

Minutes of the 853rd Meeting
"Celebrating Over 60 Years of Continuous Environmental Excellence"
Alexandria Renew Enterprises
6:00 p.m., Wednesday, March 28, 2018

On Wednesday, March 28, at 6:00 p.m., Alexandria Renew Enterprises held its regular Board of Directors meeting at Alexandria Renew Enterprises in the Ed Semonian Board Room at 1800 Limerick Street with the following present:

Members: Mr. John Hill, Chairman
Mr. Bruce Johnson, Vice Chairman
Mr. William Dickinson, Secretary-Treasurer
Ms. Patti Turner, Member

Excused: Mr. James Beall, Member

Staff: Ms. Karen Pallansch, Chief Executive Officer
Mr. Steve Schemmel, Chief of Finance and Administration
Mr. Charlie Logue, Chief of Production
Ms. Liliana Maldonado, Director of Wet Weather Program
Ms. Lorna Huff, Secretary to the Board

Counsel: Mr. Jonathan Rak
McGuireWoods, LLP

Fairfax County Representative: Mr. Shahram Mohsenin, Branch Chief
Fairfax County Wastewater Planning & Monitoring Division

City Representative: Mr. Lalit Sharma
Office of Environmental Quality

Consultant: Mr. Rob Ori, Principal, PRMG
Mr. Thierry Boveri, Senior Analyst, PRMG

Owner's Advisor: Mr. Justin Carl, Project Manager, Brown & Caldwell

Call to Order

The Chairman called the meeting to order at 6:06 p.m.

Approval of the Agenda

The Chairman requested that members review the revised agenda and inquired if there were changes. There being none, the Chairman requested a motion to approve the agenda. Mr. Dickinson moved approval and Ms. Turner provided the second, and the Board unanimously approved the revised agenda.

Public Discussion Period

There being no members of the public in attendance and wishing to speak, the Chairman closed the public comment period.

Board Strategic Roundtable Reports

The Chairman reported on the March 19th Stakeholder Meeting which the full Board attended. Of the three options discussed by the Combined Sanitary Sewer (CSS) Taskforce, Option B with an enhancement referred to as Option B+ was deemed the most appropriate solution for the Wet Weather Program. Option B+ exceeds the Total Maximum Daily Load (TMDL) limits. Board members provided feedback and noted that taskforce members wanted to see green infrastructure whenever possible on the project. Taskforce members also expressed concerns about funding the necessary infrastructure for the project and its impact on rates on lower income citizens.

Mr. Dickinson reported that the Potomac Riverkeepers were satisfied with Option B+ as a solution as well. The Chairman reported that the City has requested that AlexRenew take ownership of CSOs 001 through 004 and reported that the City has confidence in AlexRenew's capability to run the system.

General Member Updates

Community Updates

The Chairman attended the Rosemont Civic Association meeting. In attendance were City Councilman, Paul Smedberg, Delegate Mark Levine, and State Senator Adam Ebbin. Mr. Hill reported that Delegate Levin and Senator Ebbin discussed Combined Sewer Overflows (CSO). The president of the association has requested that AlexRenew provide a briefing on the Wet Weather Program.

Mr. Dickinson and Ms. Turner attended the Old Town Federation of Civic Association meeting. Virginia Senator Tim Kaine was the keynote speaker. Ms. Turner reported that airport noise was a big issue in Old Town.

Mr. Johnson reported on a Meet and Greet for the Northridge Home Owners Association scheduled for April. The Association also plans to sponsor a Mayoral candidates' debate in June.

Chamber of Commerce

Ms. Turner reported on the Chamber's Legislative Breakfast. A \$20 million grant to the City was removed from the Virginia budget. The Chamber will focus on the Senate Finance Committee to reinstate the grant.

Chesapeake Bay Citizens Advisory Group

Mr. Dickinson referenced an article in the Washington Post where the Potomac River received a B grade from the Potomac Conservancy environmental group. The article did not list the group's criteria for issuing the rating. Additionally, Mr. Dickinson attended a conference sponsored by the Audubon Naturalist Society titled, "Taking Nature Black." The Program is to provide information to minority communities on environmental issues.

The Chesapeake Advisory Group will meet again on May 22-23. The group continues to focus on community outreach.

Finance & Audit Committee

June 18th is the next scheduled Finance and Audit Committee. The Committee will review the budget and make recommendations about rates to the full board.

Governance Committee

Nothing to report.

CEO's Reports and Recommendations

A. Consideration of February 2018 Financial Report

Members were given time to review the February financial report. Mr. Dickinson inquired on the reduced spending on chemicals. Ms. Pallansch reported that the reduced spending was due to lower rainfall and staff operating within operational parameters. She expects adjustments later in the year.

There were no additional questions or comments and the Chairman moved to the CEO Monthly Report.

B. CEO Monthly Report (February)

Ms. Pallansch reported that the Board adopted a Community Benefit Policy that allows the flexibility for engagement of staff and the Board in the community. Mr. Hill noted that the Community Benefit Policy was relevant to AlexRenew communication with ratepayers. Mr. Rak suggested a briefing on the viability of rate relief programs for citizens. He noted that these types of programs are limited due to the Virginia Water and Wastewater Authorities Act (VWWA). Board members discussed the current policy and necessary revisions as AlexRenew's role evolves.

Ms. Pallansch noted the draft 2017 Annual Report was distributed. She requested that Board members review the report and provide edits or comments via email by Wednesday, April 4. Ms. Pallansch reminded Board members of the Thursday, April 5, public meeting on the (Combined Sewer System) CSS program at AlexRenew.

Ms. Pallansch reported that she would be making a presentation on the Wet Weather Program at the Alexandria House on Monday, April 9, at the invitation of Agnes Artemel.

There being no additional questions or comments, the Chairman moved to the Consent Docket.

Consent Docket

Mr. Hill asked members to review the Minutes of the February meeting. Ms. Pallansch reported that the approved bylaws as an attachment to the Minutes are in the green folder. There were no questions or comments. The Chairman requested a motion to approve the Minutes. Ms. Turner moved approval and Mr. Dickinson provided the second. The Board unanimously approved the Consent Docket containing:

A. Minutes of the February Board Meeting

There being no additional questions or comments, the Chairman moved to Unfinished Business.

Unfinished Business

A. None

There being no Unfinished Business, the Chairman moved to New Business.

New Business

A. Request for Board Participation on the Ellen Pickering Award Selection Committee

Discussion

AlexRenew partners with the City of Alexandria Environmental Policy Commission to award the Ellen Pickering Environmental Excellence Award. This annual award program selects and formally recognizes outstanding citizens or groups who have demonstrated a commitment to protecting the natural environment and promoting environmental sustainability within the City of Alexandria. The award selection committee typically comprised of a member of Mrs. Pickering's family, a member of the AlexRenew Board of Directors, a member of AlexRenew staff, and two members of the Environmental Policy Commission. Board members who have served on this committee recently include Tom Van Wagner (2012), Bill Dickinson (2013), Matt Ries (2014), and John Hill (2015-2017).

The Chairman reported that he had participated on the Committee for the past few years and found the work fun and interesting. Ms. Turner self-nominated to participate in the 2018 Committee. The members concurred.

B. Review and Approve an Amendment to the Articles of Incorporation

The City of Alexandria owns and operates a CSS, including four CSOs. In 2017, the Virginia General Assembly passed a law (2017 CSO law) that requires the City to remediate all of its outfalls by July 1, 2025. The City has partnered with AlexRenew to leverage all available City resources to meet this challenge. As part of ongoing technical reviews and supported by a community stakeholder process, staff of both entities are recommending to the City Council and the AlexRenew Board of Directors that AlexRenew become the lead agency for the CSS remediation program, with the City transferring ownership of the four outfalls and associated remediation infrastructure to be built to AlexRenew. Amendments to the existing AlexRenew Articles of Incorporation (attached) are required to expand the purpose of the Authority to expressly include combined sewers and reclaimed water; and, to extend the existence of the Authority by 50 years to May 1, 2068 as allowed under the Virginia Water and Wastes Authorities Act.

Mr. Rak reported that there had been changes to the Articles of Incorporation since 1954. Revisions to the Articles of Incorporation are approved by City Council and then transmitted to the State Corporation Commission (SCC). Board members discussed the process for transfer of the outfalls to Alexandria Renew. There being no additional questions or comments, the Chairman requested a motion to approve the revisions to the Articles of Incorporation to City Council. Ms. Turner moved approval and Mr. Dickinson provided the second. The board unanimously approved.

Be It Resolved That: The Board authorizes the CEO to transmit the revised Articles of Incorporation to City Council for Review and Approval.

Mr. Rak reported that the City of Alexandria had received a Freedom of Information Act (FOIA) request for the Wet Weather Program. He further reported that AlexRenew will receive similar requests and urged Board members to use their AlexRenew email addresses for all Board business. Ms. Pallansch reported that where necessary, staff will reset passwords and provide instructions on how to add AlexRenew email addresses to individual devices.

Mr. Dickinson inquired about cybersecurity attacks at wastewater treatment plants. Ms. Pallansch

reported that AlexRenew is a member of the Water Sector Security Council and has robust penetration testing.

C. Updated of CSS Agreements

Mr. Rak reported that AlexRenew and the City are making progress toward an agreement for transfer of the outfalls to AlexRenew. There are a few issues that need to be resolved and AlexRenew and the City are moving towards common ground.

D. Rate Review Update

At 7:55 p.m., the Chairman requested recess before reviewing the details of the Financial Rate Review.

At 8:05 p.m., the meeting reconvened.

The Chairman recognized Ms. Pallansch and Mr. Ori who provided an update of the current systems, rate structure and AlexRenew financial policies. Ms. Pallansch reported that the costs used for the presentation are preliminary and subject to change during planning and design phases

Ms. Pallansch and Mr. Ori discussed the current rate structure, Wet Weather Program assumptions, three rate scenarios for Board review and discussion as well as risks associated with the program. All three scenarios assume City Council selection of Option B+ for the Wet Weather Program and use of surcharges that increase over time for financing.

Board discussion focused on whether to implement the surcharges over a longer or shorter time-period, the effects to AlexRenew's current debt service obligations, risks associated with the project and education of citizens in advance of rate increases. Board members also suggested annual rate reviews and establishing a visible construction timeline as part of the community education efforts. Additionally, the Chairman has suggested that AlexRenew public hearings become more conversational.

The Board has also suggested adding an extra public hearing prior to the September public hearing on rates.

- E. At 8:47 p.m. the Chairman requested a motion to enter a closed session for consultation with legal counsel requiring the provision of legal advice by such counsel and for discussion of the investment of public funds where bargaining is involved pursuant to Virginia Code Section 2.2-3711.A. (6). Mr. Hill moved and Mr. Johnson provided the second. The Board unanimously approved.

At 9:15 p.m., the meeting returned to open session, and the following certification was unanimously adopted by the members: "Pursuant to 2.2-3712(D) of the Virginia Freedom of Information Act, it is hereby certified that to the best of each Member's knowledge, (1) only public business matters lawfully exempted from the open meeting requirements of the Act, and (2) only public business matters identified in the motion by which this closed meeting was convened were heard, discussed, or considered by Alexandria Renew Enterprises." Motion was made by Ms. Turner and seconded by Mr. Dickinson. All Members present voted via roll call:

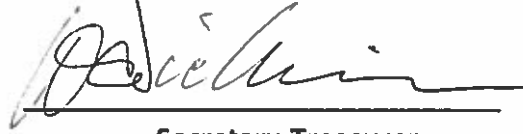
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|---------------|--------|
| Mr. Hill | Aye |
| Mr. Johnson | Aye |
| Mr. Dickinson | Aye |
| Mr. Beall | Absent |

Ms. Turner

Aye

There being no additional questions or comments, the Chairman made a motion to adjourn. Mr. Johnson seconded. The Board unanimously approved. The meeting adjourned at 9:15 p.m.

APPROVED:

A handwritten signature in black ink, appearing to read "D. Williams", is written over a solid horizontal line.

Secretary-Treasurer