

WASHINGTON SUBURBAN SANITARY COMMISSION

MINUTES OF THE COMMISSION MEETING

**Wednesday, July 16, 2014
Laurel, Maryland**

Chair Omar M. Boulware called the meeting to order at 8:38 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 Boulware, Commissioners Adrienne A. Mandel (Vice Chair), Gene W. Counihan, Chris Lawson, Mary Hopkins Navies and Roscoe M. Moore, Jr., were present at the meeting, reflecting the presence of a quorum. 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. 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 Boulware opened the meeting by welcoming everyone and asking Commissioner Mandel to lead the pledge of allegiance.

AGENDA APPROVAL

Commissioner Counihan moved to adopt the Commission's Public Meeting Agenda of July 16, 2014, as drafted, to which Commissioner Mandel seconded the motion. The motion carried with six affirmative votes.

APPROVAL OF MINUTES

Commissioner Lawson then moved to approve the open session minutes of the June 18, 2014 and June 25-26, 2014 Commission Meetings, as drafted. Commissioner Moore seconded the motion. The motion carried with six votes in the affirmative.

WSSC RETIREES

Richard Baker, Executive Director of the WSSC Employees' Retirement Plan, recognized the following WSSC Retirees for the month of July 2014: Michael D. Wolfe, Utility Technician III, Utility Services Central Group/Anacostia, retired with 30 years and 1 month of service.

ENGINEERING SCHOLARSHIP AWARDS

Chair Boulware recognized the Corporate Secretary to present awards to the recipients of this year's Gene Counihan/Joyce Starks Engineering Scholarship Awards. Prince George's County resident Ragime A. Young, a rising sophomore at the Morgan State University in Baltimore, Maryland, is the 2014 winner of the Joyce Starks Engineering Scholarship Award and Montgomery County resident Kwynn A. Johnson, an entering freshman at the University of Maryland Baltimore County (UMBC), is the 2014 winner of the Gene Counihan Engineering Scholarship Award. The recipients were not present to accept the awards as they both are participating in summer internship programs; however, Ms. Young's mother, Tovoia Bing-Young, attended and accepted the scholarship award on her daughter's behalf. The scholarships are awarded annually to a student resident of each county of the WSSC sanitary district and are based on scholastic achievement, references and submission of an essay on an engineering-related topic. Applicants were asked to describe, in 1500 words or less, "the biggest threat to this region's source water and what you think should be done about it." The scholarship program provides \$1000 to each winner for up to four consecutive years as long as the recipients maintain a cumulative GPA of 2.5 or above and continued residency in the sanitary district. The winners also receive priority consideration for participation in WSSC's paid summer internship program.

COMMUNICATIONS VIDEO

Communications and Community Relations Director Jim Neustadt presented a video on the "WSSC Employee Service Awards" that will take place on Wednesday, July 30, 2014, and honors WSSC employees for their service to the agency. Following the video, the Chair thanked all the employees who will be recognized for their many contributions and years of dedicated service.

COMMISSIONER/PUBLIC COMMENTS

Commissioner Navies asked for a moment of silence to pay tribute to Wayne K. Curry, former County Executive of Prince George's County, Maryland, and the first African-American to hold the post, who passed away from lung cancer on July 2, 2014, which was also echoed by the Chair.

Dr. Moore paid recognition to Alice Coachman, an athlete and the first black woman to receive an Olympic gold medal in the 1948 Olympics, who passed on July 14, 2014 at the age of 90, and Nadine Gordimer, who was a South African writer and political activist who fought against apartheid in South Africa and won the Nobel Prize in Literature in 1991, who passed away on July 13, 2014, also at the age of 90. Dr. Moore and his wife were invited guests to Ms. Gordimer's home during a trip to South Africa in 2001.

There were no comments from the public.

GENERAL MANAGER'S REPORT

General Manager and Chief Executive Officer Jerry Johnson noted that there are several special presentations during the General Manager's report so he plans to keep his report brief. The General Manager's full report can be found in the corresponding segment of the archived meeting video and his written report provided in the meeting materials and both are referred to for that purpose. However, highlights are as follows:

Management is continuing to work on improving operations in call center; nearing end of consultancy with vendor brought in to assess center; will report back soon on road map for future direction (answer rate at 77%; record number for calls received; 69,000 calls answered for month). IVRS (Interactive Voice Response System) payments at the highest level since inception; 14,837 payments for a total of approximately \$3.0 million.

Delinquencies are up for the month, primarily in residential accounts; believes attributable to the higher than normal bills as a result of the longer billing cycles due to the inclement weather experienced during the winter period that delayed meter readings.

WSSC's Contamination Rapid Response Team conducted a water emergency response exercise on June 11th to test WSSC's ability to mobilize equipment, collect samples and perform field analysis. The exercise involved an accidental gasoline spill scenario (into one of the drinking water reservoirs) and WSSC's new technology; new video-conferencing capabilities allowed management to remotely monitor activities at the scene from the RGH Command Center location.

Management continues to monitor and evaluate new nutrient management and biosolids regulations and the impact of both economically and on wastewater utility operations in Maryland.

Water plants are in full compliance; zero drinking water quality permit violations for the month.

Water main construction is ahead of schedule. Sewer main repairs continue to lag due to the issue with the Park Service and lack of permits. Repair and replacement of laterals continue to remain well-ahead.

WSSC is ahead of target in revenues and below target for expenses for the year; conducting year-end closing and will report next month on the unaudited results.

WSSC received notice that it will be awarded the NACWA Platinum Peak Performance Award for the Parkway/Damascus/Seneca wastewater treatment plants for multiple years of consecutive 100% compliance of the National Pollutant Discharge Elimination System (NPDES).

The MTA/Purple Line project MOU continues to progress; management is optimistic that it will be ready for presentation at the next Commission meeting.

New IRO Director Michael Stroud is on board and will be reporting later in the meeting; however, WSSC's Chief Procurement Officer Cathy Martin will be resigning next month to return to her hometown of Atlanta. Management has begun a nationwide search to fill position.

WSSC continues to work with local officials on the Piscataway Drive Slope failure and water main break event in Prince George's County.

WSSC held its Annual Employee Appreciation Day on June 21, 2014 at the Bladensburg Waterfront Park, great success - over 600 employees and their families attended; fun had by all. WSSC will also participate as an exhibitor at the 2014 Summer Conference of the Maryland Association of Counties (MACO) in Ocean City, Maryland on August 13-16, 2014; Commissioners and a few members from the executive team expected to attend and participate in the various conference activities.

WSSC FY 2013 Water Audit, Craig Fricke, WSSC's Planning Group Leader, provided a brief update on WSSC's Water Loss Report/Audit. Specific details can be found in the corresponding segment of the archived meeting video and is referred to for that purpose. In summary, WSSC conducts its water audit in accordance with AWWA Manual M36 - Water Audits and Loss Control and MDE's Guidance for Preparing Water Audits; total water losses over four year audit period (FY 2010 - FY 2013) at 17%. WSSC programs include all of the best practices recommended per AWWA Manual M36 - Water Audits and Loss Control Programs.

Water Research Foundation Award. Principal Corrosion Engineer Mike Woodcock, a retiring WSSC employee and recognized leader in the water research industry, was recognized for his tremendous work in water research and advancing the science of life and water in support of the Foundation's work.

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 (IAO) for the period of June 9, 2014 through July 4, 2014. Fiscal year-to-date savings for the System Development Charge (SDC) Audits total approximately \$904,473. One SDC Audit was completed during the reporting period. Out of the ten audit requests in process; eight are active and two are inactive. For Fiscal Year 2014 Risk-Based Audits, IAO is conducting field work on the Customer Relations Group Operational Audit and the Blue Plains Audit. The Construction Contracts Change Orders Special Audit has been postponed until completion of the Blue Plains audit. With respect to Fiscal Year 2013 Carryover Audit projects, exit conference has been postponed until July for the Information Technology Inventory Audit. Under internal audit follow-up activities, six management action items have been closed since the last status report and a review is underway for the eight implemented-pending Internal Audit verification action items. Implementation of management action plans for five issues is delinquent.

Hotline. Next quarterly report to be provided in September.

Board of Ethics. The Board held its regularly-scheduled meeting on June 12, 2014; several open and closed items were reviewed.

Code of Ethics Training. The Ethics Officer provided training to 33 summer interns on June 2, 2014 and 4 new hires on June 23, 2014.

External Auditors. The external auditors BCA Watson Rice, LLC, completed interim field work and are expected to return on July 31, 2014.

Audit Committee Meeting. The first quarterly meeting of the newly-established Audit Committee will be conducted at the August 20, 2014 Commission meeting during open session.

The report of the Internal Audit Office, as presented by the Internal Audit Manager, was received as information.

DEPARTMENT BRIEFINGS

FINANCE

Resolution 2015-2058 - Reappointment of Marita Brown to WSSC Employees' Retirement Plan Board of Trustees. Marita Brown's (Public Member from Prince George's County) current term expired on June 30, 2014. Management is recommending that the Commission reappoint Ms. Brown for another three year term to begin on July 1, 2014 through June 30, 2017.

Whereupon, a motion was duly made by Commissioner Coughlin and properly seconded by Commissioner Lawson, to adopt Resolution 2015-2058, reappointing Marita Brown, Public Member from Prince George's County, to the WSSC Employees' Retirement Plan Board of Trustees, for a three-year term beginning July 1, 2014 and ending June 30, 2017. The motion carried unanimously by a vote of six-to-zero,

ENGINEERING & CONSTRUCTION

Contracts for Approval

Chief Engineer Gary Gumm, along with Infrastructure Systems Group Leader Marcia Tucker, presented three construction contracts, for Commission approval. [Such contracts were approved as part of the July Meeting Consent Calendar].

CONSENT CALENDAR

Chair Boulware then called for a vote of the three items listed on the Consent Calendar for the July Commission Meeting.

Whereupon, Commissioner Navies moved that the Commission adopt Resolution 2015-2059, approving the three contracts included on the Consent Calendar for the July 16, 2014 Commission Meeting, as follows:

A. Engineering and Construction (Construction Contracts)

1. BR5440A12, John Hanson Water Main Replacement/Relocation, to Sagres Construction Corporation, in the amount of \$1,317,145.00.
2. BR5624A13, Breewood Park Water Main Replacement, to A & M Concrete Corporation, in the amount of \$2,547,709.00.
3. BTBR5434A12, Old Sandy Spring Road Water Main Relocation, to Civil Construction, LLC, in the amount of \$4,334,905.00.

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

ADDITIONAL BRIEFINGS

Developer Request to Waive Standard Procedure ENG 11-01 (Thompson Creek Windows Project). Chief Engineer Gary Gumm presented a request for a waiver of WSSC Standard Procedure ENG 11-01 relating to a development project (Thompson Creek Windows Project) being proposed in Prince George's County, Maryland, specifically the Old Murray's Steak Building in Forestville, Maryland. The Chief Engineer walked through the request submitted by the Developer Chesapeake Real Estate Group on June 10, 2014 and the WSSC General Manager's favorable recommendation of July 11, 2014, in support of granting the waiver request. The Chief Engineer and General Counsel advised that although management is recommending that the Commission grant the request, the Commission is restricted from acting on the request at this meeting due to timing requirements provided in the related SP.

Following discussion and a motion made by Commissioner Lawson and seconded by Commissioner Counihan, to move forward in approving the waiver request at this meeting, the Commission determined to

special order this action until July 31, 2014, at which time it would conduct a special meeting to act on the matter. The motion carried unanimously by a vote of six-to-zero.

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 and the corresponding segment of the archived meeting video.

In summary, Mr. Gumm reported on schedule status, work ongoing, work completed, projected/actual costs to date and areas of concern. Cumulative projected costs at \$931 million with total program costs estimated at \$1.36 billion. Areas of concern continue to center around: Maryland Department of Natural Resources (DNR) Forest Conservation Plans (FCP); Joint Permitting; Rights of Entry (ROE); National Park Service; Stream Stabilization Permits; External Resources; and, Consent Decree Modification.

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

Work Session/Briefing for Proposed CIP for Fiscal Years 2016-2021.

Acting Chief Financial Officer Chris Cullinan and Budget Group Leader Mark Brackett provided an overview of the proposed Capital Improvements Program (CIP) for Fiscal Years 2016-2021. Specific details of the presentation can be found in the corresponding segment of the archived meeting video, and the power point presentation and staff draft work session booklet (included in the Commission meeting materials and incorporated herein by reference), and are referred to for this purpose.

Point of Information: The Six-Year Proposed CIP totaling \$4.2 billion proposes planning, design and construction expenditures for major water and sewer projects. Two public hearings will be held in each County, as follows:

Tuesday, September 9, 2014 (7:30 p.m.) - Prince George's County - RMS Building, Room 308, 1400 McCormick Drive, Largo, Maryland; and,

Wednesday, September 10, 2014 (7:30 p.m.) - Montgomery County - Stella B. Werner Building, 7th Floor Hearing Room, 100 Maryland Avenue, Rockville, Maryland.

Following the Work Session, the Commission received the Proposed CIP Briefing for Fiscal Years 2016-2021, as information.

Preliminary Legislative Update. New Director Michael Stroud of the Intergovernmental Relations Office (IRO) provided a brief introduction of the IRO activities and plans for the 2015 Legislative session.

The Commission received the preliminary Legislative Update, as information.

COMMISSION OFFICE

Corporate Secretary Report. Corporate Secretary Sheila Finlayson provided an overview of her activities for the month, sharing, among other things, that the awards ceremony for the Engineering Scholarships was conducted earlier in the meeting with two winners from each County selected as the 2014 recipients. The Past Chair commended the Corporate Secretary for a job well done.

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

WSSC Employees' Retirement Plan Board of Trustees. Commissioner Lawson reported on the May investment results, noting that, as of May 31, 2014, the Plan's assets were \$749.2 million, which reflects a year-to-date investment gain of \$24.9 million or an increase of 3.68% from December to May. U.S. stocks outperformed U.S. bonds and growth stocks outperformed value stocks. Positive U.S. economic data was encouraging to investors and supported risk-taking, though earnings growth may prove key to future performance. The next meeting of the Board of Trustees is scheduled for Wednesday, July 30, 2014.

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

Personnel and Governance. Commissioner Mandel provided an update of the Committee's activities for the month, which included preparation and planning for the Commission Office direct reports

annual performance reviews. The Vice Chair thanked the Corporate Secretary for assisting the Committee in this effort by setting dates for such reviews and developing a schedule for the Committee to follow going forward. The Committee will also meet in the next few weeks to discuss its work schedule for the year.

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

Legislation. Commissioner Coughlin reported that the Committee (which was designated by the new Chair as a separate standing committee) is looking forward to working with the new IRO Director on proposed legislation for the Commission in addition to meeting with County and State officials and members of the two Delegations to discuss legislative issues.

The Commission received the report of the Legislation Committee, as information.

Audit. The Vice Chair reported that the first official meeting of the Audit Committee will be held at the next Commission Meeting and the Internal Audit Manager will provide a draft Agenda for the Commission's review prior to the meeting.

Bi-County Infrastructure Funding Working Group. Acting Chief Financial Officer Chris Cullinan provided the final draft report, incorporated herein by reference, of the water and sewer extension needs for the underserved and unserved areas, which reflects the consensus of the working group in addressing the needs of the two counties' unserved/underserved areas, along with a proposed resolution, for the Commission's consideration.

Whereupon, a motion was made by Commissioner Lawson and seconded by Commissioner Moore, to adopt Resolution 2015-2061, acknowledging the completion of the work efforts by the Bi-County Infrastructure Funding Working Group on Unserved and Underserved Areas. The motion carried unanimously by a vote of six-to-zero.

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

The Chair called for a motion to go into Closed while in Open Session. Following the vote, the Commission will recess for lunch

and reconvene in Closed Session in the Commissioners' Conference Room after lunch.

CLOSED SESSION

Whereby at 11:30 a.m., Commissioner Mandel moved that the Commission go into Closed Session pursuant to Maryland Code Annotated, State Government Article: Section 10-508(a)(13) to approve the June 18, 2014 Closed Session Minutes; Section 10-508(a)(7) to consult with counsel to obtain legal advice on pending litigation; Section 10-508(a)(3) to consider the acquisition of an interest in real property for a public purpose, specifically, the Brink Tank facility located in Montgomery County, Maryland; and Section 10-508(a)(1) to discuss personnel matters. Commissioner Lawson seconded the motion. The motion carried unanimously with six affirmative votes.

At 11:30 a.m., Chair Boulware declared the meeting was Closed. The Chair then called for a recess. The meeting reconvened in Closed Session at 1:02 p.m.

ATTENDEES: Chair Omar Boulware; Vice Chair Adrienne Mandel; Commissioners Gene Counihan, Chris Lawson, Roscoe Moore, Jr. and Mary Hopkins Navies. Staff present: General Manager Jerry Johnson, General Counsel Jerry Blask, Corporate Secretary Sheila Finlayson, Associate Counsel Russel Beers, Acting Chief of Plant Operations J.C. Langley and Systems Control Group Leader Karen Wright. Messrs. Beers, Langley and Ms. Wright departed at 1:33 p.m. Associate Counsel Phil Lohrey joined the meeting at 1:36 p.m. and departed at 1:50 p.m.

Dr. Moore departed the meeting at 2:15 p.m.

Closed Session Minutes - On motion made by Commissioner Mandel and properly seconded by Commissioner Lawson, the Commission voted unanimously by a vote of six-to-zero, to adopt the closed session minutes of its June 18, 2014 Commission Meeting, as drafted.

Pending Litigation/Legal Advice - Commissioners were briefed by counsel on pending litigation and other confidential/privileged legal matters affecting the Commission, including an overview of the purchasing options available to WSSC for acquisition of the Brink Reservoir in Montgomery County, Maryland.

Personnel Matters - The Commission met in executive session with the General Manager at 2:32 p.m. to discuss personnel matters. The General Counsel and Corporate Secretary were excused from this portion of the meeting.

At 2:55 p.m., Commissioner Lawson moved to end the Closed Session. Commissioner Counihan seconded the motion. The motion carried with five affirmative votes [Commissioner Moore absent from vote].

OPEN SESSION RESUMED

Legislative Strategy. IRO Director Michael Stroud presented a draft of the IRO's Proposed Legislative Strategy for the 2015 Session with the following three issues being pursued: 1) Customer Affordability Program (CAP); 2) Commissioners' Salary Bill; and, 3) Rate Structuring.

Commissioner Lawson departed at 3:20 p.m.

ADJOURNMENT

There being no additional business, the Chair called for a motion to adjourn, to which Commissioner Navies moved to adjourn the meeting. Commissioner Mandel seconded the motion. The motion carried with four affirmative votes [Commissioners Lawson and Moore absent from vote].

At 3:50 p.m., the meeting was declared adjourned.

Respectfully submitted,

//signed//

Sheila R. Finlayson, Esq.
Corporate Secretary