as we move toward compliance and completion nearly by 2017.

Our goal for this fiscal year in replacement of the smaller water mains is 46 miles. We will surpass that. And by FY 2015 we will replace 55 miles of water mains per year, every year, to ensure that our infrastructure is sustainable and capable of carrying life's most precious resource to our homes (Water).

While our water filtration plants and wastewater treatment plants are the key pieces of infrastructure that drive our core business, behind the plants and behind virtually everything we do in this day and age, is information technology. I am proud to say WSSC now has a 5-year IT Strategic Plan that will retire the old legacy systems and in turn create a new legacy of excellence in every aspect... from our customer service to communication to consent decree... with a goal of never being out of touch and out of date in the technology arena. So I'd like to extend Congratulations to Mr. Johnson, CIO Lodhi and staff.

Of course we do all of this for the good of our customers. They are the people who drink our water and pay our rates. And our Councils recognize our infrastructure challenges and have approved these rate increases. We appreciate they understand the value of water and what it takes to go from the river to the residents and back.

We in the water industry have a difficult business plan; a difficult task. Our revenue comes from rates determined by water usage. Water use per capita is shrinking. Conservation, however,

is working. With development we keep adding to the system, while having to replace the aging pieces of pipe that have been there for decades. And prices continue to rise with less revenue but yet higher costs.

So we owe it to our customers to be innovative... to look elsewhere for revenue or at least look to minimize increases along the way and we have begun to do that.

One year ago almost to the day, this Commission accepted the report of the Bi-County Infrastructure Funding Working Group. And we have begun implementing many of those recommendations. We are searching for other revenue sources as well. For example, debt will be funded for longer terms and for the first time in a generation, we have undertaken a study of our rate structure with an eye on affordability for those with less ability to pay.

We have had many successes: our wastewater treatment plants were all given awards for 100 percent compliance with their discharge permits... again; our budget office received the Distinguished Budget Presentation for the 18th time; our communication office received several awards for videos; and our CIO and another employee received distinguished honors from the IT community.

It is important to note our SLMBE and Procurement Offices have reached out to the business world. They have registered more businesses overall and more women and minority businesses... that was very important and very crucial for that to take place. It has helped to increase opportunities for vendors, but also worked to increase the value we get for the customer's dollar.

And we have increased the scholarship dollars to area students in pursuit of engineering degrees in hope that they will pursue careers in our industry... and of course, preferably at WSSC.

This year has not been without challenges. But, it is a measure of an organization as to how it deals with its challenges. Our proposed study to the construction design manual was greeted with some objections but we have broadened the number of stakeholders and are bringing everyone into the same room to work toward a solution that is acceptable for all.

We now have in place new watershed regulations after objections to the previous guidelines. Led by our Production and Communications teams, we held dozens of meetings with hundreds of people. The new regulations actually opened the watershed to more groups, while still satisfying our need to protect the source drinking water in our two reservoirs. That, in fact, was very crucial for us.

And without boring you with the details, we improved some of the ways we as a Board do our work. And we also expeditiously hired our new Corporate Secretary Ms. Sheila Finlayson to replace our now-retired Charlett Bundy... and I wanted to officially say, Welcome Sheila - If you all have not had an opportunity to meet her, please do so -- she's a remarkable young lady and I think she is going to do a great job!

So now, I want to thank my colleagues... you have definitely been collegial, helpful, patient and supportive and I appreciate that very much.

It has been a good year and I'm not going any place, I'm just turning over the reins. I am very optimistic about this coming year and about the future of WSSC. And I want our customers to know we are on a path that will ensure the future of this organization and its ability to provide water and quality wastewater services.

Just want to thank you all as well for being patient with me this year... I've enjoyed being your leader and thank you very much!"

Vice Chair Counihan presented Chair Lawson with a plaque of appreciation and an engraved glass replica water drop "in recognition of distinguished service to the Washington Suburban Sanitary Commission."

ELECTION OF FISCAL YEAR 2014 CHAIR

Chair Lawson then called for nominations for Chair of the Commission for the upcoming fiscal year.

Whereupon, a motion was duly made by Commissioner Hartwig-Davis, and properly seconded by Commissioner Jones, to nominate Vice Chair Gene Counihan as the Chair of the Commission for Fiscal Year 2014. The motion carried with five affirmative votes.

Commissioner Counihan abstained since he was the nominee and subject of the vote.

Commissioner Lawson congratulated the new Chair, officially passing the gavel to Chairman Counihan [Chair Counihan is now presiding over the meeting].

Gene Counihan Speech. Chair Counihan started off his chairmanship by sharing his plans:

"Let me begin by thanking my colleagues for entrusting me with the honor, responsibility and opportunity to serve as Chair of the Commission. Four years ago, I served a year as Chair. And, matter of fact, on that occasion, when I started the year in June, I implemented a number of changes in the way we conduct our business and leading up to this year, I was trying to think what I would do and I [realized]... Gee, I think we did them all four years ago and they're still in place. So, I think things are working well; the Board is working more effectively, collegially in many respects... I'm not sure we need to make any changes. For sure, we have challenges... We need to continue to meet with our County governments, our partners, not only do we need their approval for our funding but they maintain an active interest in what we're doing for our citizens and their constituents and we need to do that. I think we also need to continue to work possibly more effectively with our State Legislature to achieve the things that we need to achieve through the Legislature.

Chris took off a number of achievements of this past year and there are a few things that are in the process that are not wrapped up but will come to closure I believe this year... one of them has to do with the design manual and setbacks and again ensuring public safety, whatever the decision is. Another one has to do with taking some time and working on our rates and exactly what kinds of changes we need to make in them. We also need to be more entrepreneurial in looking to take advantage of any opportunity we have to develop and market our services and productions. I think all of those things are possible and I would challenge my colleagues to do that.

We work well together, we have outstanding leadership in the General Manager and the guidance of Jerry Johnson that we're blessed to have and we have an incredible staff. I just want to

share with you a recent email to give witness to that. One of our customers writes:

" I want to congratulate WSSC for its care and consideration in replacing our sewer pipe. From start to finish, your managers were responsible to the concerns of my husband and me and took the time to outline their steps all along the way. Brandon Stewart, Jeff Andrews and Kent Edwards all stayed in communication with us throughout the demolition and restoration work. They treated us with respect, which we gave in return. As background information to this sewer project, we have spent thousands of dollars on our landscaping to create a beautiful front garden. Your team put everything back just the way they found it."

And she goes on to sing our praises. That is quality customer service. I shared that because I think this is the kind of customer care we would like to be known for and consistently perform.

A couple of other things... I anticipate that we are going to have a new Commissioner at our next meeting.

We continue to need to work on our infrastructure, our underground infrastructure. We've reached our 55 mile target, reached and exceeded it. We're also doing a lot more with inspections by electronic means and we'll continue to do that. In short, I believe the organization is stronger and healthier than it's ever been serving nearly 2 million people daily with clean water and reliable sewer service and I hope to keep us on that track. And again, thank you."

ELECTION OF FISCAL YEAR 2014 VICE CHAIR

Chair Counihan called for nominations for Vice Chair.

Whereupon, Commissioner Mandel moved that the Commission nominate Commissioner Chris Lawson as Vice Chair of the Commission for Fiscal Year 2014. Commissioner Jones seconded the motion. The motion carried with five affirmative votes and one abstention.

Commissioner Lawson abstained from the vote since he was the nominee and subject of the vote.

Vice Chair Lawson expressed his appreciation to the Prince George's County Executive who has supported and entrusted him in serving in such leadership roles for the Commission, first as its Chair and now as its Vice Chair, along with his fellow Commissioners, which he indicated meant a lot. Chair Counihan also expressed his appreciation to both of the County Executives and County Councils for their continuing interest and support; whether it is through appointments or budget matters, their guidance and support has been critical to the Commission and its work and the Chair wanted to be sure to also acknowledge this.

COMMISSIONER COMMENTS

Commissioner Jones reported that he had the distinct honor of traveling to Denver Colorado last week to represent the Commission at the American Water Works ("AWA") Annual Conference and Exposition, which he indicated was a great experience. He was honored to accept, on behalf of WSSC's Patuxent Plant, a "Partnership for Safe Water Award" for five years of violation-free service, pointing out that "it's actually been 95 years" of violation-free/safe water that WSSC has been providing to its customers. He believed there may have been somewhat of a missed opportunity for WSSC to showcase its knowledge, talent and developments in the technology space and in sharing some of the progress the agency has made by way of technological advancements and applications, suggesting that the organization put together pamphlets that Commissioners and others can use during these events to market the technology that WSSC has developed, further citing "it's a golden opportunity that we need to capitalize on as quickly as we possibly can."

Commissioner Moore then shared the significance of this day, June 19th - over two years after the Emancipation Proclamation, enslaved Americans of African descent in Texas were not told that they were free. On this day, almost two years following the Emancipation Proclamation, they found out that they were free. This day is now celebrated by African-Americans and others across the nation, and especially in Texas, as "Juneteenth," marking this most important and momentous historical occasion.

PUBLIC COMMENTS

Two members from the public were recognized to speak before the Commission. Both guests (Barbara Sollner-Webb and Susan Gray) commented on Phase II of the watershed study and related watershed protections for WSSC's source water, expressing concerns about the new high density residential developments in Howard County that are draining into the Patuxent reservoirs.

MEDIA COMMENTS

There were no comments from the media.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson started his report by congratulating Chair Counihan on his election to the chairmanship of the Commission. He then introduced the Acting Chief Financial Officer ("CFO") Chris Cullinan to the Commission, who he has appointed to act as WSSC's Chief Financial Officer while the Commission actively searches for a new CFO following the former CFO Tom Traber's retirement last month.

He then apprised Commissioners of some changes that management has undertaken over the last month with respect to its status reports and financial activities. WSSC monitors very closely its water production and consumption in addition to its spending patterns over the course of a year. After examining trends for the year, management has decided to lower its production projections from 166 million gallons per day to 163 million gallons per day. Since this will have an impact on revenue, offsetting factors have been introduced such as reductions in the water and sewer operating fund expenditures and general bond debt service fund expenditures in addition to a conscious effort by management to reduce spending where possible, which has resulted in significant under spending in a number of areas as WSSC approaches the end of its fiscal year. A detailed report will be provided to Commissioners in the coming month. By changing these projections, yearend projections have moved from an original projection of \$12.1 million yearend fund balance to \$25.4 million, which is close to last year's \$24.7 million yearend fund balance. Management will be providing recommendations on how those funds will be used; there are several spending categories that normally come out of that fund based on where WSSC ends the year.

Call center is at 91% for answered calls, up a couple of points from last month. Measures are being taken to get the numbers up to projected goals. All plants and facilities are well within permit parameters for the month with no violations. The Patuxent Plant is being taken offline periodically on a daily basis this month while the 30" raw water line is being cleaned; this is a planned effort that management put together in order to clean the water line and no system issues have been reported as a result of this activity. A regional catastrophe drill was recently conducted with all regional water suppliers participating and members of the food and medical supply industry to determine what the impact might be on those delivery chains if the water supply system was interrupted by a major catastrophe. WSSC also participated in a Montgomery County Senior Leadership Exercise, which involved a table-top exercise that simulated a two-week water outage at the Potomac Water Filtration Plant to determine the activities that we would need to undertake and to make sure that we had everything in place to exercise that effort. Water main reconstruction is ahead of schedule and sewer repair is slightly ahead of production. Lateral construction is well ahead of production schedules.

The General Manager, along with some other professionals from around the country, played a key role in developing a new curriculum for the University of Colorado's engineering management program in 2013 called the "Maymester Program," which is an intensive one month training program that focuses on management skills in addition to technical skills to aid engineering professionals in advancing in their careers. This year, four WSSC employees participated in the three-week intensive online "Managing Water Utilities Program" including two succession candidates. The General Manager shared how proud he was of the participants of this intense learning experience, who all did extremely well, earning As and graduate credits for their involvement.

Several active recruitments are currently underway for senior managers and interviews are currently underway for several of the vacant positions that need to be filled in the organization. WSSC has experienced an active month of outreach on the SLMBE program. Several of those activities were undertaken in conjunction with the Procurement office in an effort to cast a wider net for the suppliers of goods and services to the organization. WSSC was also very active this month in its community outreach efforts - nearly

200 people turned out for the annual Family Fishing Derby held at the Triadelphia Recreation Area; WSSC's largest and most comprehensive sewer condition assessment project (the Anacostia 102-Inch Sewer Condition Assessment) was featured at the Mid-Atlantic Society for Trenchless Technology (MASTT) Seminar in Baltimore; WSSC's Fats, Oil and Grease ("FOG") Program was featured at the Northwest FOG Forum in Tacoma, Washington; and, Information Support Group Leader Reggie Thorpe was awarded a 2013 Laureate from the Computerworld Honors Program for his development of software that allows for remote uploading of data important to keeping water safe and clean, to name a few.

The General Manager concluded his report by bringing to the Commission's attention an article that had been featured in the Washington Post two weeks ago about a DC Councilmember who wanted to enact legislation that would create more jobs for Washingtonians as a result of the activity being undertaken at the Blue Plains Water Treatment Plant, which is the largest advanced wastewater treatment plant in the world. Mr. Johnson expressed concern about the number of dollars being spent in the interest of pursuing employment for DC residents, noting the significant number of Montgomery and Prince George's County residents that are also unemployed and in need of jobs and suggesting that the Commissioners speak to the appropriate county representatives from both counties that serve on the DC Water Board and are responsible for setting the agenda and policy for Blue Plains. The General Manager circulated a handout that reflected five years of spending and five years of projected spending for residents of Montgomery and Prince George's counties, noting that "on an operating basis where we pay on the basis of flow going to the plant, we have spent \$215.9 million and are projected to spend \$218.7 million for the next five years. On the capital side, we pay 46% of all the capital spending that is done at Blue Plains which equates to \$655.1 million and projected to be \$715.5 million over the next five years for a total of \$1.3 billion. With this level of expenditure, if there is interest in pursuing employment for users of the system, Montgomery and Prince George's County residents ought to be given the same consideration as those residents from the District of Columbia."

Following discussion, the General Manager and Chief Executive Officer's Report was received as information.

INTERNAL AUDIT REPORT

Monthly Activity Report. Internal Audit Manager Maxene Bardwell reported on the monthly activities of the Internal Audit office for the period of May 6, 2013 through June 7, 2013. Fiscal year-to-date savings for the System Development Charges is approximately \$1.2 million. No System Development Charges audits were issued during this reporting period; however currently have eight that are active and three that are inactive. With regard to internal audit follow-up activities, there were 33 pending management action items, 13 implemented-pending internal audit verifications and 130 closed management actions for a total of 176 management action items related to 13 audits. Since last audit status report, 2 action items closed and 10 have been implemented. The Internal Auditor pointed out where the pending issues reside on the issues aging chart, and which have been identified as delinquent.

Board of Ethics. The Board held its regularly-scheduled May meeting and discussed several open and closed items.

Code of Ethics Training. The Ethics Officer provided training to 9 new hires and 23 summer interns. Commission-wide annual ethics training is also being conducted.

External Auditors. The external auditors are currently on site performing the financial statements audit.

Hotline. As of June 1, 2013, 2 new cases, one on hold, 5 in progress with 51 cases closed. Top five case types are fraud, policy issues, conflict of interest, discrimination and theft of time.

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

DEPARTMENT BRIEFINGS**FINANCE**

Resolution 2013-2012 - Adoption of WSSC FY 2014 System Development Charge. This Resolution increases the maximum allowable charge while keeping the actual rates to be charged unchanged for Fiscal Year 2014. This item was approved by the Montgomery and Prince George's County Councils on May 9, 2013.

Commissioner Jones moved that the Commission adopt Resolution 2013-2012 approving the Washington Suburban Sanitary Commission's System Development Charge for Fiscal Year 2014. Commissioner Lawson seconded the motion. The motion carried with six affirmative votes.

Resolution 2013-2013 - Adoption of WSSC FY 2014 Operating and Capital Budgets. This item acknowledges the joint action of the two County Councils to approve the proposed \$1.4 billion operating and capital budget, with a 7.25% average water and sewer rate increase, at the Bi-County meeting of the Montgomery and Prince George's County Councils on May 9, 2013.

Commissioner Mandel moved that the Commission adopt Resolution 2013-2013, approving the Washington Suburban Sanitary Commission's Operating and Capital Budgets for Fiscal Year 2014. Commissioner Lawson seconded the motion. The motion carried with six affirmative votes.

Resolution 2013-2104 - Adoption of WSSC Six-Year Capital Improvements Program for FYs 2014-2019. This item, totaling \$3.7 billion, was jointly approved by the Prince George's and Montgomery County Councils on May 9, 2013.

Commissioner Lawson moved that the Commission adopt Resolution 2013-2014, approving the Washington Suburban Sanitary Commission's Six Year Capital Improvements Program for Fiscal Years 2014-2019, to which Commissioner Jones seconded. The motion carried with six affirmative votes.

Front Foot Benefit Charges and Deferred House Connection Charges for the 2013 Assessment Levy. In late April, proposed assessment notices were mailed out to 305 customers in Montgomery (228) and Prince George's (77) Counties. No appeals were made. Management is recommending approval. [Item is included on Consent Calendar Resolution.]

ENGINEERING AND CONSTRUCTION

Construction Contracts

Chief Engineer Gary Gumm presented five construction contracts for Commission approval, as follows: CP4441D06, to replace aging and failing electrical gear at the Anacostia Wastewater Pumping Station; PM5297A11, Indefinite Delivery Indefinite Quantity (IDIQ)

in support of Consent Decree work in the Environmentally Sensitive Areas (ESA) of the Seneca and Monocacy Creek Basins (4 Awards); BR5226A11 Oxon Hill VI, BR5226B11 Oxon Hill VII, and BR5429A12 Kensington Heights, in support of the water main reconstruction program.

CONSENT CALENDAR

Chair Counihan called for a separate vote of the two items listed on the Consent Calendar for the June 19, 2013 Commission Meeting.

Commissioner Hartwig-Davis moved that the Commission adopt Resolution 2013-2018, approving the Construction Contracts on the Consent Calendar for the June 19, 2013 Commission Meeting, as follows:

A. Engineering and Construction

Construction Contracts

1. CP4441D06, Anacostia Power Reliability, Part II, Cynergy Electric Corporation, Inc., in the amount of \$1,735,555.00.
2. PM5297A11, Seneca/Monocacy Creek Basins ESA IDIQ, 4 Awards, to Layne Inliner, LLC; Ross Contracting, Inc., Pleasants Construction, Inc. and AM-Liner East, Inc., for a total upset limit of \$45,000,000.00.
3. BR5226A11, Oxon Hill VI Water Main Replacements to Rustler Construction, Inc., in the amount of \$1,672,648.00.
4. BR5226B11, Oxon Hill VII Water Main Replacements to Sagres Construction Corporation, in the amount of \$1,673,713.00.
5. BR5429A12, Kensington Heights Water Main Replacement to Sagres Construction Corporation, in the amount of \$1,447,237.00.

Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

Commissioner Hartwig-Davis moved that the Commission adopt the Finance portion of Resolution 2013-2018, approving the Front Foot Benefit Charges and Deferred House Connection Charges for the 2013 Levy, as identified on the Consent Calendar for the June 19, 2013 Commission Meeting. Commissioner Moore seconded the motion. The motion carried with six affirmative votes.

ADDITIONAL BRIEFINGS**CONSENT DECREE UPDATE**

Chief Engineer Gary Gumm provided Commissioners with a quarterly update on the status of projects being undertaken to comply with the Consent Decree. Mr. Gumm circulated copies of the presentation he reported from which is incorporated herein by reference. Detailed information can be found in the presentation handout. In summary, Mr. Gumm reported on schedule status, contracts awarded, work ongoing, work completed, projected/actual costs to date and areas of concern.

The Commission received the quarterly report on the Consent Decree, as information.

2013 WATER LOSS REDUCTION PLAN

Gary Gumm and Craig Fricke, Engineering and Construction Planning Development Group Leader, presented on WSSC's 2013 Water Loss Reduction Plan. Commissioners were provided an overview of WSSC's Water Conservation Plan and Water Loss Reduction Plan with a report on how WSSC is implementing its reduction plan according to best practices as recommended in the AWWA Manual M36 Guidance ("Water Audits and Loss Control Programs"). The Water Loss Reduction Plan analyzes each of the ten key practices identified in the AWWA guidance to assure a comprehensive assessment of the entire WSSC storage, distribution, metering, and audit and tracking procedures. It also identifies current and planned efforts to further enhance water loss reduction system wide. In summary, WSSC's water loss reduction plan was developed in accordance with the AWWA Manual M36 recommendations; WSSC currently employs most of the water loss reduction practices as described in the AWWA Manual M36; the Water Loss Reduction Plan will be updated annually based on results of the water systems audit and changes to WSSC's water loss reduction practices and policies and the Water Loss Reduction Plan will continue to be submitted to the Maryland Department of the Environment ("MDE") as required.

The Commission received the report on the 2013 WSSC Water Loss Reduction Plan, as information.

VISION STATEMENT

On May 16-17, 2013, Commissioners held strategic planning sessions to update WSSC's Strategic Plan for Fiscal Years 2014-2018. The Commission reviewed its current vision statement and strategic priorities with management, with several themes emerging from the discussions. Management is now proposing a modified vision statement which captures the essence of the discussions that took place during the two-day strategic review. There was general consensus to adopt the modified Vision Statement (incorporated herein by reference) for WSSC, as proposed by management.

HOWARD COUNTY REZONING

The General Manager shared that WSSC has a great deal of concern about water quality for our source water and much of the water that surrounds our watershed is located in Howard County. Under the Consent Decree, WSSC was charged with the responsibility to purchase additional buffer space surrounding the watershed to protect the watershed. The General Manager then recognized Claudia Koenig, Associate Counsel, WSSC General Counsel's office, to provide an overview of the issues surrounding the Howard County Rezoning matter. Areas that had been identified as low density are now being redeveloped into high density areas, which will impact negatively on the watershed (e.g., pollutants, water system and storm water drainage into Patuxent reservoir).

Following significant discussion, Commissioners requested that the Corporate Secretary add this matter to the Closed Session portion of the Agenda for further discussion and consideration with the agency's legal counsel. The General Counsel expressed some reservation but opined that such a discussion could be held in closed session due to the political considerations/implications with respect to WSSC's position or intended position.

LUNCH RECESS

The Chair called for a lunch recess at 1:00 p.m. The Commission reconvened into Open Session at 1:50 p.m.

COMMISSION OFFICE

Corporate Secretary Report. Newly-appointed Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, sharing that she has been on board for five weeks and is acclimating well. She reported that WSSC has an excellent new employee orientation program which has allowed her to gain a

strong level of comfort in a short period of time. The former Corporate Secretary developed a very comprehensive training manual which has served as an excellent resource guide with respect to the new Corporate Secretary's core duties and responsibilities. The manual, along with the one-on-one training Ms. Finlayson received from Ms. Bundy prior to her departure has allowed for a smooth and seamless transition, to which the Corporate Secretary expressed her appreciation to Commissioners for providing this period of overlap.

Follow-up promotion letters were sent out to four local colleges in an effort to drum up more interest with respect to the Joyce Starks/Gene Counihan Engineering Scholarship. A few more applications have been received as a result. Application deadline is July 1.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Moore reported on the activities of the WSSC Employees' Retirement Plan Board of Trustees for the March/April 2013 reporting period. A meeting was held on May 29, 2013. The Plan's invested assets on April 30, 2013 were valued at \$695.6 million. This reflects a year-to-date investment gain of \$48.6 million or an increase of 7.2%. Dr. Moore directed Commissioners to the full report that had been previously distributed to them for further details.

The Commission received the report of the WSSC Employees' Retirement Plan Board as information.

Personnel & Governance. Commissioner Hartwig Davis provided a summary of the Standard Procedure that was before the Commission for adoption. SP-GOV-2013-002 - Procedure for Performance Evaluations of Commissioners' Direct Reports - outlines the process Commissioners will employ for conducting performance evaluations of its Direct Reports (i.e., General Manager/CEO; Corporate Secretary; and Internal Auditor).

Following discussion, a motion was duly made by Commissioner Moore and properly seconded by Commissioner Jones, to adopt Standard Procedure GOV-2013-002, "Procedure for Performance Evaluations of

Commissioners' Direct Reports." The motion carried unanimously with six votes in the affirmative.

The Commission received the Personnel and Governance Committee report as information.

Infrastructure Funding Working Group. Commissioner Jones reported that members of this subgroup from the two counties have been conducting internal discussions and coordinating their efforts to update their respective Water/Sewer Category maps and revise their septic system usage maps to determine the full extent of the unserved and underserved needs in each County. A data request in support of these efforts has been made to the WSSC and data should be provided soon. The subgroup plans to meet in the next few weeks to check in on progress and ensure commonality of work efforts.

The Commission received the report of the Bi-County Infrastructure Funding Working Group, as information.

FISCAL YEAR 2014 COMMITTEE APPOINTMENTS

Chair Counihan appointed the following Commissioners to the Commission's respective Standing Committees for Fiscal Year 2014:

WSSC Employees' Retirement Plan Board of Trustees: Commissioner Moore and new Commissioner [Mary Hopkins-Navies - pending Prince George's County Council confirmation];

Personnel, Governance and Legislation: Commissioner Mandel and Commissioner Lawson; and,

Bi-County Infrastructure Funding Working Group: Commissioner Jones and Chair Counihan.

CLOSED SESSION

Commissioner Mandel informed the Chair that the Personnel and Governance Committee would like to add one additional item to the Closed portion of the Agenda - discussion of exit interview results of the former Corporate Secretary Charlett Bundy. The General Counsel advised that if the matter was sensitive and directly related to the employee and intimate details of that person's employment history then such a matter could be discussed in closed session.

At 2:39 p.m. Commissioner Mandel moved that the Commission go into closed session pursuant to Maryland Code Annotated, State Government Article 10, Subtitle 5, Section 10-508(a)(1) to discuss a personnel matter involving a former employee - the exit interview results of the former Corporate Secretary Charlett Bundy; Section 10-508(a)(13) to approve the May 15, 2013 Closed Session Minutes and to discuss an internal audit matter; Section 10-508(a)(7) to consult with counsel to obtain legal advice on the Howard County rezoning matter; and Section 10-508(a)(8) to consult with counsel to obtain legal advice on pending litigation. Commissioner Jones seconded the motion. The motion carried with six affirmative votes.

At 2:40 p.m. Chair Counihan declared the meeting was Closed.

ATTENDEES: Chair Gene Counihan; Vice Chair Chris Lawson, Commissioners Melanie Hartwig-Davis, Antonio Jones, Adrienne Mandel and Roscoe M. Moore, Jr. General Manager Jerry Johnson, General Counsel Jerry Blask, and Corporate Secretary Sheila Finlayson. Chief Engineer Gary Gumm was also present at the start of the Closed Session.

At 3:21 p.m. the General Manager, General Counsel and Chief Engineer departed the meeting.

At 4:00 p.m. Internal Audit Manager Maxene Bardwell joined the meeting. At 4:45 p.m. Ms. Bardwell departed the meeting.

At 4:45 p.m. Chief of Staff Johnnie Hemphill joined the meeting.

At 6:03 p.m. Mr. Hemphill departed the meeting.

At 5:06 p.m. Commissioner Hartwig-Davis departed the meeting.

At 5:46 p.m. Commissioner Jones departed the meeting.

Internal Audit Matter - Commissioners met with internal audit staff and certain members of management to discuss a confidential internal audit report.

Pending Litigation - Commissioners met with legal counsel and management staff to discuss certain privileged information relating to the Consent Decree and other pending legal matters.

Personnel Matter - Exit Interview of Charlett Bundy. Due to other business on the Closed Session Agenda, Commissioners did not have

an opportunity to discuss the exit interview results of the former Corporate Secretary Charlett Bundy.

Closed Session Minutes. Due to other business on the Closed Session Agenda, Commissioners did not have an opportunity to adopt the Closed Session Minutes of May 15, 2013.

Howard County Rezoning Matter. Due to other business on the Closed Session Agenda, Commissioners did not have an opportunity to discuss the Howard County Rezoning matter.

At 6:10 p.m., Commissioner Mandel moved to end the closed session. Commissioner Lawson seconded the motion. The motion carried with four affirmative votes. Commissioner Hartwig-Davis and Commissioner Jones were absent from the vote.

OPEN SESSION RESUMED

ADJOURNMENT

Commissioner Moore moved to adjourn the meeting. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes. Commissioner Hartwig-Davis and Commissioner Jones were absent from the vote.

At 6:11 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary