



1800 Limerick Street
Alexandria, VA 22314
alexrenew.com

Board of Directors
John Hill, Chair
James Beall, Vice Chair
Adriana Caldarelli, Sec'y-Treas
Mark Jinks
Rebecca Hammer
Chief Executive Officer
Justin Carl, PE
General Counsel
McGuireWoods, LLP

Monday, September 18, 2023 – 5:30 p.m.

Board of Directors Governance Meeting Agenda

In-person: AlexRenew Environmental Center (1800 Limerick St)
Ed Semonian Boardroom, Room 600

Virtual: [Microsoft Virtual Events Powered by Teams](#)

Public comments will be received at the meeting. If you wish to speak during public comment, please contact the Board Secretary at (703) 721-3500 ext. 2260 or lorna.huff@alexrenew.com in advance so you can be added to the speakers list. Submission of written statements is encouraged and may be emailed to the Board Secretary.

A recording of the meeting will be posted on alexrenew.com after the meeting.

No.	Item	Presenter	Action
1.	Call to Order (5:30 p.m.)	Chair	
2.	Approval of Agenda (5:32 p.m.)	Chair	Approval
3.	Public Comment Period (5:35 p.m.)	Chair	
4.	Consent Agenda (5:45 p.m.) a. Minutes (Meeting April 18, 2022) (Tab 1)	Chair	Approval
5.	Unfinished Business (5:50 p.m.) a. None	Chair	
6.	New Business (6:02 p.m.) a. Board Self-Assessment Summary (Tab 2) b. Review and Approve Policy Updates (Tab 3) i. Board Roles and Responsibilities ii. Committees iii. Ethics iv. Financial v. Write Off (incorporated into Financial Policy) c. Review and Approve New Policies (Tab 4) i. Board Member Orientation ii. Environmental Justice	Chair	Information and Approval
7.	Introduction to Board Retreat Facilitator, Sally Magee (7:30 p.m.)	Chair	Information
8.	Other Business (7:45 p.m.)	Chair	Information
9.	Adjourn (7:50 p.m.)	Chair	

Times shown in parentheses () are approximate start times and serve as guidelines

If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, please call (703) 721-3500 ext. 2260 at least three business days prior to the meeting.

The next Regular Board of Directors meeting is scheduled for Tuesday, September 19, 2023 @ 6:00 p.m.

Minutes of the Governance Committee
Alexandria Renew Enterprises
5:00 p.m., Monday, April 18, 2022

On Monday, April 18, 2022, at 5:00 p.m., the Alexandria Renew Enterprises Board of Directors held a Governance Committee meeting at Alexandria Renew Enterprises in the Ed Semonian Board Room at 1800 Limerick Street with the following present:

Members: Mr. James Beall, Committee Chair
Mr. John Hill, Board Chair, ex. officio
Mr. William Dickinson, Secretary-Treasurer
Mr. Kerry Donley, Member
Ms. Adriana Caldarelli, Member via Zoom

Staff: Ms. Karen Pallansch, Chief Executive Officer
Ms. Wendy Callahan, Director, Human Resources
Ms. Lorna Huff, Secretary to the Board

Counsel: Mr. Jonathan Rak, McGuireWoods, LLP

Consultant: Mr. Kenyatta Uzzell, Founder & CEO, Polihire
Mr. Ken Evans, Executive Vice President & COO, Polihire

Call to Order

The Committee Chair called the meeting to order at 5:00 p.m.

Public Comment

There were no members of the public in attendance and wishing to speak. The Chair closed the public comment period.

Polihire

The Committee Chair introduced Mr. Uzzell and Mr. Evans from Polihire. Mr. Evans thanked the Board for choosing Polihire to assist with AlexRenew's CEO search. He looked forward to working with the AlexRenew Board and staff.

Mr. Uzzell provided background information on Polihire noting he has been in the Washington Metropolitan area for over 30 years. He has been in the staff recruiting arena for several years and was appointed by former DC Mayor, Anthony Williams to oversee executive recruitment for the District of Columbia. At the end of Mayor Williams' second term, he founded Polihire.

Mr. Uzzel noted that Polihire is knowledgeable of the water business in the Washington DC Metropolitan area and nationally. His team will perform due diligence and exhaustive searches to find the candidates to replace outgoing CEO, Ms. Karen Pallansch. Mr. Hill reported that he and Mr. Beall were impressed with Polihire's experience and inquired about the most challenging part of the overall process. Mr. Uzzel reported that the job market is changing and that in the wake of the pandemic, employees are re-evaluating their workplace experience and finding meaning in that. One of the more challenging aspects will be the Board agreeing on who AlexRenew is as an organization. Mr. Hill and Mr. Beall inquired about the process and timeline. Mr. Uzzel reported the process would begin in earnest in late May. He provided a timeline of having the process completed and a candidate selected by December 2022.

Mr. Dickinson inquired about the number of resumes that Polihire will refer to the Board for interviews, due diligence for eliminating unqualified candidates and the process for in-house candidates. Mr. Uzzel expected to send 10-12 candidates for review. Mr. Uzzel reported that his role at the mayor's office required him select candidates who only fit the profile and qualifications of the company requesting

services. Mr. Uzzel reported that Polihire ensures that in-house candidates are treated respectfully and provided full access to the process. Polihire will also provide the Board with their thoughts about the candidate's qualifications. The ultimate decision is made by the Board. Mr. Donley reported that if in-house candidates are qualified on paper and AlexRenew has had good work experience with them, it is his view that they deserve an interview. Mr. Uzzel noted that he agreed and that a person having the qualifications but not hired learns what they need to help them advance to the next level. Mr. Beall inquired about the schedule noting that if the Board decided to make a move on a candidate, that candidate may not be able to wait 4-5 months for a decision. Mr. Uzzel noted that Ms. Pallansch has provided a final date, while the Board needs to be expeditious, they can also be deliberative. Mr. Dickinson inquired about how Polihire deals with the privacy concerns of the candidate. Mr. Uzzel reported that Polihire does everything it can do to manage confidentiality.

There were no additional questions from the Board about Polihire and the CEO search. Mr. Uzzel thanked the Board for their time noting that he looked forward to working with them.

Overview of Board Policies – Jonathan Rak

The Committee Chair recognized Mr. Rak who reported on the status of policy updates from the January 27, 2022, Board Governance Committee meeting. Mr. Rak referenced the chart showing updated policies that have been completed. Mr. Rak reported on edits to the various policies including, the Board Roles and Responsibilities, the Board Committees Overview Policy, and PPEA Guidelines which are required by the State were updated. The Investment Policy was updated to fix typos and to legal code sections. The Policy discussing the Procedures for the use of CM/DB was updated to include legislative changes, the Resolution Concerning the Authority of the CEO, was edited to include a sentence noting that AlexRenew adheres to the Virginia Public Procurement Act (VPPA). The Environmental Justice Policy and Guidelines for Public Committee are still being updated. There were no changes to the Community Benefit Policy. The Ethics Policy changed to include information on Conflicts of Interest related to non-profit groups.

Mr. Rak and Ms. Pallansch re-wrote the Communications Policy to include the former Media Relations Policy to ensure that the communications of individual Board members are coordinated. Mr. Rak reported that individually, each member does not speak for the organization, when meeting collectively and making decisions, the Board speaks with one voice. The Policy provides recommendations on social media use and advises Board members on their personal social media platforms.

Mr. Dickinson confirmed that members can still make campaign donations to candidates and perform canvassing. Mr. Donley requested that staff add to the policy instruction for members to seek advice from the CEO prior to posting on AlexRenew. Mr. Rak reported that he would draft the language to bring for the Board at the May or June meeting. Mr. Hill inquired if updates to the Compensation Philosophy should be considered. Ms. Pallansch reported that she and Mr. Rak would review the Policy and advise. Mr. Beall and Mr. Hill thanked Ms. Pallansch and staff for a productive meeting.

Ms. Pallansch reminded members of tomorrow's Board meeting and a discussion on the winter quarter average rate setting policy. She noted there is a Council Board Work Group meeting on Thursday and encouraged members to attend if possible. The Finance and Audit Committee will also meet the following Monday. Mr. Dickinson reported a conflict he had with the date. Ms. Pallansch reported that staff will provide some dates for the F&A meeting so all can attend.

There being no additional questions or comments, the Committee Chair requested a motion to approve. Mr. Donley moved, and Mr. Beall seconded. The Committee Chair unanimously approved.

APPROVED

Committee Chairman

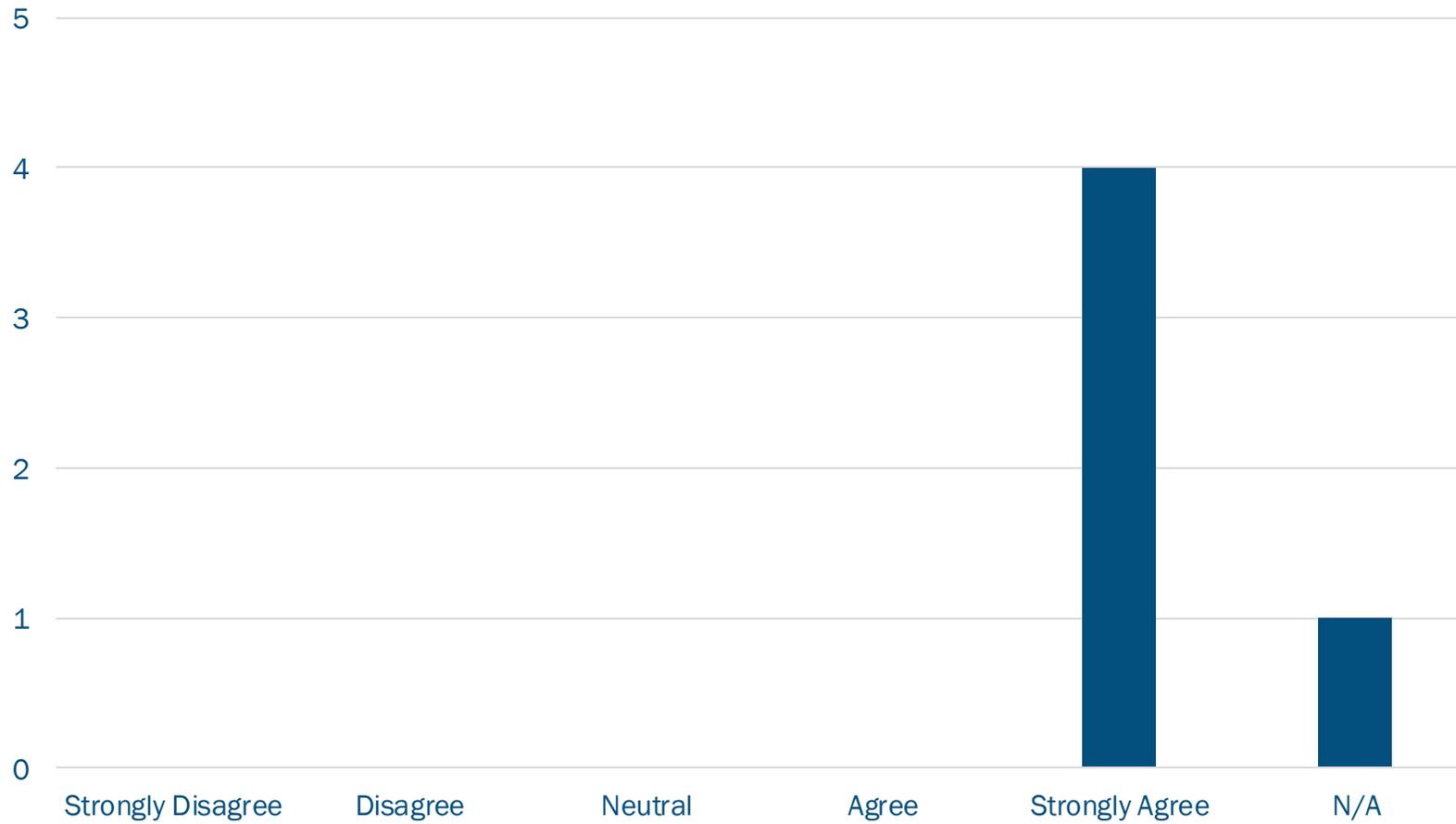


AlexRenew

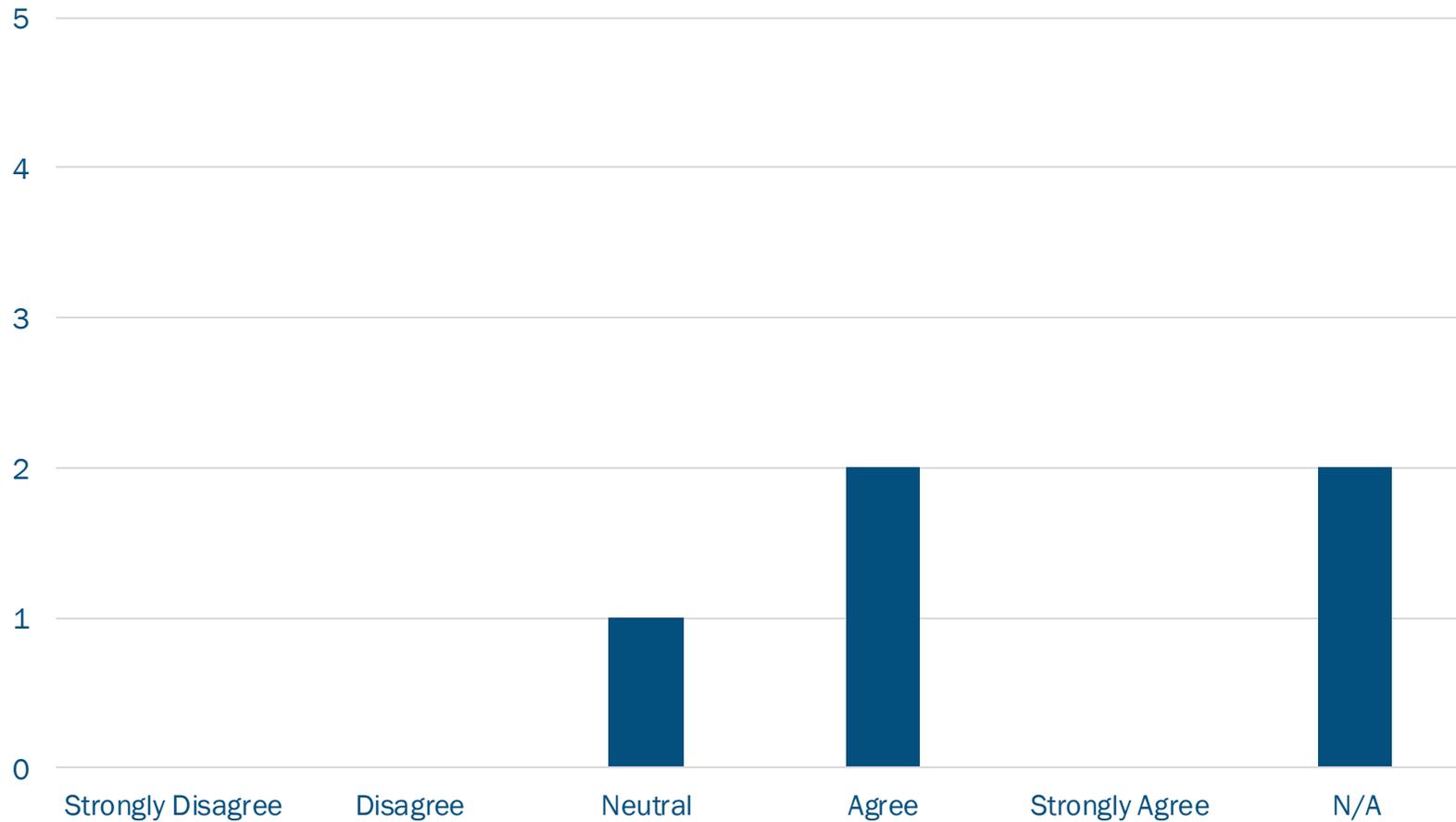
AlexRenew Board of Directors
Governance Committee Meeting

September 18, 2023

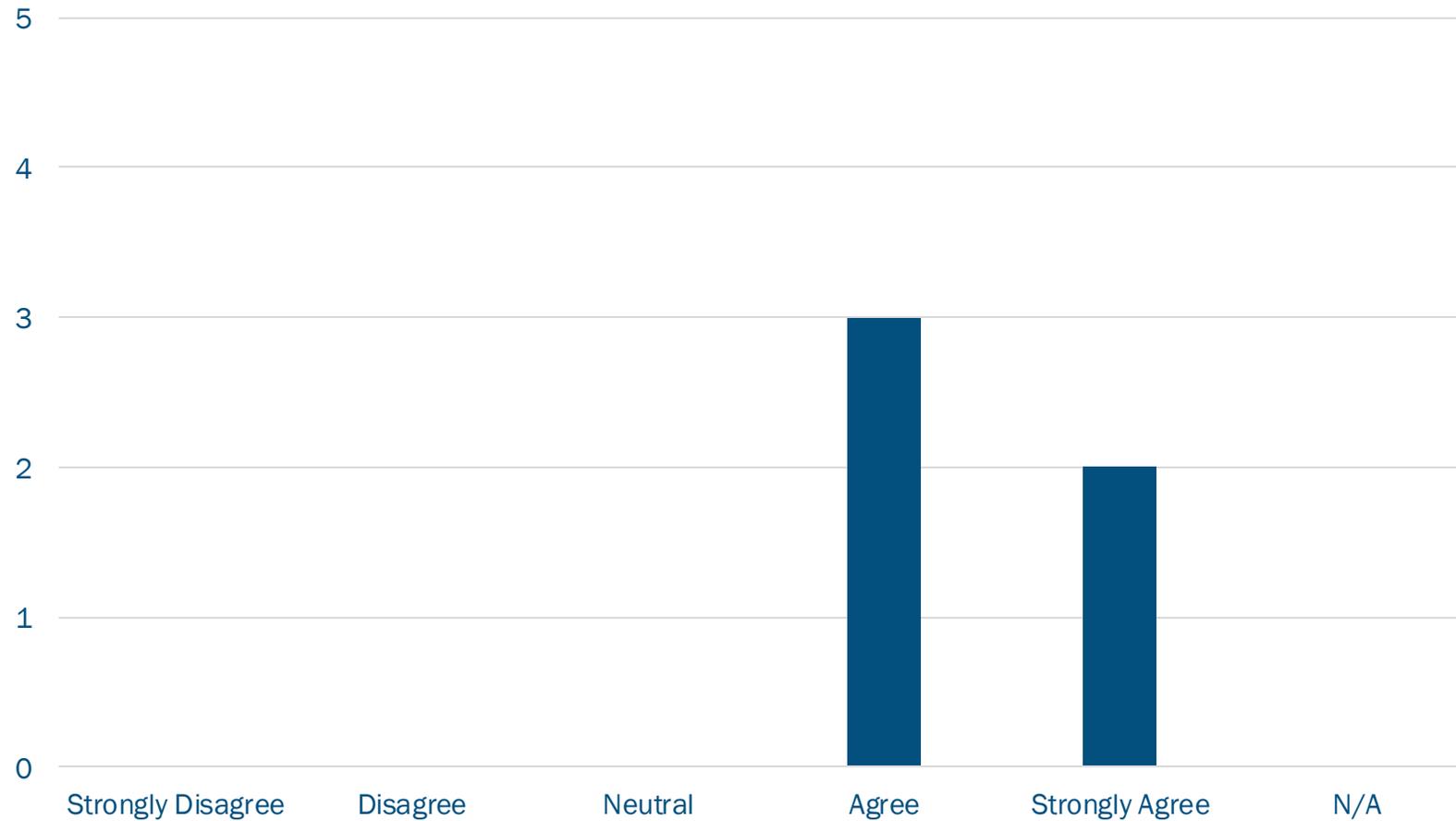
The Board supports AlexRenew's mission



The Board periodically reviews and updates AlexRenew's mission and vision



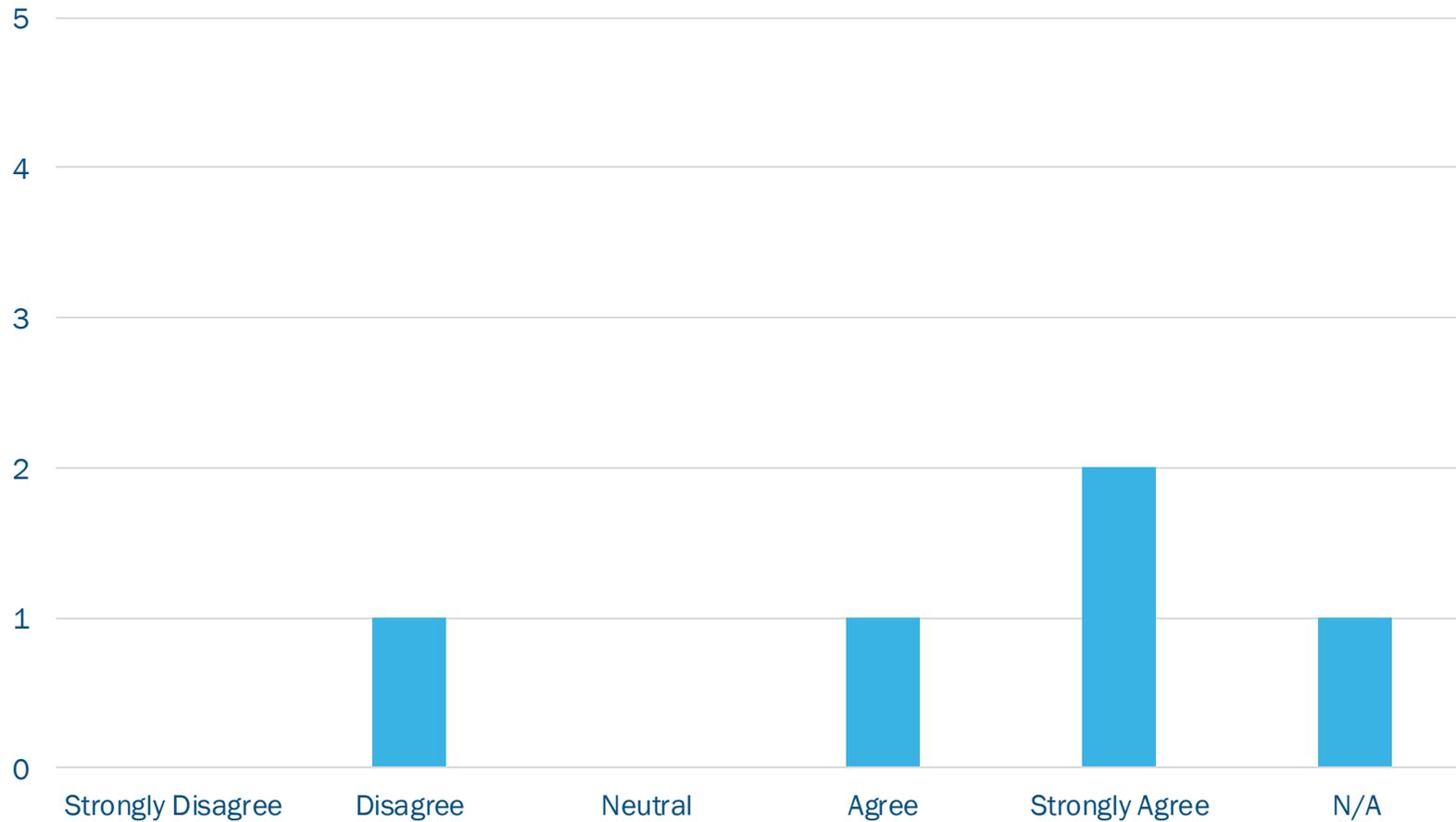
The Board uses AlexRenew's vision and strategic outcomes to drive decisions



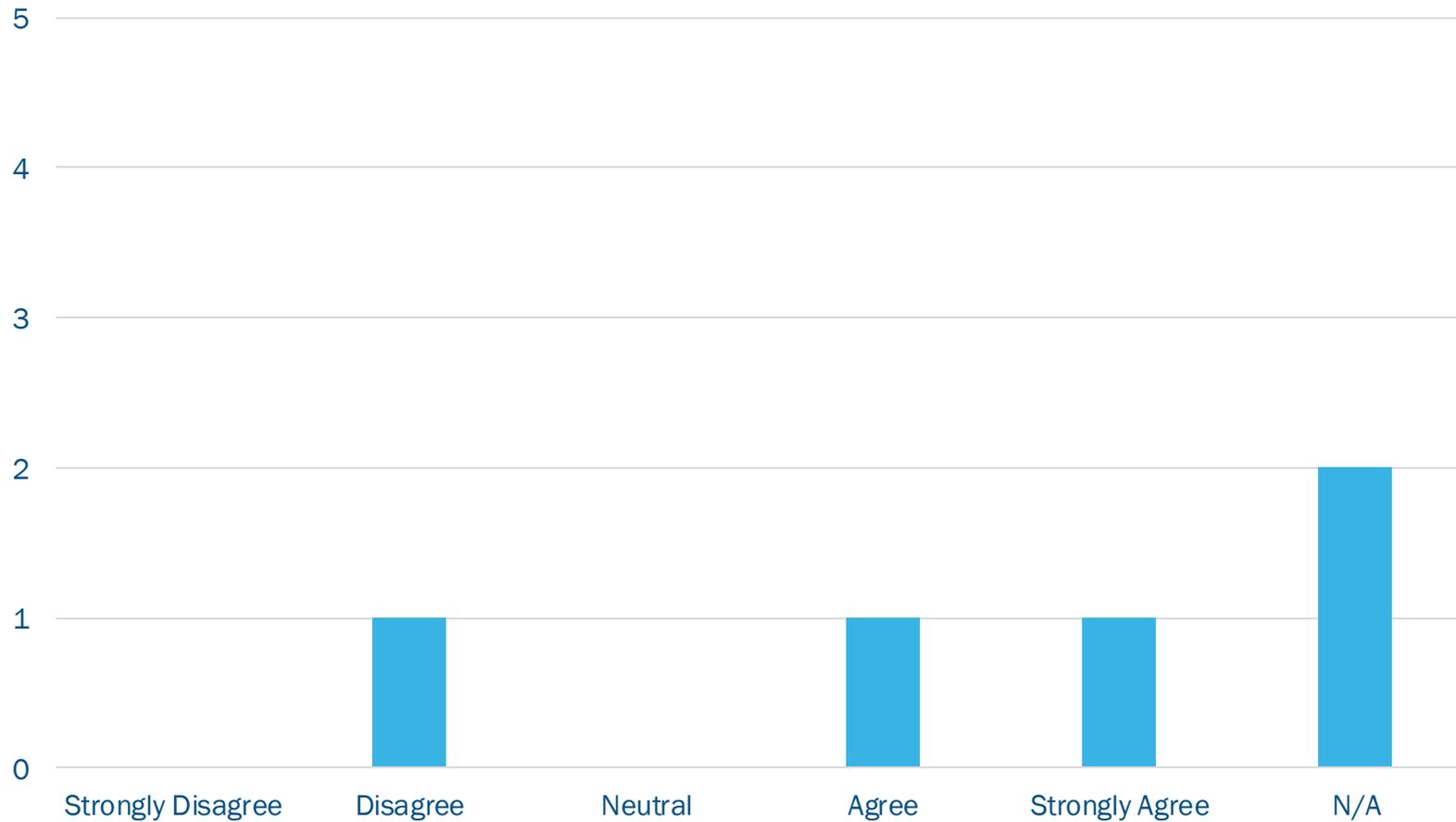
Additional comments and feedback:

- Every board member is fully aware and passionate about AlexRenew's mission
- Staff have done a superb job in aligning presentations to the Board with the strategic outcomes
- Strategic alignment is built into the administrative processes of the Board
- With RiverRenew, AlexRenew's role has changed – we need to reconsider the strategic outcomes that define our future
- The current mission does guide decision-making in matters large and small
- There were not many times during the past year that the Board was asked to make a decision that related directly to the strategic vision
- While our decisions generally align with the vision/strategic outcomes, we need to make a conscious effort and a habit to consider our vision and strategic outcomes as we make decisions
- We may want to develop a schedule to review our mission on a regular basis

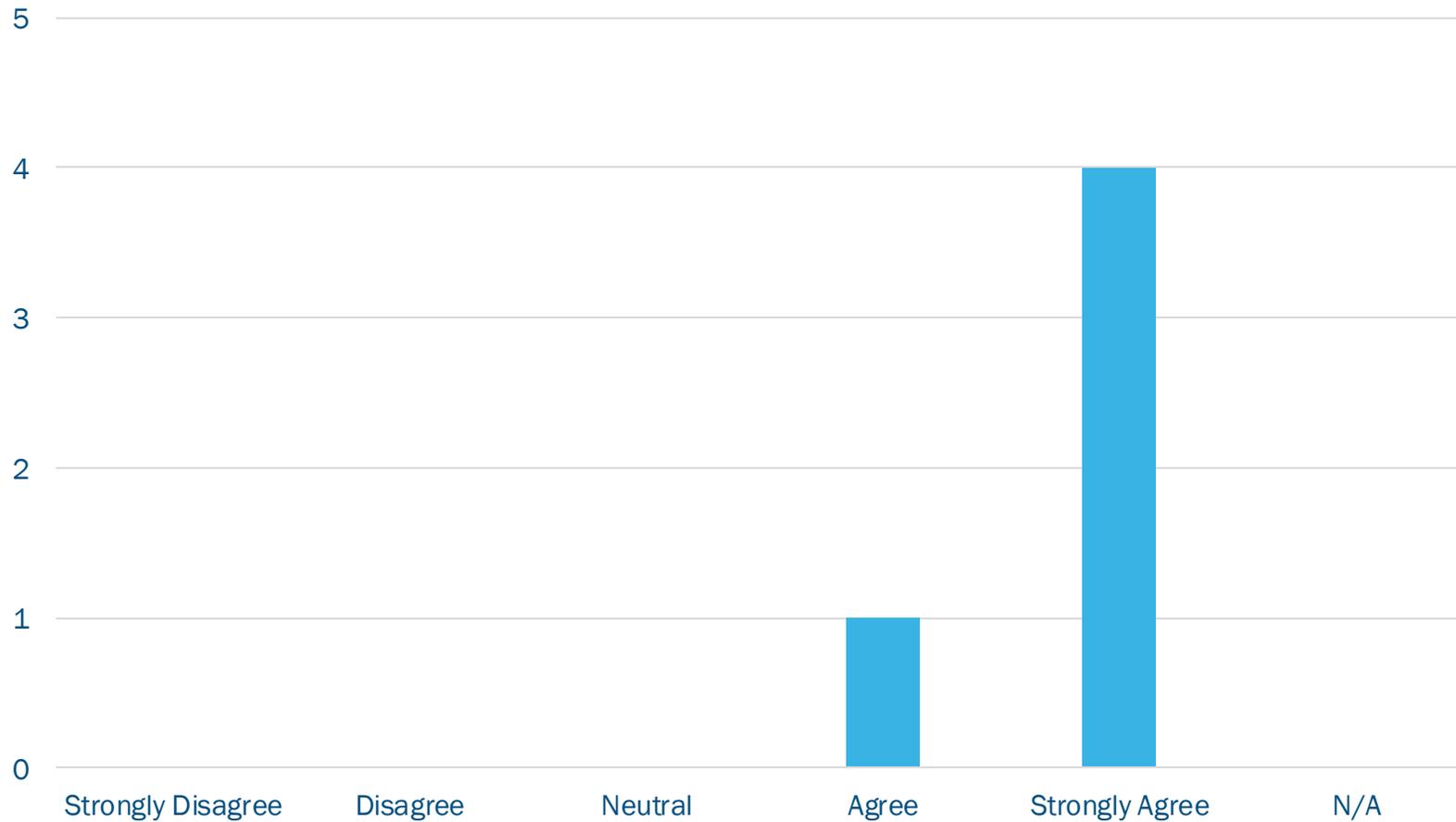
The Board is committed to strategically planning for the future



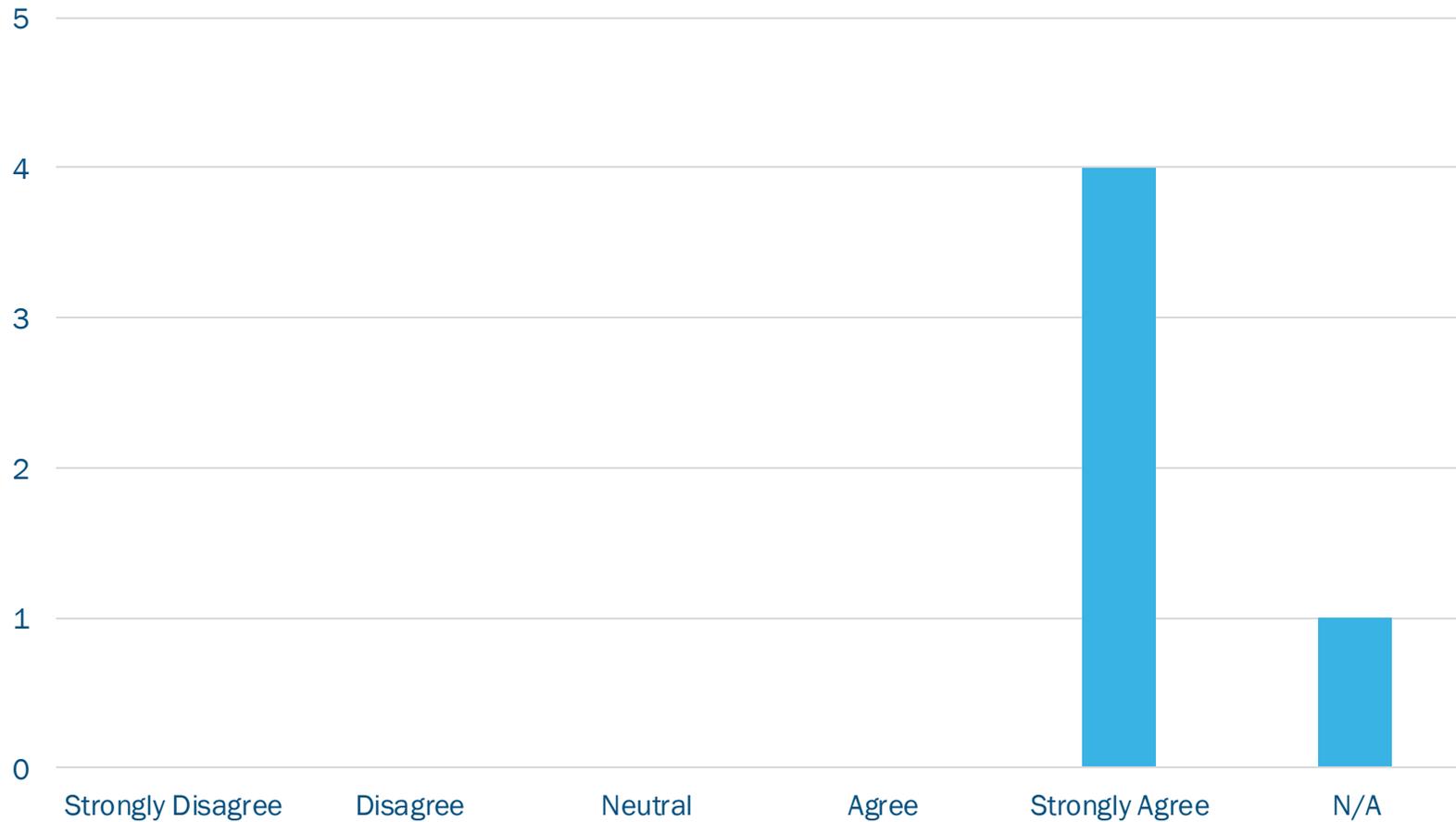
The Board considers effective strategic planning a priority responsibility



The Board makes decisions in the best interest of those served by AlexRenew



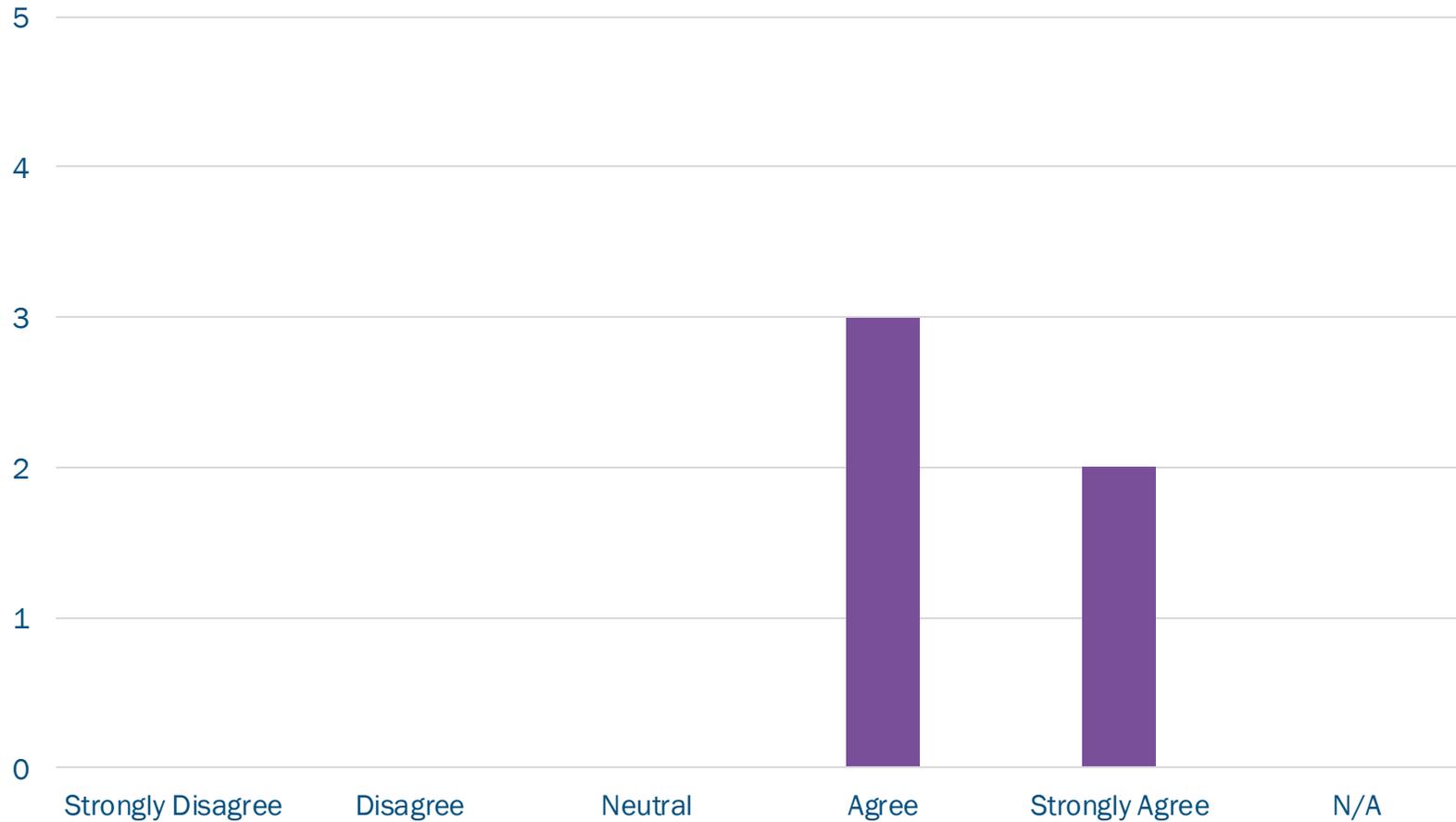
The Board considers the immediate and long-term impacts of its decisions



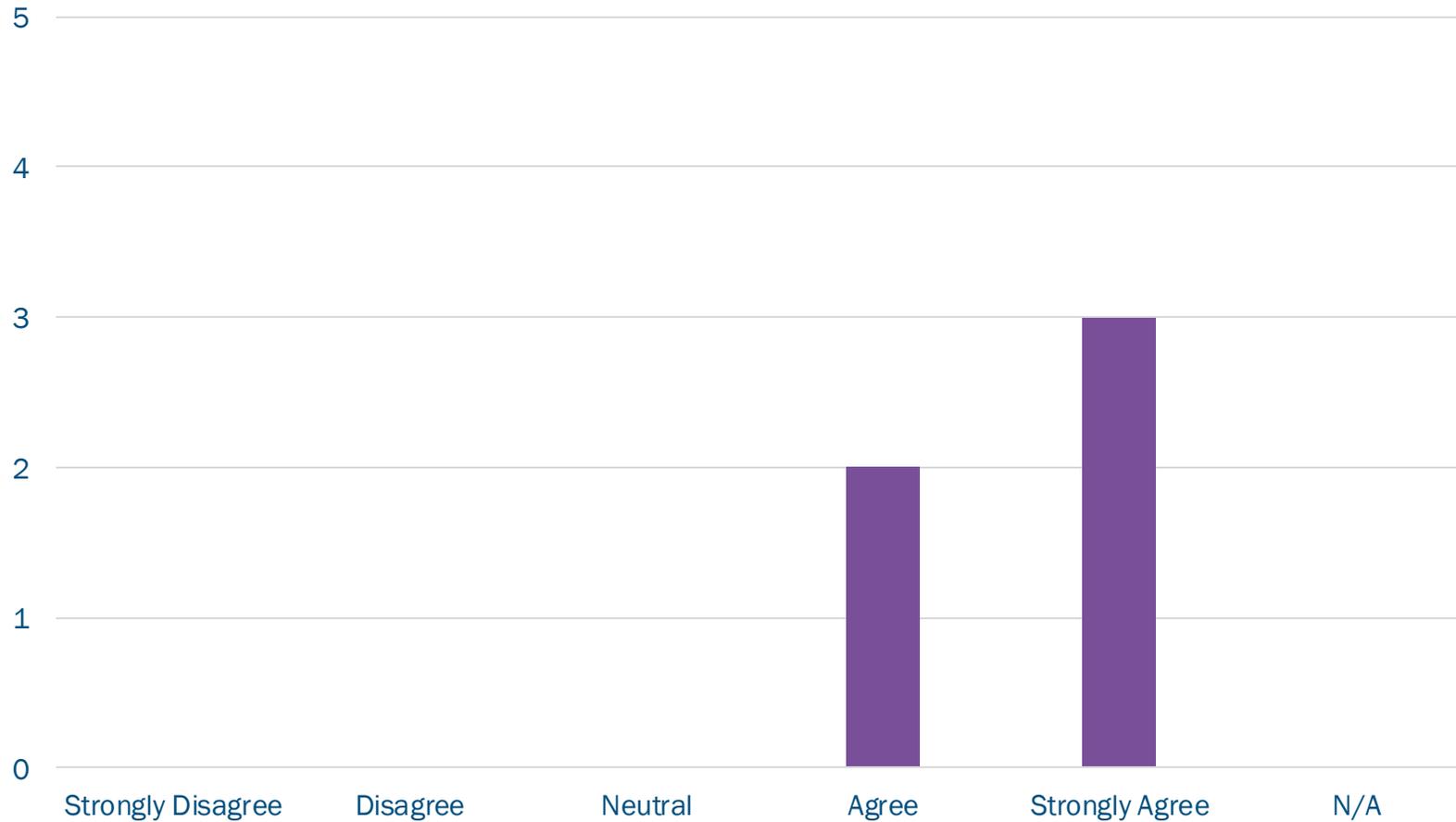
Additional comments and feedback:

- For the past five years, the Board has been focused on executing a bold strategic decision – the assumption of Alexandria's CSO problem and the completion of RiverRenew – the Board has consistently acted to ensure the success of that new strategic direction
- A board has to do more than simply develop strategy – it has to enable the execution that creates the future that strategy envisions
- As AlexRenew plays a bigger role in the future, we might consider a more systematic way to hear the "voice of the customer"
- The Board takes the interests of AlexRenew's customers and staff seriously in all decisions
- The Board considers the long-term impacts of its decisions
- Since 2020, we have been reacting, not necessarily planning for the future – this is not necessarily surprising considering COVID shut down and ensuring that RiverRenew is completed on schedule
- Hopefully with a new GM, we can begin to look to the future
- The Board is clearly forward thinking in its decision making

The Board has the capacity to fulfill its role and responsibilities



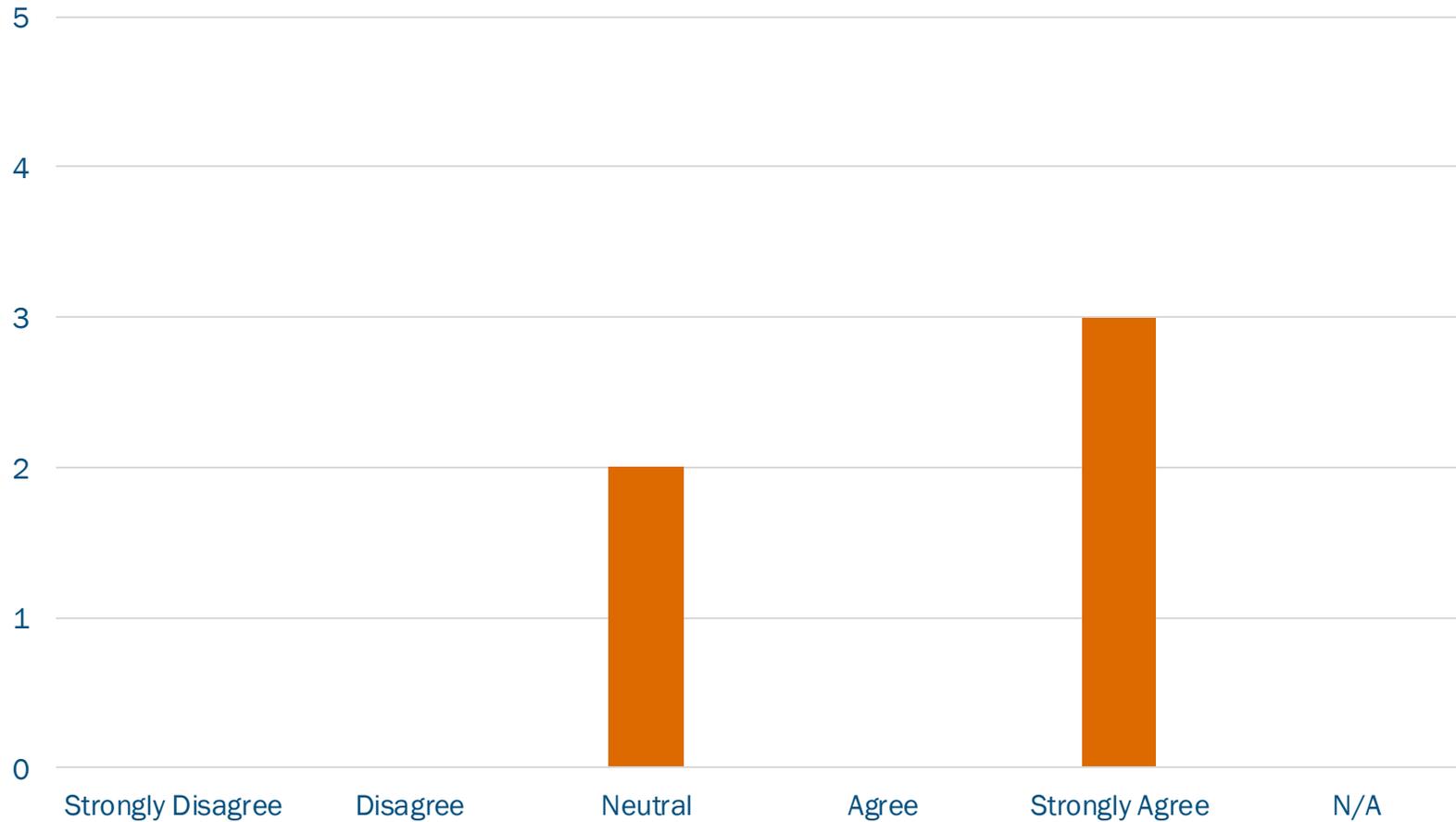
There is an environment of trust and respect among Board members



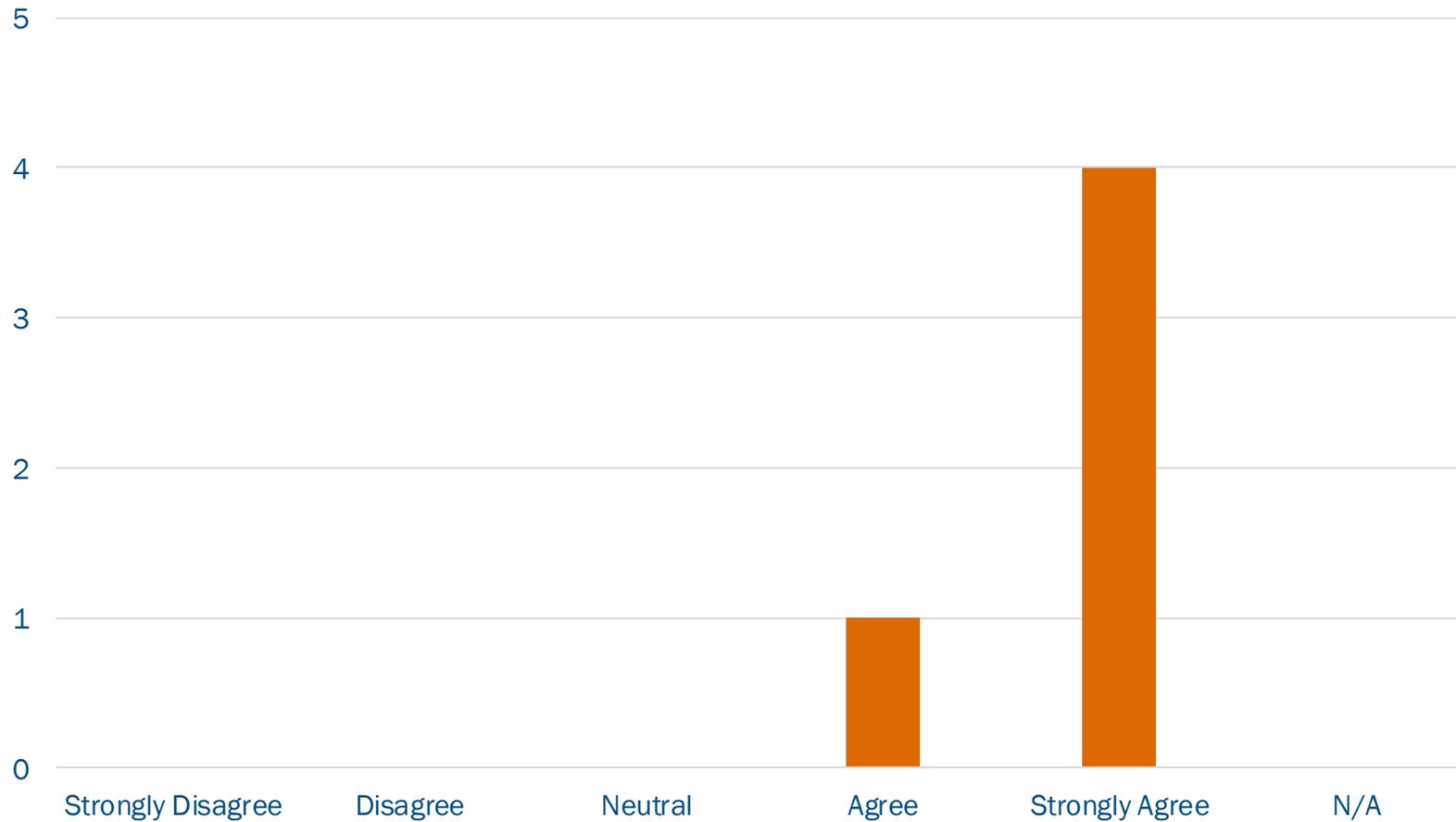
Additional comments and feedback:

- The capacity of the Board was superbly illustrated by its performance in selecting the new CEO
- A Board of five members was the correct size when AlexRenew's footprint was smaller and its role in the community was less significant – is a 5-member board the right size as AlexRenew becomes more visible to the Alexandria community and other watershed stakeholders?
- Board members seem very competent to carry out their duties
- It would be great to see a greater diversity of professional backgrounds represented on the Board to round out its capacities, particularly in the public interest/consumer advocate sector
- We have not done enough to succession plan for the Board
- We should have a better sense of when an individual is planning on leaving the Board and have a "bench" of candidates that can fulfill the needs of the Board
- The Board is not representative of the diversity in Alexandria
- We have had significant change on the Board in the past three years and it takes time to develop trust and respect
- We should consider ways we can build relationships among the Board members

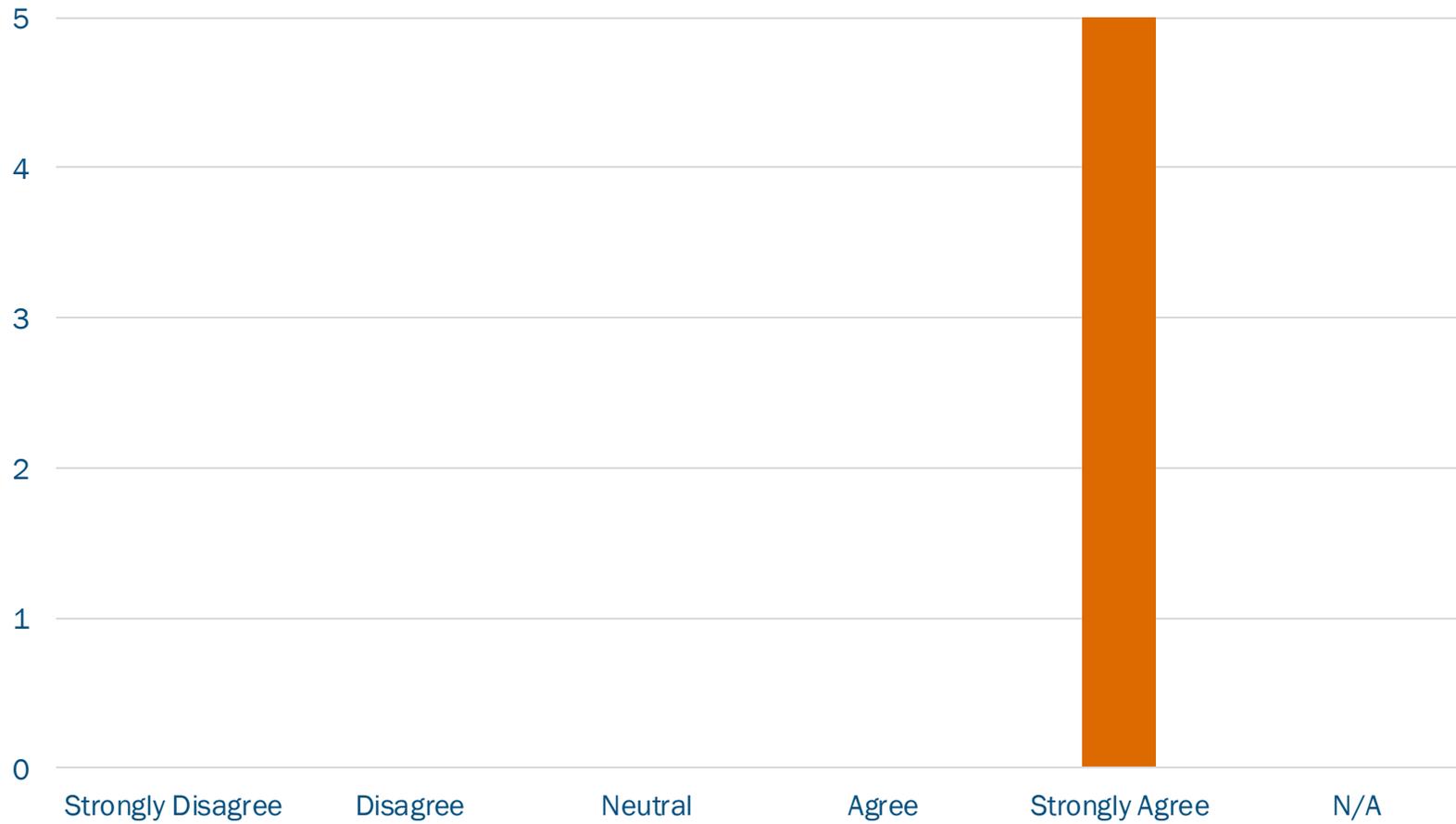
Board meetings are focused on strategy and policy



Board meetings provide adequate time to ask questions and explore issues



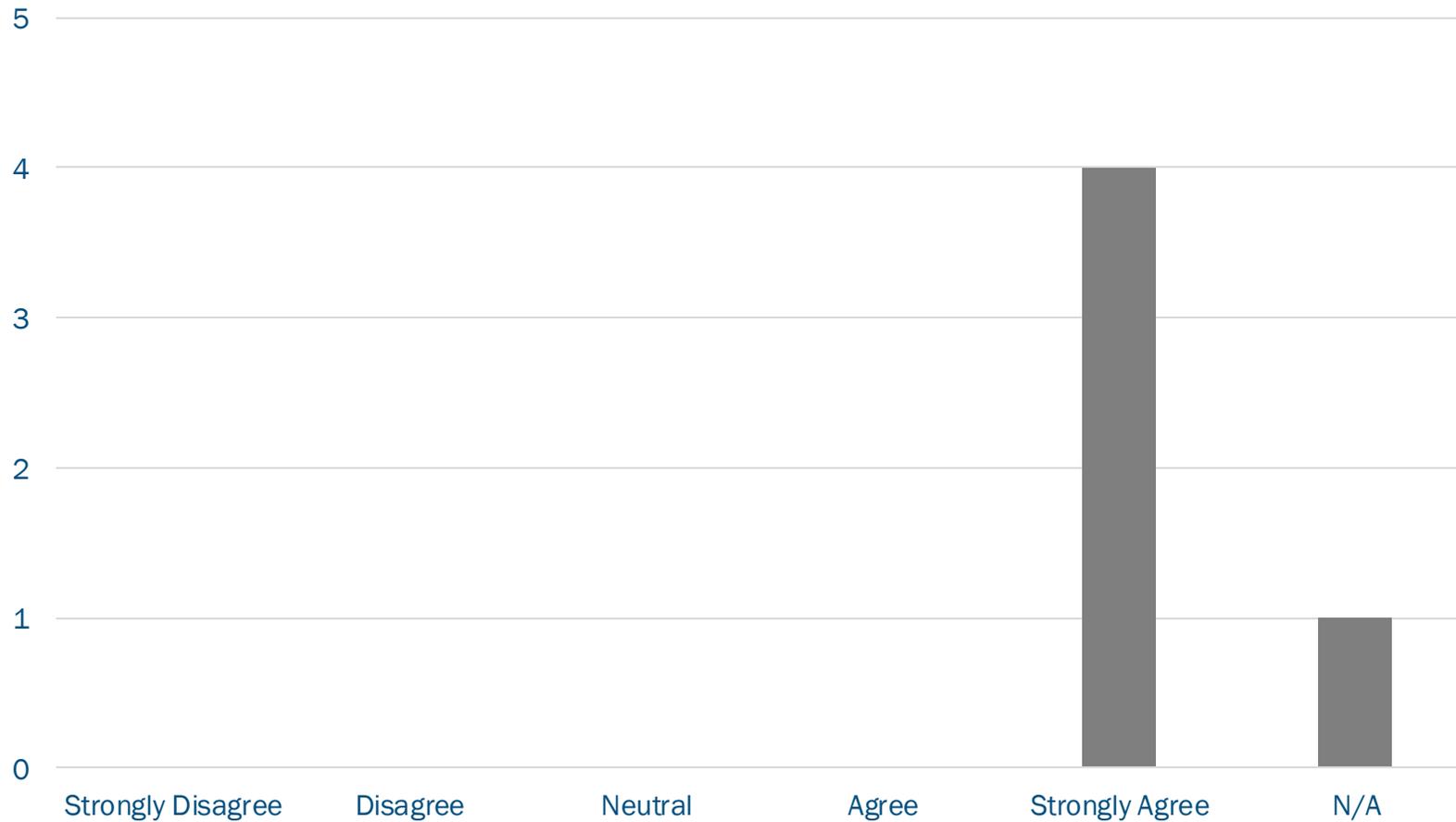
Board meeting attendance is a top priority



Additional comments and feedback:

- The Board is provided decision documents that are at the right level
- Material presented to the Board focuses on AlexRenew's progress toward strategic outcomes – not the day-to-day issues affecting plant operations
- RiverRenew changes AlexRenew's role in the community – the Board has to set aside the time to truly explore what the post-RiverRenew future looks like and the strategic outcomes we want to achieve in this new environment
- Meetings are substantive and have a meaningful impact on AlexRenew policy
- All Board members make a point to attend every meeting as well as the committee meetings
- The Board's actions have been consistent with adopted strategies and policies
- The topics of strategy and Board adopted policies have not been a key part of discussions
- Every Board meeting does not need to focus on policy and strategy, but we consider these in our discussions and decisions, probably at half of our meetings

The Board maintains sound financial policies that support AlexRenew's mission



Additional comments and feedback:

- The process that AlexRenew uses to develop its budget and set rates is exemplary
- The use of independent rate consultants to perform a ten-year forecast of AlexRenew's financial condition relative to the Board's financial policies is well-established and quite sophisticated
- We need to better understand how our ratepayers view AlexRenew and their monthly bill – we hear few complaints – but do we really understand how the average ratepayer considers their monthly bill?
- AlexRenew is currently in a very good financial position, in large part due to staff knowledge as well as adherence to Board adopted policies
- It is one of the most important things we do, and we take it seriously

AlexRenew Board members



James Beall
Board Vice Chair



Adriana Caldarelli
Board Secretary/Treasurer



Rebecca Hammer
Board Member



John Hill
Board Chair



Mark Jinks
Board Member

AlexRenew Board responsibilities

- ✓ Set mission and vision
- ✓ Hire and oversee the CEO
- ✓ Ensure financial health
- ✓ Hire and oversee annual audit
- ✓ Build a competent Board
- ✓ Ensure legal and ethical integrity
- ✓ Enhance the organization's public standing

AlexRenew Board duties

Duty of Care

Exercise reasonable care, due diligence, and skill in making decisions on behalf of the organization

Duty of Loyalty

Act in the best interest of the organization at all times

Duty of Obedience

Be faithful to the organization's legally prescribed mission

AlexRenew Board officer roles

Chair

Responsible for leading the board and facilitating meetings

- Oversee meetings
- Ensure role in strategic planning
- Guide Board actions
- Provide feedback on Board effectiveness
- Appoint committee chairs
- Execute resolutions w/ CEO
- Assist in member orientation
- Oversee CEO hiring and evaluation
- Act as an alternate spokesperson

Vice Chair

Chair's understudy and second in command

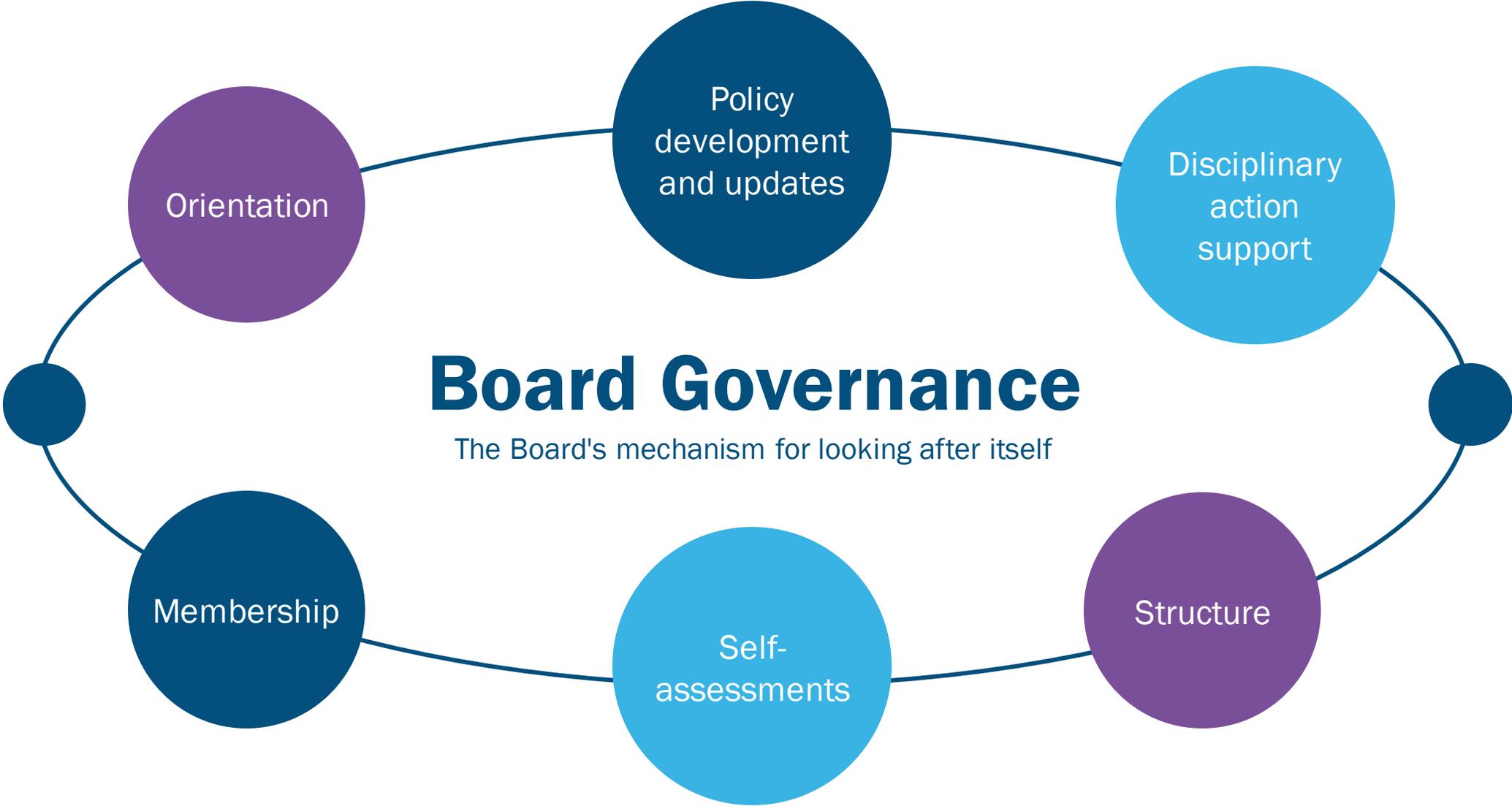
- Assist in leading the Board
- Chair Governance Committee
- Perform duties in Chair's absence
- Execute special assignments

Sec'y-Treasurer

Responsible for recording meetings and overseeing budget

- Ensure Board records are managed
- Review meeting minutes
- Understand Board's legal framework and organization's finances
- Review financial policies and procedures
- Review annual budget and audit
- Assume responsibilities of Chair in the absence of Chair, Chair-elect, and Vice Chair

Governance Committee overview



Finance and Audit Committee overview



- Financial policy development and updates
- Assist Board in achieving its fiduciary duties
- Oversee annual budget process and rate recommendation
- Monitor budget and rate recommendation implementation
- Annual Audit: oversee, review, accept, recommend to Board

Ethics Policy updates

- Political activity requirements
- Reporting and addressing disclosures of wrongdoing and protection of whistleblowers

- Annual audit requirements
- Annual audit process
- Incorporation of Write Off policy
- Minor updates to Write Off requirements

Financial Policy updates

Proposed policies

- Board Member Orientation
- Environmental Justice

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy 	
Title: Board Member Orientation	
Date of Adoption: September 19, 2023	Date of Revision:
Page 1 of 2	

It is the policy of AlexRenew Board that new Board members will participate in a board orientation process shortly after being appointed to the Board of Directors. This ensures that all members have the critical information and resources they need to fulfill their roles and responsibilities. The orientation process is led by the Chief Executive Officer (CEO) and supported by the Board Chair, Board Vice Chair, and General Counsel.

The Board onboarding process includes: orientation meetings, provision of a Board Manual, and additional orientation checklist items. If feasible, orientation will be conducted prior to the member's first Board meeting.

Board Orientation Meetings

After a new member has joined the Board, the orientation process will include a series of meetings and presentations to share organizational information and answer questions. The meetings will be conducted in the following order:

- **Meeting with the Board Chair:** Informal meeting with the Board Chair to generally discuss the organization and the Board's role within the organization.
- **AlexRenew Overview:** Presentation by the CEO to discuss the organization's vision, mission, and strategic outcomes; programs and initiatives; and other background information. Includes a tour of the AlexRenew Environmental Center. Approximately 1.5-hours.
- **AlexRenew Water Resource Recovery Facility Overview:** Presentation by the CEO and staff to provide an overview of WRRF liquids and solids processes to effectively manage the community's wastewater. Includes a tour of the WRRF. Approximately 2-hours.
- **Board Governance Overview:** Presentation by the Board Vice Chair and General Counsel to discuss the legal framework of the organization; Board roles, responsibilities, and policies; committee involvement; Board meetings and other events; and Virginia Freedom of Information Act requirements. Approximately 1-hour.
- Additionally, the CEO and Board Chair may provide an overview of any major organizational initiative(s) that are ongoing at the time of Board orientation.

Hardcopies of presentations will be provided at each meeting and may be included in the Board Manual.

Board Manual

The CEO will provide each board member a Board Manual including, but not limited to, the documents listed below. The manual clearly describes the organization and outlines the roles and responsibilities of the Board.

- Legal
 - Articles of Incorporation

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy 	
Title: Environmental Justice	
Date of Adoption: September 19, 2023	Date of Revision:
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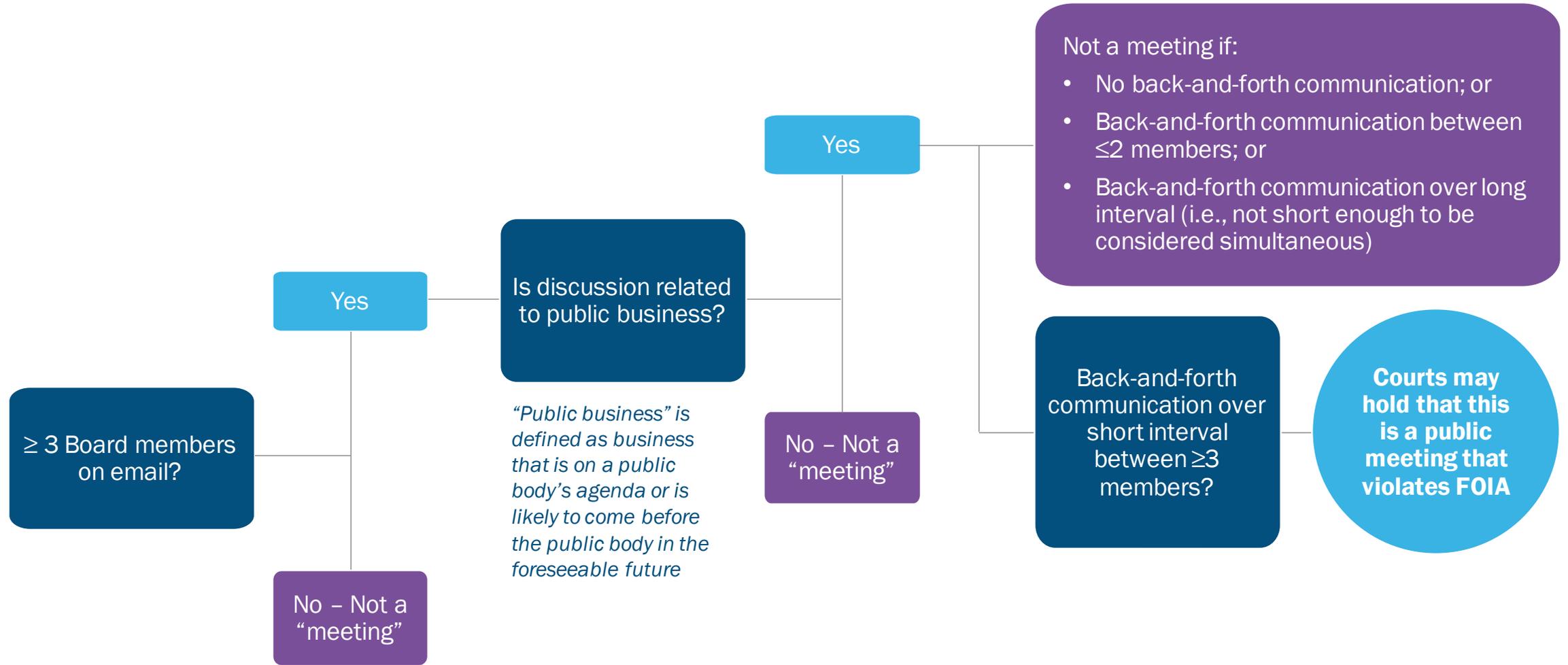
AlexRenew affirms and commits to pursuing the goals of environmental justice to prevent and mitigate disproportionate environmental impacts of its activities on the community it serves. AlexRenew firmly believes that no group should bear a disproportionate share of negative environmental consequences, and that all groups should benefit equitably from the environmental improvements resulting from AlexRenew's programs and initiatives.

Environmental justice is the equitable treatment and meaningful engagement of our residents— inclusive of all races, cultures, lifestyles, neighborhoods, and incomes—so we may advance our mission in managing the community's wastewater without placing disproportionate environmental or financial burdens on those we serve. Our work for environmental justice should be intentional and impactful.

As a single-purpose utility established to manage wastewater, AlexRenew operates and maintains infrastructure that is designed to protect public health and improve the environment. Despite our limited footprint, AlexRenew's environmental justice commitment will be guided by meaningful engagement, informed actions, and equitable treatment to best serve our community. As such, AlexRenew commits to the following actions to promote the goals of environmental justice:

- Conduct environmental justice training to ensure staff are equipped with the appropriate resources to understand the importance, issues, and impacts of the organization's programs and initiatives.
- Develop and implement guidance on the inclusion of environmental justice in appropriate AlexRenew programs and initiatives.
- Meaningfully engage stakeholders and community groups during all phases of programs and initiatives.
- Practice active listening to understand community impacts associated with the organization's programs and initiatives.
- Develop diverse and culturally appropriate communication strategies to ensure that stakeholders can participate in decisions and actions that may impact constituent communities.
- Create engaging and intentional educational programs to ensure that residents understand the value of their investments in clean water.
- Make decisions with an understanding of the community's residents, history, and economy.
- Develop funding strategies to support equitable sewer rates, while advocating for and promoting programs and initiatives that offer financial assistance to those in need.
- Coordinate with the City of Alexandria to provide community benefit as part of major programs to help tell the history of disadvantaged populations, where appropriate and practicable.
- Support the City of Alexandria as they establish, strengthen, and maintain key partnerships with community-based, non-profit, faith-based organizations, and businesses in Alexandria.
- Continuously improve upon the organization's programs and initiatives using best available information as new knowledge becomes available.

Meetings as defined by the Virginia Freedom of Information Act





AlexRenew

To learn more, visit alexrenew.com



Board Policy – Roles and Responsibilities

Alexandria Renew Enterprises Board Adopted Policy



Title: Board Roles and Responsibilities

Date of
Adoption: 2010

Date of
Revision: May 16, 2016
April 19, 2022

Page 1 of 4

The AlexRenew Board of Directors have five key areas of responsibility:

Establishing the organization's mission, vision, and direction through strategic planning and the review and evaluation of programs and services.

Ensuring the financial health of the organization to continue successful operations of the organization while maintaining fiscal responsibility.

Ensuring the organization has sufficient and adequate human resources to perform AlexRenew's core business of treating wastewater, operating and maintaining CSO's, and providing a safe working environment.

Ensuring that Alexandria Renew Enterprises board members remain in compliance with their legal requirements and work effectively to represent the organization in all aspects of Authority business.

Ensuring effective community relations by monitoring and responding to the changing needs and pressures of the community, while implementing new ways to meet those needs, and using marketing and public relations tools to educate and foster community engagement.

Alexandria Renew Enterprises Board Adopted Policy



Title: Board Roles and Responsibilities

Date of Adoption: 2010

Date of Revision: May 16, 2016
April 19, 2022

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AlexRenew Board Member Job Description

1. Current City resident that regularly attends and participates in Board meetings and important related meetings.
2. Makes a serious commitment to participate actively in committee work.
3. Volunteers for and willingly accepts assignments; completing them thoroughly and on time.
4. Stays informed about committee matters, prepares well for meetings, and reviews and comments on minutes and reports.
5. Gets to know other Board and committee members and builds a collegial working relationship.
6. Attends Board and organizational events.
7. Is conversant on key strategic issues facing the organization.
8. Advocates for the organization in the community
9. Participates in the organization's strategic planning process.
10. Is a partner with the Chief Executive in achieving the organization's mission.

AlexRenew Board Chair Job Description

The AlexRenew Board Chair job description includes the board member job description in addition to the following duties:

1. Provides leadership to the Board of Directors, who sets policy and to whom the Chief Executive is accountable.
2. Chairs meetings of the Board after developing the agenda with the Chief Executive.
3. Ensures Board's role in strategic planning.
4. Serves ex officio as a member of committees and attends their meetings when invited.
5. Discusses issues confronting the organization with the Chief Executive.
6. Helps guide and mediate Board actions with respect to organizational priorities and governance concerns.
7. Reviews with the Chief Executive any issues of concern to the Board.
8. Monitors financial planning and financial reports.
9. Formally evaluates the performance of the Chief Executive and reports out to the Board.

Alexandria Renew Enterprises Board Adopted Policy



Title: Board Roles and Responsibilities

Date of Adoption: 2010

Date of Revision: May 16, 2016
April 19, 2022

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10. Informally evaluates the effectiveness of the Board members.
11. Evaluates annually the performance of the organization in achieving its mission and reports outcomes to the Board.
12. Works in partnership with the Chief Executive to make sure Board resolutions are executed.
13. Calls special meetings when necessary.
14. Assists Chief Executive in conducting new Board Member orientation.
15. Oversees searches for a new Chief Executive.
16. Works with the governance committee to recruit candidates for new Board Members.
17. Acts as a spokesperson for the organization.
18. In concert with the Chief Executive, provides reports and other appropriate information to inter jurisdictional partners, regulators or other parties as requested.
19. Periodically consults with Board Members on their roles and helps them assess their performance.
20. Performs other responsibilities assigned by the Board.

AlexRenew Board Vice Chair Job Description

The AlexRenew Board Vice Chair Job Description includes the board member job descriptions in addition to the following duties:

1. Understands and performs Chair responsibilities when the Chair cannot be available (see Chair Job Description).
2. Reports to the Board's Chair.
3. Works closely with the Chair and other Board members.
4. Participates closely with the Chair to develop and implement officer transition plans.
5. Carries out special assignments as requested by the Board Chair.
6. Performs other responsibilities as assigned by the Board.

AlexRenew Board Secretary-Treasurer Job Description

The AlexRenew Board Secretary-Treasurer Job Description includes the board member job descriptions in addition to the following duties:

Alexandria Renew Enterprises Board Adopted Policy**Title: Board Roles and Responsibilities****Date of
Adoption: 2010****Date of
Revision: May 16, 2016
April 19, 2022****Page 4 of 4**

1. Ensures effective management, safety, and accuracy of Board's records.
2. Reviews minutes of Board meetings.
3. Ensures timely distribution of the minutes to members.
4. Is sufficiently familiar with legal documents (articles, by-laws, IRS letters, etc.) to note applicability during meetings.
5. Understands fiscal matters and finances of the organization.
6. Ensures development and Board review of financial policies and procedures.
7. Works with CEO and CFO to ensure that appropriate financial reports are provided to the Board in a timely manner.
8. Reviews annual audit and answers Board Members' questions about audit.
9. Reviews annual budget, prior to distribution, to the Board for members' approval.
10. Assume responsibilities of the Chair in the absence of Board Chair and Vice Chair.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Board Roles and Responsibilities

Date of Adoption: 2010

Date of Revision(s): May 16, 2016; April 19, 2022, September 18, 2022

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The AlexRenew Board of Directors has eight (8) key areas of responsibility:

- Establish and oversee the organization's mission and vision through strategic planning.
- Select the Chief Executive Officer (CEO) through a careful search to find the most qualified individual for the position.
- Provide strategic oversight of the CEO to ensure that the CEO has the moral and professional support necessary to further the goals of the organization, and evaluate the CEO's performance at least annually.
- Ensure the organization's financial health through the review and approval of the annual budget and 10-year capital improvement program, while maintaining fiscal responsibility.
- Hire and oversee external financial auditor and accept the annual audit.
- Practice governance through orientation of new members and conducting regular performance evaluations.
- Maintain compliance with legal requirements and embody high ethical standards.
- Enhance the organization's public standing by effectively articulating the organization's mission, accomplishments, and goals to the community.

AlexRenew Board Member Job Description:

The AlexRenew Board member job description includes the following duties:

- Actively participate in the organization's strategic planning process.
- Partner with the CEO in achieving the organization's mission.
- Prepare for, attend, and participate in Board meetings, organizational events, and related meetings.
- Stay informed about committee matters and participate actively in committee work.
- Volunteer, accept, and complete assignments thoroughly and on time.
- Build and maintain a respectful working relationship with other Board members and the CEO.
- Be conversant on key issues facing the organization.
- Advocate for the organization in the community.

AlexRenew Board Chair Job Description

The AlexRenew Board Chair job description includes the Board member job description in addition to the following duties:

- Provide Board leadership.
- Oversee Board and committee meetings.
- Ensure the Board's role in strategic planning.
- Guide and mediate Board actions.

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Board Roles and Responsibilities

Date of Adoption: 2010

Date of Revision(s): May 16, 2016; April 19, 2022, September 18, 2022

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- Provide feedback on the effectiveness of Board members.
- Appoint committee chairs.
- Work with the CEO to execute resolutions.
- Assist the CEO in conducting new Board member orientation.
- Oversee search and hiring of the CEO.
- Conduct the CEO's annual performance evaluation.
- Act as an alternate spokesperson for the organization.

AlexRenew Board Vice Chair Job Description

The AlexRenew Board Vice Chair Job Description includes the board member job descriptions in addition to the following duties:

- Participate as a vital part of Board leadership.
- Understand and perform Chair responsibilities in Chair's absence (see Chair job description).
- Chair the Governance Committee.
- Execute special assignments requested by the Board Chair.

AlexRenew Board Secretary-Treasurer Job Description

The AlexRenew Board Secretary-Treasurer Job Description includes the board member job descriptions in addition to the following duties:

- Ensure effective management, safety, and accuracy of Board records.
- Review Board meeting minutes and ensure timely distribution to Board members.
- Understand the Board's legal framework (articles of incorporation, by-laws) and financial accounting for the organization.
- Ensure development and Board review of financial policies and procedures.
- Review annual budget and audit in conjunction with the Finance & Audit Committee.
- Assume responsibilities of Chair in the absence of Chair and Vice Chair.

Legal Duties of Board Members

Board members have the legal responsibility to meet the duty of care, the duty of loyalty, and the duty of obedience.

- **Duty of Care:** Exercise reasonable care, due diligence, and skill in making decisions on behalf of the organization.
- **Duty of Loyalty:** Act in the best interest of the organization at all times.
- **Duty of Obedience:** Be faithful to the organization's legally prescribed mission.



Board Policy – Committees

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy

Title: Overview of Board Committees

Date of

Adoption: October 2010

Date of

Revision: April 19,2022

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Overview of Board Committees

Committees are often considered the workhorses of the board because they do the majority of the board's work between meetings, thereby allowing the full board to focus on the big picture and critical decisions. Committee work engages board members in regular activities that extend their responsibilities far beyond participation in board meetings. Committees allow the organization to tap into an individual board member's full experience, talents, interests, and enthusiasm. They can also expand the board member's understanding of the organization, and they are often the training ground for prospective board members and future board officers.

Board Committee Protocols

1. The board will decide what committees will be formed and appoint a board member to chair each committee.
2. A committee meeting can be called by the chair of the committee or by the chair of the full board.
3. Each committee will be made up of a minimum of two and maximum of three members approved by the board chair. A majority of the committee members shall constitute a quorum for any decision of the committee.
4. The board will set the goals of the committee, while the committee will set its own strategies for reaching those goals.
5. Prior to the first meeting of the committee, the board chair, the Chief Executive Officer and the committee chair will meet to review the goals and expectations set by the board and this protocol.
6. Committees will meet at least twice per year. The chair of the committee will report in writing at the following board meeting the progress and activities of the committee.
7. The board chair and the Chief Executive Officer can sit on any committee ex officio. They will be copied on all committee correspondence.
8. Staff persons present at a committee meeting will be present to assist because of knowledge of the actual day-to-day operations. An important job of the head of the committee is to protect the staff from being assigned tasks inappropriate to the committee.
9. The Chief Executive Officer is responsible for communicating to staff members their role in committee deliberations.
10. A Committee will not enter into any contractual obligations on behalf of the board.

Governance Committee

Key Elements

- The governance committee is the board's mechanism for looking after itself. As such, its work is vital to the health of the board and the entire organization. It should ensure that the board is doing its job to provide leadership and oversight to the organization and that individual board members are carrying out their duties.
- The committee has a role in board recruitment and development of board policies and procedures related to composition.
- Other aspects of board education that fall into the governance committee's purview should be included, such as officer job descriptions, orientation, educational items on board meeting agendas, and board retreats.
- Many governance committees have the difficult task of deciding how to handle the poor performance of individual board members. This will occur naturally when their terms come up, and

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it may also happen along the way. Because these are often sensitive issues, they are best handled in this kind of smaller work group setting and with active involvement of the board chair and Chief Executive Officer.

- The committee may also be charged with addressing board structure and performance, such as reviewing the current committee structure, leading the board self-assessment process, and updating the bylaws.

GOVERNANCE COMMITTEE JOB DESCRIPTION

The governance committee is responsible for ongoing review and recommendations to enhance the quality and future viability of the board. The governance committee shall be composed of 2 to 3 members of the board, appointed by the chair, and serve one-year terms. The chair serves as an ex officio member. The Vice Chair of the Board shall serve as the governance committee chair. The focus of the committee revolves around the following five major areas:

1. Board Role and Responsibilities
 - a. Leads the board in regularly reviewing and updating the board's statement of its role and areas of responsibility, and the expectations of individual board members
 - b. Assists the board in periodically updating and clarifying the primary areas of focus for the board - the board's agenda for the next year or two, based on the strategic plan
2. Board Composition
 - a. Leads in assessing current and anticipated needs for board composition, determining the board's knowledge, attributes, skills, abilities, influence, and access the board will need to consider to accomplish future work of the board
 - b. Develops a profile of the board as it should evolve over time
 - c. Identifies and presents potential board member candidates and explores with each candidate his or her interest and availability for board service
 - d. Nominates individuals to be elected as directors of the board
 - e. In cooperation with the board chair, meets annually with each board member to assess his or her continuing interest in board membership and term of service. Works with each board member to identify the appropriate role he or she might assume on behalf of the organization
3. Board Knowledge
 - a. Designs and oversees a process of board orientation, including information prior to election as a board member and information needed during the first cycle of board activity for new board members
 - b. Designs and implements an ongoing program of board information and education for all board members
4. Board Effectiveness
 - a. Leads the periodic assessment of the board's performance; proposes, as appropriate, changes in board structure, roles, and responsibility
 - b. Provides ongoing counsel to the board chair and other board leaders on steps they might take to enhance board effectiveness
 - c. Regularly reviews the board's practices regarding member participation, conflict of interest, confidentiality, etc., and suggests improvements as needed
 - d. Periodically reviews and updates the board's policy guidelines and practices
5. Board Leadership
 - a. Takes the lead in succession planning, taking steps to recruit and prepare for future board leadership



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- b. Nominates board members for election as board officers

FINANCE AND AUDIT COMMITTEE

Introduction

The financial committees of a governmental organization are truly at the heart of the public's trust. The full board has the ultimate responsibility for and fiduciary obligation to the organization.

Key Elements

- The Finance and Audit committee is responsible for monitoring the organization's overall financial health. Its core duties include overseeing budgeting and financial planning, safeguarding the organization's assets and reviewing its insurance coverage, reviewing and proposing fiscal policies, anticipating financial problems, and ensuring that the board receives accurate and timely financial reports. The principal responsibilities for the audit portion are to hire an independent auditor, review the audit report with the auditor, and ensure that appropriate internal controls are in place. This is not a policy-making body; rather, its role is to help the board carry out its fiduciary duties.
- When recruiting board members, keep in mind the need for financial proficiency. Not every board member needs to be a financial expert, but each board needs some members with specialized skills and knowledge - such as accounting, taxes, investing, and financial planning - to guide the board's oversight and to communicate complicated financial issues to the rest of the board.
- Committee members need to understand when they are wearing the financial oversight, and audit hats.

FINANCE AND AUDIT COMMITTEE JOB DESCRIPTION

The finance and audit committee coordinates the board's financial oversight responsibilities by recommending policy to the board, interpreting it for the staff, and monitoring its implementation. The committee also provides board oversight of the organization's financial audit.

The finance and audit committee monitors the organization's financial records; reviews and oversees the creating of accurate, timely, and meaningful financial statements to be presented to the board; reviews the annual budget and recommends it to the full board for approval; monitors budget implementation and financial procedures; monitors budget assets; monitors compliance with federal, state, and other reporting requirements; reviews the organization's insurance coverage; and helps the full board understand the organization's finances.

The finance and audit committee also ensures that the organization has an independent audit of its financial statements annually, recommends the independent auditors for full board approval, receives the audit report, and periodically reports the auditor's findings and recommendations to the board.

The finance and audit committee shall consist of not fewer than 2 board members. The members of the finance and audit committee shall be elected for one- year terms by the board at the annual meeting. Committee members should have a strong background in accounting, finance, or business. The board treasurer should chair this committee.

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Committees serve as a practical way to structure and manage the Board's workload so that the full Board can use meetings to focus on the big picture and critical decisions. Committees are more effective when their charter and scope of work is clearly defined by the Board.

Committee Protocols

- Serve in an advisory role and make recommendations to the Board
- Will not take any official action on behalf of the Board
- Formed only if there is an ongoing role or function
- Members:
 - Appointed by the Board Chair
 - Two (2) members total
 - Will meet independence requirements as governed by Virginia's Conflict of Interest Act
- Meetings:
 - A quorum is required for any recommendation to the Board
 - May be called by the Committee Chair or Board Chair
 - Held annually, at a minimum
- The Committee Chair will provide an update on the progress and activities of the committee Board meetings
- Prior to the first meeting of a newly formed committee, the Board Chair, Chief Executive Officer (CEO), and Committee Chair will meet to review the goals and expectations set by the Board
- The Board Chair may sit on any committee ex officio
- The Board Chair and CEO will be copied on all committee correspondence

Governance Committee

The Governance Committee is the Board's mechanism for looking after itself. It ensures that the Board is doing its job to provide oversight to the organization and that individual Board members are fulfilling their duties.

The Governance Committee's roles and responsibilities include:

- Reviewing and recommending updates to Board policies;
- Developing new Board policies;
- Meeting annually with each Board member to assess their continuing interest in Board membership;
- Proposing changes in Board or committee structure;
- Assisting with management and oversight of Board orientation;
- Leading periodic assessments of the Board's performance; and

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- Assisting the Board Chair with disciplinary action against a member, as necessary.

Finance and Audit Committee

The Finance and Audit Committee serves a vital role in ensuring that the Board can fulfill the responsibility for and fiduciary obligation to the organization. The committee is also responsible for monitoring the organization's overall financial health.

The Finance and Audit Committee's roles and responsibilities include:

- Reviewing, updating, and recommending updates to Board financial policies;
- Overseeing the annual budget process and rate recommendation;
- Recommending the annual budget and rate recommendation to the Board for approval;
- Monitoring implementation of the budget and rate recommendation;
- Annual Audit:
 - Ensuring that the organization has an annual independent audit of its financial statements;
 - Accepting and reviewing the Annual Comprehensive Financial Report; and
 - Accepting and reviewing the independent auditor's annual report and reporting the findings and recommendations to the Board.



Board Policy – Ethics

Alexandria Renew Enterprises Board Adopted Policy

Title: Ethics Policy

Date of
Adoption: December 2010

Date of
Revision: April 19, 2022
November 28, 2017

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1.0 Purpose and Scope

The proper operation of Alexandria Renew Enterprises (AlexRenew), formerly Alexandria Sanitation Authority requires that Board members remain objective and responsive to the needs of the public they serve, make decisions within the proper channels of governmental structure, and not use public office for personal gain. To further these objectives, certain ethical principles govern the conduct of each member of the AlexRenew Board of Directors.

This policy promotes awareness of ethics, integrity and fidelity as critical elements in Board members' conduct and in achievement of the AlexRenew mission. It references relevant policies, practices, and procedures that provide a legal framework and operational guidelines for addressing ethical issues.

2.0 Responsibilities of Public Office

AlexRenew Board members are dedicated to the concepts of effective and democratic government by responsible public officials. They:

- Uphold the Constitution of the United States and the Constitution of Virginia, and carry out the laws of the nation, the state and City of Alexandria;
- Comply with applicable laws regulating their conduct, including the Virginia Freedom of Information Act (FOIA), conflict of interest, and financial disclosure laws;
- Work in full cooperation with other public officials, unless they are legally prohibited from doing so.

3.0 Fair and Open Processes Involving the Public

AlexRenew Board members promote fair and open public processes. Board members fully comply with Virginia's FOIA law.

[Reference Virginia Code Section 2.2-3700]

4.0 Fair and Equal Treatment

AlexRenew Board members promote diversity and equality in personnel matters and in contracting, consistent with state and federal laws.

- Board members, in performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability.
- Board members will not grant any special consideration, treatment, or advantage to any person or group beyond that available to every other person or group in similar circumstances.
- Board members will cooperate in achieving the equal opportunity objectives of AlexRenew.

5.0 Proper Use and Safeguarding of AlexRenew Property and Resources

AlexRenew Board members exercise responsible financial management in the conduct of AlexRenew business.

- Board members will safeguard AlexRenew property, equipment, moneys, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.

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- A Board member will not ask or require an AlexRenew employee to perform services for the personal benefit or profit of a Board member or employee.
- Each Board member will protect and properly use any AlexRenew asset within his or her control, including information recorded on paper or in electronic format.

6.0 Use of Confidential Information

Board members will safeguard confidential information.

Board members will not disclose information that legally qualifies as confidential to unauthorized persons without approval of the Board of Directors. This includes information that (1) has been received for, or during, a closed session Board meeting, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or (3) is not disclosable under the Freedom of Information Act.

7.0 Conflict of Interest

Board members shall avoid both actual conflicts of interest and the appearance of conflicts of interest with AlexRenew.

- A Board member will not have a financial interest in a contract with AlexRenew, or be a purchaser at a sale at AlexRenew or a vendor of a purchase made by AlexRenew, unless his or her participation is legally authorized.
- A Board member may not participate in the discussion, deliberation or vote on a matter before the Board, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a conflict of interest.
- A Board member will not accept gifts that are prohibited under Virginia's Conflict of Interest Law. Board members will report all gifts, campaign contributions, income and financial information as required under the City's financial disclosure ordinance.
- A Board member will not recommend the employment of a relative to AlexRenew or to any person known by the Board member to be bidding or negotiating a contract with AlexRenew.

[Reference Virginia Code Section 2.2-3100 and Section 2.2-4367; City Code Section 2-4-7 (g)]

8.0 Soliciting Contributions

Board members will not solicit funds or contributions of in-kind services at AlexRenew facilities for political candidates or organizations, or for non-profit, charitable or advocacy organizations.

- A Board member will not solicit or direct a political contribution or in-kind services for political candidates or organizations, or for non-profit, charitable or advocacy organizations from AlexRenew officers, employees, consultants or contractors, or from vendors or consultants that have a material financial interest in a contract or other matter while that matter is pending before AlexRenew.
- A Board member will not use AlexRenew's seal, trademark, stationary, or other indicia of AlexRenew's identity or facsimile thereof in any solicitation for political contributions or for non-profit, charitable or advocacy organizations.

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9.0 Board Member – CEO Relationship

The Board sets AlexRenew policy and the CEO is responsible for the execution of that policy.

- The Board provides policy direction and instructions to the CEO on matters within the authority of the Board by majority vote of the Board during duly convened Board and Board committee meetings.
- Members of the Board deal with matters within the authority of the CEO, through the CEO, except as it pertain to the functions of the General Counsel.

[Reference Virginia Code Section 25.2-5113(E)]

10.0 Exercise Responsible Financial Management

The Board ensures that AlexRenew exercises responsible financial management.

- The Board ensures that AlexRenew maintains a system of auditing and accounting that completely and at all times shows the financial condition of AlexRenew in accordance with generally accepted accounting principles and legal requirements.
- The Board retains an independent auditor who conducts an annual audit of AlexRenew's books, records and financial affairs. The auditor will meet with the Board at the conclusion of the audit each year to review the audit results and recommendations.

11.0 Improper Activities and the Reporting of Such Activities; Protection of Whistleblowers

The Board ensures that AlexRenew maintains a healthy work environment.

- The CEO has primary responsibility for ensuring compliance with AlexRenew's personnel policies and procedures, and ensuring that AlexRenew employees do not engage in improper activities, for investigating allegations of improper activities, and for taking appropriate corrective and disciplinary actions. The Board ensures that the CEO is operating AlexRenew according to law and the policies approved by the Board.
- Board members will disclose to the CEO, to the extent not expressly prohibited by law, improper activities within their knowledge. Board members will not interfere with the CEO's responsibilities in identifying, investigating and correcting improper activities, unless the Board determines the CEO is not properly carrying out these responsibilities.
- A Board member will not directly or indirectly use or attempt to use the authority or influence of his or her position to intimidate, threaten, coerce, command or influence any other person for the purpose of preventing such person from acting in good faith to bring to the attention of the CEO or the Board any information, that if true, would constitute a work-related violation by a Board member or AlexRenew employee of any law or regulation, gross waste of AlexRenew funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of an AlexRenew official or employee, use of an AlexRenew office or position of AlexRenew resources for personal gain, or a conflict of interest of an AlexRenew Board member or AlexRenew employee.

12.0 Directors' Compensation and Expense Reimbursement

AlexRenew Board members receive compensation as determined by the City Council. AlexRenew

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reimburses Board members for actual reasonable and necessary expenses incurred in the performance of duties authorized or requested by the Board.

[Reference Virginia Code Section 15.2-5113 (c)]

13.0 Meeting Attendance

Board members attend at least 75% of the meetings of the Board.

[Reference City Code Section 2-4-7-(i)(1)]

14.0 Violations of Ethics Policy

A perceived violation of AlexRenew's ethics policy by a Board member should be referred to the Board Chairman for investigation and consideration of any appropriate action warranted. In the case of a perceived violation by the Board Chairman, the matter should be referred to the Board Vice Chairman. A violation of this policy may be addressed by remedies available by law, including but not limited to:

- Adopting a resolution expressing disapproval of the conduct of the Board member who has violated this policy,
- Injunctive relief, or
- Referral of the violation to the AlexRenew Attorney and/or the Grand Jury.

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Title: Ethics

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The proper operation of ~~Alexandria Renew Enterprises (AlexRenew), formerly Alexandria Sanitation Authority~~ requires that Board members remain objective and responsive to the needs of the public they serve, make decisions within the proper channels of governmental structure, and not use public office for personal gain. To further these objectives, certain ethical principles govern the conduct of each member of the AlexRenew Board of Directors.

This policy promotes awareness of ethics, integrity and fidelity as critical elements in Board members' conduct and in achievement of the AlexRenew mission. It references relevant policies, practices, and procedures that provide a legal framework and operational guidelines for addressing ethical issues.

Responsibilities of Public Office

AlexRenew Board members are dedicated to the concepts of effective and democratic government by responsible public officials. They:

- Uphold the Constitution of the United States and the Constitution of Virginia, and carry out the laws of the nation, the state and City of Alexandria;
- Promote transparency and open government;
- Comply with applicable laws regulating their conduct, including the Virginia Freedom of Information Act (FOIA), conflict of interest, and financial disclosure laws;
- Work in full cooperation with other public officials, unless they are legally prohibited from doing so.

Fair and Open Processes Involving the Public

~~AlexRenew Board members promote fair and open public processes. Board members fully comply with Virginia's FOIA law.~~

~~[Reference Virginia Code Section 2.2-3700]~~

Fair and Equal Treatment

AlexRenew Board members promote diversity and equality in personnel matters and in contracting, consistent with state and federal laws.

- Board members, in performance of their official duties and responsibilities, will not discriminate against or harass any person on the basis of race, religion, color, creed, age, marital status, national origin, ancestry, gender, sexual orientation, medical condition or disability.
- Board members will not grant any special consideration, treatment, or advantage to any person or group beyond that available to every other person or group in similar circumstances.
- Board members will cooperate in achieving the equal opportunity objectives of AlexRenew.

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Proper Use and Safeguarding of AlexRenew Property and Resources

AlexRenew Board members exercise responsible financial management in the conduct of AlexRenew business.

- Board members will safeguard AlexRenew property, equipment, moneys, and assets against unauthorized use or removal, as well as from loss due to criminal act or breach of trust.
- A Board member will not ask or require an AlexRenew employee to perform services for the personal benefit or profit of a Board member or employee.
- Each Board member will protect and properly use any AlexRenew asset within his or her control, including information recorded on paper or in electronic format.

Use of Confidential Information

Board members will safeguard confidential information.

Board members will not disclose information that legally qualifies as confidential to unauthorized persons without approval of the Board of Directors. This includes information that (1) has been received for, or during, a closed session Board meeting, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or (3) is not disclosable under the Freedom of Information Act.

Conflict of Interest

Board members shall avoid both actual conflicts of interest and the appearance of conflicts of interest with AlexRenew.

- A Board member will not have a financial interest in a contract with AlexRenew, or be a purchaser at a sale at AlexRenew or a vendor of a purchase made by AlexRenew, unless his or her participation is legally authorized.
- A Board member may not participate in the discussion, deliberation or vote on a matter before the Board, or in any way attempt to use his or her official position to influence a decision of the Board, if he or she has a conflict of interest.
- A Board member will not accept gifts that are prohibited under Virginia's Conflict of Interest Law. Board members will report all gifts, campaign contributions, income and financial information as required under the City's financial disclosure ordinance.
- A Board member will not recommend the employment of a relative to AlexRenew or to any person known by the Board member to be bidding or negotiating a contract with AlexRenew.

[Reference Virginia Code Section 2.2-3100 and Section 2.2-4367; City Code Section 2-4-7 (g)]

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Soliciting Contributions Political Activity

Board members will not use their official authority or influence or use AlexRenew's seal, trademarks, stationary, or other indicia of AlexRenew's identity to solicit funds or contributions of in-kind services at AlexRenew facilities for political candidates or organizations, or for non-profit, charitable or advocacy organizations.

- A Board member will not solicit or direct a political contributions or in-kind services for political candidates or organizations, or for non-profit, charitable or advocacy organizations from AlexRenew officers Board members, or employees, consultants or contractors, or from contractors, consultants, or vendors or consultants that have a material financial interest in an AlexRenew contract or other matter while that matter is pending before AlexRenew or effective.
- Interfere with or affect the result of an election or a nomination for office.
- Directly or indirectly coerce, attempt to coerce, command, or advise a State or local officer or employee to pay, lend, or contribute anything of value to a party, committee, organization, agency, or person for political purposes.
- Run as a candidate for public office in a partisan election.
- A Board member will not use AlexRenew's seal, trademark, stationary, or other indicia of AlexRenew's identity or facsimile thereof in any solicitation for political contributions or for non-profit, charitable or advocacy organizations.

Other political contributions and activity are not limited by this policy.

Board Member – CEO Relationship

The Board sets AlexRenew policy and the CEO is responsible for the execution of that policy.

- The Board provides policy direction and instructions to the CEO on matters within the authority of the Board by majority vote of the Board during duly convened Board and Board committee meetings.
- Members of the Board deal with matters within the authority of the CEO, through the CEO, except as it pertain to the functions of the General Counsel.

[Reference Virginia Code Section 25.2-5113(E)]

Exercise Responsible Financial Management

The Board ensures that AlexRenew exercises responsible financial management.

- The Board ensures that AlexRenew maintains a system of auditing and accounting that

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completely and at all times shows the financial condition of AlexRenew in accordance with generally accepted accounting principles and legal requirements.

- The Board ~~oversees~~ ~~retains~~— an independent auditor who conducts an annual audit of AlexRenew’s books, records and financial affairs. The auditor will meet with the Board at the conclusion of the audit each year to review the audit results and recommendations.

~~Improper Activities and the Reporting of Such Activities~~ and Addressing Disclosures of Wrongdoing; Protection of Whistleblowers

~~The Board ensures that AlexRenew maintains a healthy work environment.~~

- ~~The CEO has primary responsibility for ensuring compliance with AlexRenew’s personnel policies and procedures, and ensuring that AlexRenew employees do not engage in improper activities, for investigating allegations of improper activities, and for taking appropriate corrective and disciplinary actions. The Board ensures that the CEO is operating AlexRenew according to law and the policies approved by the Board.~~
- ~~A protected whistleblower disclosure must be based on a reasonable belief that wrongdoing has occurred and must be made to a person or entity that is authorized to receive it. Wrongdoing includes work-related violations by a Board member or AlexRenew employee of any law or regulation, gross waste of AlexRenew funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of an AlexRenew official or employee, use of an AlexRenew office or position of AlexRenew resources for personal gain, or a conflict of interest of an AlexRenew Board member or AlexRenew employee.~~
- Board members will disclose to the CEO, to the extent not expressly prohibited by law, ~~wrongdoing~~ ~~improper activities~~ within their knowledge. Board members will not interfere with the CEO’s responsibilities in identifying, investigating and correcting ~~the alleged wrongdoing~~ ~~improper activities~~, unless the Board determines the CEO is not properly carrying out these responsibilities ~~or the CEO is the whistle blower or directly implicated in the disclosure.~~
- ~~A Board member will not directly or indirectly use or attempt to use the authority or influence of his or her position to intimidate, threaten, coerce, command or influence any other person for the purpose of preventing such person from acting in good faith to~~ ~~make a protected disclosure~~ ~~bring to the attention of the CEO or the Board any information, that if true, would constitute a work-related violation by a Board member or AlexRenew employee of any law or regulation, gross waste of AlexRenew funds, gross abuse of authority, a specified and substantial danger to public health or safety due to an act or omission of an AlexRenew official or employee, use of an AlexRenew office or position of AlexRenew resources for personal gain, or a conflict of interest of an AlexRenew Board member or AlexRenew employee.~~
- ~~A Board member will not retaliate against a whistleblower who makes a protected disclosure.~~

Directors’ Compensation and Expense Reimbursement

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AlexRenew Board members receive compensation as determined by the City Council. AlexRenew reimburses Board members for actual reasonable and necessary expenses incurred in the performance of duties authorized or requested by the Board.

[Reference Virginia Code Section 15.2-5113 (c)]

Meeting Attendance

Board members attend at least 75% of the meetings of the Board. [Reference City Code Section 2-4-7-(i)(1)]

Violations of Ethics Policy

A perceived violation of AlexRenew's ethics policy by a Board member should be referred to the Board Chairman for investigation and consideration of any appropriate action warranted. In the case of a perceived violation by the Board Chairman, the matter should be referred to the Board Vice Chairman. A violation of this policy may be addressed by remedies available by law, including but not limited to:

- Adopting a resolution expressing disapproval of the conduct of the Board member who has violated this policy,
- Injunctive relief, or
- Referral of the violation to the AlexRenew Attorney and/or the Grand Jury.



Board Policy – Financial

Alexandria Renew Enterprises Board Adopted Policy



Title: Financial Policy

Date of Adoption: August 17, 2010

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January 22, 2021
February 24, 2017

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1.0 Purpose and Need

Alexandria Renew Enterprises (AlexRenew) formerly Alexandria Sanitation Authority is a special purpose governmental unit created by the City Council of Alexandria, Virginia (City Council) in 1952 for the purpose of constructing, operating and maintaining a wastewater treatment System (System) for the City of Alexandria, Virginia (City). AlexRenew is governed and administered by a Board of Directors (Board) with five members who serve staggered terms and are appointed by the City Council. The Chief Executive Officer (CEO) oversees AlexRenew's operations and plans for the construction, maintenance, repair and financing of the System. AlexRenew operates as an enterprise fund, has no taxing power and receives no financial assistance from the City.

AlexRenew recognizes that one of the keys to sound financial management is the development of a formal financial policy. This view is confirmed by bond rating agencies, investors and the Government Finance Officers Association. Establishing formal financial policies is also a common practice among comparable water and wastewater authorities throughout the Commonwealth and the United States.

The financial policy is designed to help protect AlexRenew's financial resources by:

1. Promoting sound financial management;
2. Guiding AlexRenew and its managers in policy and debt issuance decisions;
3. Establishing appropriate levels of operating cash reserves;
4. Developing a system to efficiently finance necessary capital improvements;
5. Ensuring the legal and prudent use of AlexRenew's debt issuance authority;
6. Providing a framework for AlexRenew to achieve a strong credit rating, and
7. Maintaining reasonable and well justified levels of rates and fees in accordance with the financial policy.

In general, these financial policies are more restrictive and require higher standards than the legal requirements contained in the Master Indenture of Trust (Bond Indenture), which is the agreement between AlexRenew and debt holders. These financial policies will be reviewed periodically and updated as appropriate.

The following are the financial policies that will guide AlexRenew's financial management, capital planning and debt financing.

1. Debt Service Coverage
 - a. For FY2011 through and including FY2013, AlexRenew will adopt budgets that it projects will enable AlexRenew to maintain annual debt service coverage (Coverage) of 1.40 times Net Revenues, as defined in the Bond Indenture, on all senior and parity debt. Beginning in FY2014 and thereafter, AlexRenew will maintain Coverage of at least 1.50 times on all senior and parity debt.
2. Reserves
 - a. An important metric of AlexRenew's financial flexibility is its liquidity as measured by available cash and reserves. These reserve policies identify amounts available for known risks and obligations and set minimum funding goals that may be used in emergency or other unexpected situations as they arise. The reserves represent an

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earmarking for budgetary and financial policy purposes. These reserves are in addition to existing legal reserves required by the Master Indenture of Trust (Bond Indenture) and any funds earmarked for capital improvements.

- b. AlexRenew will maintain a balance equal to at least 120 days of the current years budgeted amount for operating and maintenance expenses. As required by the Bond Indenture, one sixth of the current year's budgeted amount for operating expenses (60 days) will be held in the Operating Fund. The remainder of the reserves will be held in the General Reserve Fund, a subfund of the General Fund. In the event the General Reserve Fund is used to provide funding for unanticipated expenses or otherwise drops below the policy level, the CEO will submit a plan in writing to the Board that will restore the General Reserve Fund to the policy level over a period not to exceed four years.
- c. All other funds will be funded as required by the Bond Indenture, with a summary as follows:
 - i. Senior Debt Service Fund: An amount that will cause the balance on deposit to be sufficient to pay the principal and interest on the respective payment dates.
 - ii. Improvement, Renewal and Replacement Fund (IRR): An amount equal to the Alexandria portion (40%) of the annual calculation of the required contribution to the IRR Fund.
 - iii. General Fund: Any remaining amounts after the requirement deposits.
- d. Debt Service Reserve Fund: An amount equal to the Debt Service Reserve Fund requirement as defined in the Bond Indenture. When necessary and prudent, AlexRenew may create additional accounts within the General Fund for specific purposes. These accounts could include accounts for capital projects, risk management and revenue stabilization, among others.

3. Budgetary Principles

a. Annual Operating Budget Proposals

- i. Per Section 9.3 of the Bond Indenture, AlexRenew is required to adopt a budget for the System for the ensuing fiscal year before the beginning of each fiscal year. The annual budget is required to be prepared in such a manner as to show in reasonable detail the estimated revenues, operating expenses, IRR amounts, debt service amounts, other costs and expenses and the amount of Net Revenues available to meet the Revenue Covenant per the Bond Indenture.
- ii. In conjunction with the budget requirements of the Bond Indenture, the Board will strive to adopt an operating budget that:
 1. Is structurally balanced whereby current budgetary revenues are sufficient to meet current budgetary expenses (those that are ongoing in nature);
 2. Has fees and user charges at levels intended to support the direct and indirect cost of the activity.
 3. Sets fees and user charges with the intent to provide the lowest reasonable fees and user charges over time, not necessarily the lowest fees and user charges right now.
 4. Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system;

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5. Includes amounts necessary to maintain the required reserve balances as defined in these policies;
 6. Enables AlexRenew to meet the debt service coverage policy defined herein; and
 7. Funds at least 15 percent of its capital improvement program in cash.
- iii. Capital Improvement Program (CIP)
 1. Each year AlexRenew will adopt a ten-year CIP that identifies projects to be undertaken over the next ten years to meet projected needs for infrastructure renewal, expansion, and replacing old or new facilities.
 2. Projects included in the CIP will have aggregate useful lives that do not exceed any related debt financing.
 3. The CIP will identify anticipated capital improvement costs and associated operating costs.
 - b. Long Range Financial Forecast
 - i. Beginning with planning for the FY2012 budget and in each fiscal year thereafter, the CEO will submit to the Board at least a three year financial forecast of anticipated revenues and expenses.
- 4. Debt Management**
- a. AlexRenew may issue long-term debt per the guidelines in this financial policy. Long-term borrowing will not be used to finance current operations. Long-term debt will be structured such that financial obligations do not exceed the aggregate expected useful lives of the assets financed.
 - b. Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or interim construction requirements.
 - c. Permitted Debt by Type: AlexRenew may issue the debt instruments described below. The most appropriate instrument for a proposed sale of debt shall be determined by financing needs and expected market conditions at the time of sale.
 - i. Lease Financing – AlexRenew may use lease financing for facilities or equipment if (i) it can be demonstrated that this is the most cost effective or appropriate way to secure financing or (ii) on projects that do not warrant entry into the bond market.
 - ii. Bond Anticipation Notes (BANs) – which include Commercial Paper, are typically an interim means of financing and, by their very nature, expose AlexRenew to interest rate risk upon renewal. BANs may be used to (i) finance projects until such time as the project or projects can be incorporated into a long-term bond sale, (ii) during times of high interest rates and when the expectation is that interest rates will stabilize in the future or trending downward, (iii) when market conditions are such that a BAN may be more readily received in the market than long-term debt, or (iv) on an interim basis during the construction period for a project until such time as the project is placed into service.
 - iii. Long-Term Revenue Bonds – AlexRenew may issue long-term revenue bonds to fund capital projects. These bonds may be issued by AlexRenew in a number of ways, including, but not limited to, those listed below. AlexRenew

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will evaluate multiple methods for issuing long-term revenue bonds and use the method that is most advantageous to AlexRenew.

1. AlexRenew may issue the bonds through a public sale under its own name in the capital markets.
 2. AlexRenew may issue the bonds through a private placement under its own name.
 3. AlexRenew may issue the bonds to the Virginia Resources Authority (VRA) under one of VRA's loan programs.
- iv. Revenue Anticipation Notes (RANs) – may be issued to meet AlexRenew's operational cash flow needs.
- v. Lines of Credit – may be considered as an alternative to other short-term borrowing options.
- d. Guidelines on Debt Issuance
- i. Bond Indenture – AlexRenew will abide by the covenants contained in the Bond Indenture. AlexRenew considers these covenants to be minimum requirements, and generally expects to exceed the requirements of each covenant.
 - ii. Authorization – Prior to issuance of debt, the Board will pass a resolution authorizing the financing arrangements and setting appropriate limits and parameters for the anticipated financing in accordance with applicable laws.
 - iii. Lowest Cost Financing – AlexRenew intends to pursue the lowest cost of financing within the parameters of these financial policies, the Bond Indenture and AlexRenew's enabling legislation.
 - iv. Method of Issuance – Prior to each debt issuance, AlexRenew will evaluate the available methods of issuance and pursue the method of issuance that is most advantageous to AlexRenew, whether a stand-alone issue by AlexRenew or use of a third party financing approach such as Revolving Fund Loans or pooled borrowing programs available through the VRA. Some considerations for evaluating the method of issuance, particularly when determining whether to issue debt through VRA or under AlexRenew's name, include:
 1. Financing Cost. This analysis should evaluate the overall cost of the financing, including borrowing rates, upfront fees, (such as the cost of obtaining a credit rating), whether a Debt Service Reserve Fund is required, ongoing costs and any other costs of financing.
 2. Permitted Uses of Funds. Some project costs are not eligible to be funded through certain financing programs. For example, land purchase costs are not eligible to be funded through the Department of Environmental Quality's Revolving Loan Fund program that AlexRenew has used in the past.
 3. Structural Flexibility. When selecting a financing program, AlexRenew will consider the flexibility of debt features available under each program. For example, AlexRenew will consider how flexible repayment features, call provisions, and borrowing terms are under each program.
 - v. Project Costs Prior to Debt Issue – If project costs are incurred prior to the

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- issuance of debt, the Board will pass a resolution documenting its intent to be reimbursed from bond proceeds as appropriate.
- vi. Variable Rate Debt (VRD) – VRD carries inherent interest rate risk. Such securities historically have interest rates lower than long-term fixed rate securities and offer the potential for lower debt service costs over the term of the bond issue. AlexRenew will consider using VRD when it: (i) improves matching of assets and liabilities, (ii) potentially lowers debt service costs, (iii) adds flexibility to AlexRenew’s capital structure, or (iv) diversifies AlexRenew’s investor base.
 1. Debt service on VRD will be budgeted at a conservative rate based on historical fluctuations in interest activity and current market assumptions. Before issuing VRD, AlexRenew will determine how potential spikes in the debt service will be funded and consider the impact of various debt ratios.
 2. AlexRenew will not issue VRD in excess of 20 percent of its total debt portfolio. This limitation does not apply to other VRD which AlexRenew has endeavored to offset with an operating investment portfolio intended to act as an economic hedge to interest rate fluctuations associated with the VRD. This limitation also excludes any VRD that may be hedged through an appropriate derivative agreement, if such technique is approved by the AlexRenew Board.
- e. Method of Sale
- i. AlexRenew will select a method of sale (competitive, negotiated, or private placement) it believes is the most appropriate in light of financial, market, transaction-specific and AlexRenew-related conditions.
- f. Term of Debt
- i. AlexRenew will not issue debt for a period longer than the aggregate useful lives of the projects being financed. AlexRenew does not expect to issue debt with a final maturity more than 40 years from the date of issuance. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates, and the year-to-year differential in interest rates.
- g. Debt Structure
- i. Interest Rate Structure – AlexRenew may use both variable and fixed rate debt in accordance with limitations set forth in this policy.
 - ii. Maturity Structure – AlexRenew’s long-term debt may include serial and term bonds. Other maturity structures may also be considered when demonstrated to be advantageous to AlexRenew.
 - iii. Coupon Structure – Fixed rate debt may include par, discount, premium and capital appreciation bonds.
 - iv. Redemption Features – In order to preserve flexibility and refinancing opportunities, AlexRenew debt shall generally be issued with call provisions. AlexRenew may consider call provisions that are shorter than traditional and/or no-callable debt when warranted by market conditions and opportunities. For each transaction, various call option scenarios will be evaluated so that the most beneficial can be utilized.
 - v. Credit Enhancement – AlexRenew may use bond insurance and/or line and

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- letters of credit for credit enhancement when it is economically advantageous to do so.
- vi. Debt Service Reserve Fund – AlexRenew will fund a Debt Service Reserve Fund (DSRF) if required by the Bond Indenture.
 - vii. Capitalized Interest – By definition, capitalization of interest increases the amount of debt that is issued. AlexRenew will capitalize interest for a period not longer than 12 months after the project being financed is expected to be placed in service.
 - viii. Refinancing of Debt – AlexRenew will refinance debt from time to time to achieve debt service savings as market opportunities arise. Since federal regulations limit a tax-exempt issue to one advance refunding (a refinancing more than 90 days prior to a bond’s call date), AlexRenew will ensure that the advance refunding results in a significant present value savings. A proposed refinancing must achieve a minimum cumulative, net present value savings of 3 percent of the amount refinanced. An exception to this minimum refinancing savings policy will be if the refinancing is being done for debt restructuring purposes and the Board determines that it is in the best interests of AlexRenew to complete the refinancing without achieving the refinancing savings policy. In addition, AlexRenew will consider the efficiency of a proposed refinancing transaction. The efficiency evaluation will consider the value realized by AlexRenew when exercising its option to redeem its bonds early calculated under a variety of different interest rate environments, versus the savings garnered. In general, AlexRenew will consider refinancing bonds when the aggregate efficiency is equal to or greater than 70 percent.
 - ix. In any refinancing transaction, AlexRenew maintains a bias to not extend maturities.
- h. Escrow Structuring
- i. AlexRenew will utilize the least costly securities available in structuring refinancing escrows. Unless state and local government securities (SLGS) are used, a certificate will be provided by a third party agent stating that the securities were procured through an arms-length, competitive bid process (in the case of the open market securities), and that the price paid for the securities was reasonable within federal guidelines. Under no circumstances will an underwriter, agent or financial advisor sell escrow securities to AlexRenew from its own account.
- i. Hiring of Professionals – All members of the financial advisory team including underwriter, financial advisor, bond counsel, and other professionals will be selected in a manner consistent with AlexRenew’s procurement policy for professional services.
- i. Underwriter Selection
 - 1. Senior Manager Selection – AlexRenew will select a senior manager for any proposed negotiated sale. The selection criteria will include but not be limited to the following:
 - a. The firm’s ability and experience in managing transactions similar to that contemplated by AlexRenew.
 - b. Prior knowledge and experience with AlexRenew.

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- c. The firm's ability and willingness to risk capital and demonstration of the firm's capital availability and underwriting of unsold balances.
 - d. Quality and experience of personnel assigned to AlexRenew's engagement.
 - e. Financing plan presented.
 - f. Cost including underwriting fees and anticipated pricing.
 2. Co-Manager Selection – Co-manager may be selected on the same bases as the senior manager with the exception of underwriting fees, which are determined by the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of AlexRenew's bonds.
 3. Underwriter's Counsel – In any negotiated sale of AlexRenew debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager with final approval from AlexRenew.
 4. Underwriter's Discount – AlexRenew will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, AlexRenew will determine the allocation of underwriting liability and management fees. The allocation of fees will be determined prior to the sale date. A cap on management fees, expenses and underwriter's counsel fee will be established and communicated to all parties by AlexRenew. The senior manager shall submit an itemized list of expenses.
 5. Evaluation of Underwriter Performance – AlexRenew will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters' compensation, pricing of the bonds in terms of the overall interest costs and on a maturity-by-maturity basis, and the distribution of bonds.
 6. Syndicate Policies – For each negotiated transaction, AlexRenew will establish syndicate policies that will describe the priority of orders and designation policies government the upcoming sale. AlexRenew shall require the senior manager to:
 - a. Fairly allocate bonds to other managers and the selling group.
 - b. Comply with the Municipal Securities Rulemaking Board's (MSRB) regulations governing the priority of orders and allocations.
 - c. Within 10 working days after the sale date, submit to AlexRenew a detail of orders, allocations and other relevant information pertaining to AlexRenew's sale.
- ii. Consultants
1. Financial Advisor – AlexRenew will select a financial advisor to assist in its debt issuance and debt administration processes. Selection of the AlexRenew's financial advisor will be based on , but

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not limited to, the following criteria:

- a. Experience in providing consulting services to entities similar to AlexRenew.
 - b. Knowledge and experience in structuring and analyzing bond issues.
 - c. Experience and reputation of assigned personnel.
 - d. Fees and expenses.
2. Bond Counsel – AlexRenew will include a written opinion by legal counsel affirming that AlexRenew is authorized to issue the proposed debt, that AlexRenew has met all legal requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by Counsel with extensive experience in public finance and tax issues. The Bond Counsel will be selected by AlexRenew.
 3. Conflicts of Interest – AlexRenew requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of AlexRenew financial plans, and be free from any conflict of interest. In no case will AlexRenew's financial advisor be permitted to underwrite any portion of AlexRenew's bond issues, whether sold competitively or negotiated.
 4. Disclosure by Financing Team Members – all financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members or outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted which could compromise the firm's ability to provide independent advice which is solely in AlexRenew's best interests or which could reasonably be perceived as a conflict of interest.
 - j. Communication and Disclosure
 - i. Continuing Disclosure – AlexRenew recognizes that accurate and complete disclosure is imperative. AlexRenew will comply with all state and federal disclosure obligations and will meet its disclosure requirements in a timely and thorough manner.
 - k. Arbitrage Compliance
 - i. AlexRenew will maintain a system of recordkeeping and reporting in order to comply with the Arbitrage Rebate Compliance Requirements of the Internal Revenue Code of 1986, as amended.
5. Derivatives
 - a. Derivatives such as interest rate swaps and options are financial tools that can help AlexRenew meet important financial objectives, however they introduce multiple risks which must be understood and managed. Properly used, these instruments may increase AlexRenew's financial flexibility, provide opportunities for interest rate savings or enhanced investment yields, and help AlexRenew manage its balance sheet through matching assets and liabilities.
 - b. AlexRenew will not enter into any financial derivative or swap until the following

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have occurred:

- i. The Board has adopted a comprehensive derivatives/swaps policy outlining the following related to the use of derivatives/swaps:
 1. Approach and Objectives
 - a. Specific objectives for utilizing swaps
 - b. Prohibited swap features
 2. Legal Authority
 3. Permitted Instruments
 4. Procedure for Submission and Execution
 5. Swap Analysis and Participant Requirements
 - a. Swap risks
 - b. Notional amount
 - c. Benefit expectation
 6. Legal and Contractual Requirements
 - a. Legal terms of swaps
 - b. Notional amount
 - c. Final maturity
 - d. Termination provisions
 - e. Collateral
 7. Ongoing Management
 8. Ongoing Reporting Requirements
 9. Acceptable Collateral
- ii. The Board has approved the execution of the specific financial derivative or swap transaction.

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2.0 Definitions

Bond Anticipation Note (BANs): Notes which are paid from the proceeds of the issuance of long-term bonds typically used for capital projects.

Call Provisions: The terms of bond giving the issuer the right to redeem all or a portion of a bond prior to its stated date of maturity at a specific price, usually at or above par.

Capital Improvement Program (CIP): Plan for major non-recurring facility, infrastructure, or acquisition expenditures that expand or improve the system and/or community assets. Projects included in the CIP include physical descriptions, implementation schedules, year of expenditure cost and funding sources estimates, and an indication of priorities and community benefits.

Capitalized Interest: A portion of the proceeds of a bond issue which is set aside to pay interest on the same bond issue for a specific period of time. Interest is commonly capitalized for the construction period of the project.

Commercial Paper: Short-term, unsecured promissory notes issued by corporations to finance receivables for a maturity specified by the purchaser that ranges from three days to 270 days. Notes are generally sold at a discount, and carry credit ratings issued by an NRSRO.

Competitive Sale: A sale/auction of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities. Contrast to a negotiated sale.

Continuing Disclosure: The principle that accurate and complete information material to the transaction which potential investors would be likely to consider material in making investment decisions with respect to the securities be made available on an ongoing basis.

Credit Enhancement: Credit support purchased by the issuer to raise the credit rating of a debt issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if pledged revenue is insufficient to satisfy the debt service requirements.

Derivatives: A financial product whose value is derived from some underlying asset value.

Designation Policies: Outline how an investor's order is filled when a maturity is oversubscribed when there is an underwriting syndicate. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders which form the designation policy: Group Net orders; Net Designated orders and Member orders.

Escrow: A fund established to hold moneys pledged and to be used to pay debt service on an outstanding issue.

Expenses: Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication

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expenses, computer time and postage.

Letters of Credit: A bank credit facility wherein the bank agrees to lend a specified amount of funds for a limited term.

LIBOR: The London InterBank Offered Rate is the rate on the U.S. dollar denominated deposits with maturities from 1 day to 12 months transacted between banks in London. LIBOR is the benchmark swap floating index in the taxable or corporate swap market.

Liquidity: The ability of ease with which an asset can be converted into cash without a substantial loss of value.

Management Fee: The fixed percentage of the gross spread, which is paid to the managing underwriter for the structuring phase of a transaction.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Members: Underwriters in a syndicate other than the senior underwriter.

Nationally Recognized Statistical Rating Organization (NSRO): A credit rating agency which issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. Examples include Moody's Investor Service, Standard & Poor's and Fitch Ratings.

Negotiated Sale: A method of sale in which the issuer chooses an underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

Original Issue Discount: The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.

Portfolio: Collection of securities held by an investor.

Present Value: The current value of a future cash flow.

Private Placement: The original placement of an issue with one or more investors versus being publicly offered or sold.

Revenue Bonds: Bonds secured by a specific revenue pledge of rates, rents or fees.

Securities and Exchange Commission (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Selling Groups: The group of securities dealers who participate in an offering not as underwriters but rather who receive securities less the selling concession from the managing underwriter for distribution at the public offering price.

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SIFMA: The Securities Industry and Financial Markets Association is a high grade market index of 7-day variable rate demand notes that is produced by Municipal Market Data. SIFMA is the benchmark swap floating in the tax-exempt swap market.

Syndicate Policies: The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

Underwriter: A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

Underwriter's Discount: The difference between the price at which bonds are bought by the Underwriter from the Issuer and the price at which they are offered to investors, representing the compensation earned by the Underwriter for placing the bonds with investors.

Variable Rate Debt: An interest rate on a security which changes at intervals according to an index or a formula or other standard of measurement as stated in the bond contract.

Yield: The rate of annual income return.

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Purpose and Need

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B. Reserves

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1. Annual Operating Budget Proposals
 - a. Per Section 9.3 of the Bond Indenture, AlexRenew is required to adopt a budget for the System for the ensuing fiscal year before the beginning of each fiscal year. The annual budget is required to be prepared in such a manner as to show in reasonable detail the estimated revenues, operating expenses, IRR amounts, debt service amounts, other costs and expenses and the amount of Net Revenues available to meet the Revenue Covenant per the Bond Indenture.
 - b. In conjunction with the budget requirements of the Bond Indenture, the Board will strive to adopt an operating budget that:
 - i. Is structurally balanced whereby current budgetary revenues are sufficient to meet

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current budgetary expenses (those that are ongoing in nature);

- ii. Has fees and user charges at levels intended to support the direct and indirect cost of the activity.
 - iii. Sets fees and user charges with the intent to provide the lowest reasonable fees and user charges over time, not necessarily the lowest fees and user charges right now.
 - iv. Is at a level necessary to ensure the adequate maintenance and operations of the wastewater system
 - v. Includes amounts necessary to maintain the required reserve balances as defined in these policies;
 - vi. Enables AlexRenew to meet the debt service coverage policy defined herein; and
 - vii. Funds at least 15 percent of its capital improvement program in cash.
- c. Capital Improvement Program (CIP)
- i. Each year AlexRenew will adopt a ten-year CIP that identifies projects to be undertaken over the next ten years to meet projected needs for infrastructure renewal, expansion, and replacing old or new facilities.
 - ii. Projects included in the CIP will have aggregate useful lives that do not exceed any related debt financing.
 - iii. The CIP will identify anticipated capital improvement costs and associated operating costs.
2. Long Range Financial Forecast
- a. Beginning with planning for the FY2012 budget and in each fiscal year thereafter, the CEO will submit to the Board at least a three year financial forecast of anticipated revenues and expenses.

D. Annual Audit

1. AlexRenew will comply with all Generally Accepted Accounting Principles (GAAP) and AlexRenew's Master Indenture of Trust.
2. AlexRenew will maintain a current comprehensive framework of internal financial controls, policies, and procedures.
3. Over a period of not more than five (5) years, AlexRenew will seek proposals from qualified certified public accountant firms, including current -auditors, if their performance has been satisfactory, to perform an annual independent audit of AlexRenew's financial statements.-
 - a. The proposal process will be delegated to the CEO and follow AlexRenew's Procurement Policy and appropriate Virginia Public Procurement Act guidelines for procurement of professional services.

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b. An independent auditor may be contracted to serve for a maximum of two (2) concurrent five (5) year periods.

4. Annual Audit Process

a. The CEO will designate appropriate staff to manage the annual audit process and coordinate with the independent auditor to provide financial statements, an Annual Comprehensive Financial Report (ACFR), and other appropriate information.

b. Based on the information provided by staff (and as appropriate, the Board Chair and Finance and Audit Committee Chair), the independent auditor will submit a Report of Audit Results (Report) outlining their findings and recommendations.

c. The independent auditor will present the Report to the Finance and Audit Committee.

d. The Finance and Audit Committee will oversee the audit process, review the ACFR and Report, and accept the Report to be presented to the Board for approval.

a-e. The Finance and Audit Committee will report the findings and recommendations of the annual audit to the Board for approval to close out the process.

D.E. Debt Management

1. AlexRenew may issue long-term debt per the guidelines in this financial policy. Long-term borrowing will not be used to finance current operations. Long-term debt will be structured such that financial obligations do not exceed the aggregate expected useful lives of the assets financed.
2. Short-term borrowing may be utilized for the temporary funding of operational cash flow deficits or interim construction requirements.
3. Permitted Debt by Type: AlexRenew may issue the debt instruments described below. The most appropriate instrument for a proposed sale of debt shall be determined by financing needs and expected market conditions at the time of sale.
 - a. Lease Financing – AlexRenew may use lease financing for facilities or equipment if (i) it can be demonstrated that this is the most cost effective or appropriate way to secure financing or (ii) on projects that do not warrant entry into the bond market.
 - b. Bond Anticipation Notes (BANs) – which include Commercial Paper, are typically an interim means of financing and, by their very nature, expose AlexRenew to interest rate risk upon renewal. BANs may be used to (i) finance projects until such time as the project or projects can be incorporated into a long-term bond sale, (ii) during times of high interest rates and when the expectation is that interest rates will stabilize in the future or trending downward, (iii) when market conditions are such that a BAN may be more readily received in the market than long-term debt, or (iv) on an interim basis during the construction period for a project until such time as the project is placed into service.
 - c. Long-Term Revenue Bonds – AlexRenew may issue long-term revenue bonds to fund capital

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projects. These bonds may be issued by AlexRenew in a number of ways, including, but not limited to, those listed below. AlexRenew will evaluate multiple methods for issuing long-term revenue bonds and use the method that is most advantageous to AlexRenew.

- i. AlexRenew may issue the bonds through a public sale under its own name in the capital markets.
 - ii. AlexRenew may issue the bonds through a private placement under its own name.
 - iii. AlexRenew may issue the bonds to the Virginia Resources Authority (VRA) under one of VRA's loan programs.
- d. Revenue Anticipation Notes (RANs) – may be issued to meet AlexRenew's operational cash flow needs.
- e. Lines of Credit – may be considered as an alternative to other short-term borrowing options.
4. Guidelines on Debt Issuance
- a. Bond Indenture – AlexRenew will abide by the covenants contained in the Bond Indenture. AlexRenew considers these covenants to be minimum requirements, and generally expects to exceed the requirements of each covenant.
 - b. Authorization – Prior to issuance of debt, the Board will pass a resolution authorizing the financing arrangements and setting appropriate limits and parameters for the anticipated financing in accordance with applicable laws.
 - c. Lowest Cost Financing – AlexRenew intends to pursue the lowest cost of financing within the parameters of these financial policies, the Bond Indenture and AlexRenew's enabling legislation.
 - d. Method of Issuance – Prior to each debt issuance, AlexRenew will evaluate the available methods of issuance and pursue the method of issuance that is most advantageous to AlexRenew, whether a stand-alone issue by AlexRenew or use of a third party financing approach such as Revolving Fund Loans or pooled borrowing programs available through the VRA. Some considerations for evaluating the method of issuance, particularly when determining whether to issue debt through VRA or under AlexRenew's name, include:
 - i. Financing Cost. This analysis should evaluate the overall cost of the financing, including borrowing rates, upfront fees, (such as the cost of obtaining a credit rating), whether a Debt Service Reserve Fund is required, ongoing costs and any other costs of financing.
 - ii. Permitted Uses of Funds. Some project costs are not eligible to be funded through certain financing programs. For example, land purchase costs are not eligible to be funded through the Department of Environmental Quality's Revolving Loan Fund

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program that AlexRenew has used in the past.

- iii. Structural Flexibility. When selecting a financing program, AlexRenew will consider the flexibility of debt features available under each program. For example, AlexRenew will consider how flexible repayment features, call provisions, and borrowing terms are under each program.
 - e. Project Costs Prior to Debt Issue – If project costs are incurred prior to the issuance of debt, the Board will pass a resolution documenting its intent to be reimbursed from bond proceeds as appropriate.
 - f. Variable Rate Debt (VRD) – VRD carries inherent interest rate risk. Such securities historically have interest rates lower than long-term fixed rate securities and offer the potential for lower debt service costs over the term of the bond issue. AlexRenew will consider using VRD when it: (i) improves matching of assets and liabilities, (ii) potentially lowers debt service costs, (iii) adds flexibility to AlexRenew’s capital structure, or (iv) diversifies AlexRenew’s investor base.
 - i. Debt service on VRD will be budgeted at a conservative rate based on historical fluctuations in interest activity and current market assumptions. Before issuing VRD, AlexRenew will determine how potential spikes in the debt service will be funded and consider the impact of various debt ratios.
 - ii. AlexRenew will not issue VRD in excess of 20 percent of its total debt portfolio. This limitation does not apply to other VRD which AlexRenew has endeavored to offset with an operating investment portfolio intended to act as an economic hedge to interest rate fluctuations associated with the VRD. This limitation also excludes any VRD that may be hedged through an appropriate derivative agreement, if such technique is approved by the AlexRenew Board.
5. Method of Sale
- a. AlexRenew will select a method of sale (competitive, negotiated, or private placement) it believes is the most appropriate in light of financial, market, transaction-specific and AlexRenew-related conditions.
6. Term of Debt
- a. AlexRenew will not issue debt for a period longer than the aggregate useful lives of the projects being financed. AlexRenew does not expect to issue debt with a final maturity more than 40 years from the date of issuance. Factors to be considered when determining the final maturity of debt include: the average life of the assets being financed, relative level of interest rates, and the year-to-year differential in interest rates.
7. Debt Structure
- a. Interest Rate Structure – AlexRenew may use both variable and fixed rate debt in

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- accordance with limitations set forth in this policy.
- b. Maturity Structure – AlexRenew’s long-term debt may include serial and term bonds. Other maturity structures may also be considered when demonstrated to be advantageous to AlexRenew.
 - c. Coupon Structure – Fixed rate debt may include par, discount, premium and capital appreciation bonds.
 - d. Redemption Features – In order to preserve flexibility and refinancing opportunities, AlexRenew debt shall generally be issued with call provisions. AlexRenew may consider call provisions that are shorter than traditional and/or no-callable debt when warranted by market conditions and opportunities. For each transaction, various call option scenarios will be evaluated so that the most beneficial can be utilized.
 - e. Credit Enhancement – AlexRenew may use bond insurance and/or line and letters of credit for credit enhancement when it is economically advantageous to do so.
 - f. Debt Service Reserve Fund – AlexRenew will fund a Debt Service Reserve Fund (DSRF) if required by the Bond Indenture.
 - g. Capitalized Interest – By definition, capitalization of interest increases the amount of debt that is issued. AlexRenew will capitalize interest for a period not longer than 12 months after the project being financed is expected to be placed in service.
 - h. Refinancing of Debt – AlexRenew will refinance debt from time to time to achieve debt service savings as market opportunities arise. Since federal regulations limit a tax-exempt issue to one advance refunding (a refinancing more than 90 days prior to a bond’s call date), AlexRenew will ensure that the advance refunding results in a significant present value savings. A proposed refinancing must achieve a minimum cumulative, net present value savings of 3 percent of the amount refinanced. An exception to this minimum refinancing savings policy will be if the refinancing is being done for debt restructuring purposes and the Board determines that it is in the best interests of AlexRenew to complete the refinancing without achieving the refinancing savings policy. In addition, AlexRenew will consider the efficiency of a proposed refinancing transaction. The efficiency evaluation will consider the value realized by AlexRenew when exercising its option to redeem its bonds early calculated under a variety of different interest rate environments, versus the savings garnered. In general, AlexRenew will consider refinancing bonds when the aggregate efficiency is equal to or greater than 70 percent.
 - i. In any refinancing transaction, AlexRenew maintains a bias to not extend maturities.
8. Escrow Structuring
- a. AlexRenew will utilize the least costly securities available in structuring refinancing escrows. Unless state and local government securities (SLGS) are used, a certificate will be provided by a third party agent stating that the securities were procured through an

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arms-length, competitive bid process (in the case of the open market securities), and that the price paid for the securities was reasonable within federal guidelines. Under no circumstances will an underwriter, agent or financial advisor sell escrow securities to AlexRenew from its own account.

9. Hiring of Professionals – All members of the financial advisory team including underwriter, financial advisor, bond counsel, and other professionals will be selected in a manner consistent with AlexRenew’s procurement policy for professional services.
 - a. Underwriter Selection
 - i. Senior Manager Selection – AlexRenew will select a senior manager for any proposed negotiated sale. The selection criteria will include but not be limited to the following:
 - (1). The firm’s ability and experience in managing transactions similar to that contemplated by AlexRenew.
 - (2). Prior knowledge and experience with AlexRenew
 - (3). The firm’s ability and willingness to risk capital and demonstration of the firm’s capital availability and underwriting of unsold balances.
 - (4). Quality and experience of personnel assigned to AlexRenew’s engagement.
 - (5). Financing plan presented.
 - (6). Cost including underwriting fees and anticipated pricing.
 - ii. Co-Manager Selection – Co-manager may be selected on the same bases as the senior manager with the exception of underwriting fees, which are determined by the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of AlexRenew’s bonds.
 - iii. Underwriter’s Counsel – In any negotiated sale of AlexRenew debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager with final approval from AlexRenew.
 - iv. Underwriter’s Discount – AlexRenew will evaluate the proposed underwriter’s discount against comparable issues in the market. If there are multiple underwriters in the transaction, AlexRenew will determine the allocation of underwriting liability and management fees. The allocation of fees will be determined prior to the sale date. A cap on management fees, expenses and underwriter’s counsel fee will be established and communicated to all parties by AlexRenew. The senior manager shall submit an itemized list of expenses.
 - v. Evaluation of Underwriter Performance – AlexRenew will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters’

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compensation, pricing of the bonds in terms of the overall interest costs and on a maturity-by-maturity basis, and the distribution of bonds.

- vi. Syndicate Policies – For each negotiated transaction, AlexRenew will establish syndicate policies that will describe the priority of orders and designation policies government the upcoming sale. AlexRenew shall require the senior manager to:
 - (1). Fairly allocate bonds to other managers and the selling group.
 - (2). Comply with the Municipal Securities Rulemaking Board’s (MRSB) regulations governing the priority of orders and allocations.
 - (3). Within 10 working after the sale date, submit to AlexRenew a detail of orders, allocations and other relevant information pertaining to AlexRenew’s sale days

b. Consultants

- i. Financial Advisor – AlexRenew will select a financial advisor to assist in its debt issuance and debt administration processes. Selection of the AlexRenew’s financial advisor will be based on, but not limited to, the following criteria:
 - (1). Experience in providing consulting services to entities similar to AlexRenew.
 - (2). Knowledge and experience in structuring and analyzing bond issues.
 - (3). Experience and reputation of assigned personnel.
 - (4). Fees and expenses.
- ii. Bond Counsel – AlexRenew will include a written opinion by legal counsel affirming that AlexRenew is authorized to issue the proposed debt, that AlexRenew has met all legal requirements necessary for issuance, and a determination of the proposed debt’s federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by Counsel with extensive experience in public finance and tax issues. The Bond Counsel will be selected by AlexRenew.
- iii. Conflicts of Interest – AlexRenew requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of AlexRenew financial plans, and be free from any conflict of interest. In no case will AlexRenew’s financial advisor be permitted to underwrite any portion of AlexRenew’s bond issues, whether sold competitively or negotiated.
- iv. Disclosure by Financing Team Members – all financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members or outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted which could compromise the firm’s ability to provide independent advice which is solely in AlexRenew’s best interests or which could reasonably be perceived as a conflict of

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interest.

10. Communication and Disclosure

- a. Continuing Disclosure – AlexRenew recognizes that accurate and complete disclosure is imperative. AlexRenew will comply with all state and federal disclosure obligations and will meet its disclosure requirements in a timely and thorough manner.

11. Arbitrage Compliance

- a. AlexRenew will maintain a system of recordkeeping and reporting in order to comply with the Arbitrage Rebate Compliance Requirements of the Internal Revenue Code of 1986, as amended.

F. Write Offs

The Government Finance Officers Association’s “Best Practices” recommends that management of accounts receivable should include periodic write-offs to ensure that accounts receivable and allowance balances are not overstated.

1. Authority Levels for Write-Offs

- a. The Chief Executive Officer (CEO) may approve write-off amounts up to \$1,500 per account or may, at his discretion, refer a lesser amount per account to the Board of Directors for approval.
- b. The Board of Directors will annually approve amounts to be written off greater than \$1,500 per account.

2. Active Account Write-off Criteria

- a. An active account’s past due balance for services rendered by AlexRenew will not be written off unless an exception is made by the CEO, or designated representative, or the debt is discharged through legal action (bankruptcy or court judgment).

3. Inactive Account Write-Off Criteria

- a. An inactive account’s past due balance for services rendered by AlexRenew will be considered uncollectible, and written off, after the appropriate collection procedures have been followed and one or more of the following criteria are met:
 - v. The account remains unpaid after 60 days and the amount is under \$200;
 - vi. The account remains unpaid after 180 days and the amount is under \$600;
 - vii. The account remains unpaid after 365 days and the amount is under \$1,200;
 - viii. Regardless of balance, the account remains unpaid after the lesser of 730 days or the applicable period for commencement of a recovery action (statute of limitations is three years);

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- ix. The debtor has died and there is no known estate or guarantor;
- x. The debt is discharged through legal action (bankruptcy or court judgment);
- xi. The debtor is a company which is no longer in business;
- xii. The debtor cannot be located, nor any of the debtor's assets, by the external collection agency after 180 days;
- xiii. The external collection agency determines after a period of 365 days that the debtor has no assets and there is no expectation that they will have any in the future; and/or;
- xiv. The debt has been forgiven by action of the CEO or designated representative.

E.G. Derivatives

1. Derivatives such as interest rate swaps and options are financial tools that can help AlexRenew meet important financial objectives, however they introduce multiple risks which must be understood and managed. Properly used, these instruments may increase AlexRenew's financial flexibility, provide opportunities for interest rate savings or enhanced investment yields, and help AlexRenew manage its balance sheet through matching assets and liabilities.
2. AlexRenew will not enter into any financial derivative or swap until the following have occurred:
 - a. The Board has adopted a comprehensive derivatives/swaps policy outlining the following related to the use of derivatives/swaps:
 - i. Approach and Objectives
 - (1). Specific objectives for utilizing swaps
 - (2). Prohibited swap features
 - ii. Legal Authority
 - iii. Permitted Instruments
 - iv. Procedure for Submission and Execution
 - v. Swap Analysis and Participant Requirements
 - (1). Swap risks
 - (2). Notional amount
 - (3). Benefit expectation
 - vi. Legal and Contractual Requirements
 - (1). Legal terms of swaps
 - (2). Notional amount
 - (3). Final maturity
 - (4). Termination provisions

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(5). Collateral

- vii. Ongoing Management
 - viii. Ongoing Reporting Requirements
 - ix. Acceptable Collateral
- b. The Board has approved the execution of the specific financial derivative or swap transaction.

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Definitions

Bond Anticipation Note (BANs): Notes which are paid from the proceeds of the issuance of long-term bonds typically used for capital projects.

Call Provisions: The terms of bond giving the issuer the right to redeem all or a portion of a bond prior to its stated date of maturity at a specific price, usually at or above par.

Capital Improvement Program (CIP): Plan for major non-recurring facility, infrastructure, or acquisition expenditures that expand or improve the system and/or community assets. Projects included in the CIP include physical descriptions, implementation schedules, year of expenditure cost and funding sources estimates, and an indication of priorities and community benefits.

Capitalized Interest: A portion of the proceeds of a bond issue which is set aside to pay interest on the same bond issue for a specific period of time. Interest is commonly capitalized for the construction period of the project.

Commercial Paper: Short-term, unsecured promissory notes issued by corporations to finance receivables for a maturity specified by the purchaser that ranges from three days to 270 days. Notes are generally sold at a discount, and carry credit ratings issued by an NRSRO.

Competitive Sale: A sale/auction of securities by an issuer in which underwriters or syndicates of underwriters submit sealed bids to purchase the securities. Contrast to a negotiated sale.

Continuing Disclosure: The principle that accurate and complete information material to the transaction which potential investors would be likely to consider material in making investment decisions with respect to the securities be made available on an ongoing basis.

Credit Enhancement: Credit support purchased by the issuer to raise the credit rating of a debt issue. The most common credit enhancements consist of bond insurance, direct or standby letters of credit, and lines of credit.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if pledged revenue is insufficient to satisfy the debt service requirements.

Derivatives: A financial product whose value is derived from some underlying asset value.

Designation Policies: Outline how an investor's order is filled when a maturity is oversubscribed when there is an underwriting syndicate. The senior managing underwriter and issuer decide how the bonds will be allocated among the syndicate. There are three primary classifications of orders which form the designation policy: Group Net orders; Net Designated orders and Member orders.

Escrow: A fund established to hold moneys pledged and to be used to pay debt service on an

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outstanding issue.

Expenses: Compensates senior managers for out-of-pocket expenses including: underwriters counsel, DTC charges, travel, syndicate expenses, dealer fees, overtime expenses, communication expenses, computer time and postage.

Letters of Credit: A bank credit facility wherein the bank agrees to lend a specified amount of funds for a limited term.

LIBOR: The London InterBank Offered Rate is the rate on the U.S. dollar denominated deposits with maturities from 1 day to 12 months transacted between banks in London. LIBOR is the benchmark swap floating index in the taxable or corporate swap market.

Liquidity: The ability of ease with which an asset can be converted into cash without a substantial loss of value.

Management Fee: The fixed percentage of the gross spread, which is paid to the managing underwriter for the structuring phase of a transaction.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Members: Underwriters in a syndicate other than the senior underwriter.

Nationally Recognized Statistical Rating Organization (NSRO): A credit rating agency which issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes. Examples include Moody's Investor Service, Standard & Poor's and Fitch Ratings.

Negotiated Sale: A method of sale in which the issuer chooses an underwriter to negotiate terms pursuant to which such underwriter will purchase and market the bonds.

Original Issue Discount: The amount by which the original par amount of an issue exceeds its public offering price at the time it is originally offered to an investor.

Portfolio: Collection of securities held by an investor. **Present Value:** The current value of a future cash flow.

Private Placement: The original placement of an issue with one or more investors versus being publicly offered or sold.

Revenue Bonds: Bonds secured by a specific revenue pledge of rates, rents or fees.

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Securities and Exchange Commission (SEC): Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Selling Groups: The group of securities dealers who participate in an offering not as underwriters but rather who receive securities less the selling concession from the managing underwriter for distribution at the public offering price

SIFMA: The Securities Industry and Financial Markets Association is a high grade market index of 7-day variable rate demand notes that is produced by Municipal Market Data. SIFMA is the benchmark swap floating in the tax-exempt swap market.

Syndicate Policies: The contractual obligations placed on the underwriting group relating to distribution, price limitations and market transactions.

Underwriter: A dealer that purchases new issues of municipal securities from the Issuer and resells them to investors.

Underwriter's Discount: The difference between the price at which bonds are bought by the Underwriter from the Issuer and the price at which they are offered to investors, representing the compensation earned by the Underwriter for placing the bonds with investors.

Variable Rate Debt: An interest rate on a security which changes at intervals according to an index or a formula or other standard of measurement as stated in the bond contract.

Yield: The rate of annual income return.



**City of Alexandria, Virginia Sanitation Authority dba Alexandria Renew
Enterprises Board Adopted Policy**

Title: WRITE-OFF POLICY

Date of

Adoption: 10/26/2016

Date of

Revision:10/26/2016

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An active account's past due balance for services rendered by Alexandria Renew Enterprises will not be written off unless an exception is made by the Chief Executive Officer or the following criteria is met:

- The debt is discharged through legal action (bankruptcy or court judgment)

An inactive account's past due balance for services rendered by Alexandria Renew Enterprises will be considered uncollectible, and written off, after the appropriate collection procedures have been followed and if it meets one or more of the following criteria:

- The account remains unpaid after six months (180 days) and the amount is under \$50.00;
- The account remains unpaid after one year (365 days) and the amount is under \$100.00;
- The debtor has died and there is no known estate or guarantor;
- The debt is discharged through legal action (bankruptcy or court judgment);
- The debtor is a company which is no longer in business;
- The debtor cannot be located, nor any of the debtor's assets, by the external collection agency after six months (180 days);
- The external collection agency determines after a period of one year (365 days) that the debtor has no assets and there is no expectation they will have any in the future;
- The account remains unpaid after the lesser of two years (730 days) or the applicable period for commencement of a recovery action (statute of limitations [three (3) years]); and/or
- The debt has been forgiven by action of the Chief Executive Officer or designated representative.



Board Policy – Orientation

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Title: Board Member Orientation

Date of Adoption: September 19, 2023

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It is the policy of AlexRenew Board that new Board members will participate in a board orientation process shortly after being appointed to the Board of Directors. This ensures that all members have the critical information and resources they need to fulfill their roles and responsibilities. The orientation process is led by the Chief Executive Officer (CEO) and supported by the Board Chair, Board Vice Chair, and General Counsel.

The Board onboarding process includes: orientation meetings, provision of a Board Manual, and additional orientation checklist items. If feasible, orientation will be conducted prior to the member's first Board meeting.

Board Orientation Meetings

After a new member has joined the Board, the orientation process will include a series of meetings and presentations to share organizational information and answer questions. The meetings will be conducted in the following order:

- **Meeting with the Board Chair:** Informal meeting with the Board Chair to generally discuss the organization and the Board's role within the organization.
- **AlexRenew Overview:** Presentation by the CEO to discuss the organization's vision, mission, and strategic outcomes; programs and initiatives; and other background information. Includes a tour of the AlexRenew Environmental Center. Approximately 1.5-hours.
- **AlexRenew Water Resource Recovery Facility Overview:** Presentation by the CEO and staff to provide an overview of WRRF liquids and solids processes to effectively manage the community's wastewater. Includes a tour of the WRRF. Approximately 2-hours.
- **Board Governance Overview:** Presentation by the Board Vice Chair and General Counsel to discuss the legal framework of the organization; Board roles, responsibilities, and policies; committee involvement; Board meetings and other events; and Virginia Freedom of Information Act requirements. Approximately 1-hour.
- Additionally, the CEO and Board Chair may provide an overview of any major organizational initiative(s) that are ongoing at the time of Board orientation.

Hardcopies of presentations will be provided at each meeting and may be included in the Board Manual.

Board Manual

The CEO will provide each board member a Board Manual including, but not limited to, the documents listed below. The manual clearly describes the organization and outlines the roles and responsibilities of the Board.

- Legal
 - Articles of Incorporation

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Title: Board Member Orientation

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- Service Agreements
- Board Member General Liability Insurance
- By-Laws
 - Mission, Vision, Values
 - Board By-Laws
 - CEO Delegation of Authority
 - City of Alexandria Term Limits and Attendance Ordinance
 - Adopted Board Policies
- Board Operations
 - Board Member Contact List
 - Board Calendar
 - HOA/Civic Association Assignments
 - Closed Session Sheet
- Finance
 - Master Indenture of Trust
 - Resolution of Rate Adjustment Principles
 - Current Year Budget
 - Current Year Rates, Rules, and Regulations
 - Current Annual Comprehensive Report

Additional Board Orientation Checklist Items

In addition to the orientation meetings and Board Manual, the following items must also be accommodated as part of overall orientation.

- Folder containing current Annual Report, outreach materials, flyers, and other public-facing documents
- AlexRenew identification badge and garage clicker
- Business cards
- Headshot scheduling
- Clothing
- Computer, email address, and IT Welcome Letter
- BoardEffect login and instructions
- W9 and Direct Deposit Forms
- Staff updates to the website, letterhead and agenda



Board Policy – Environmental Justice

City of Alexandria, Virginia Sanitation Authority Board Adopted Policy



Title: Environmental Justice

Date of Adoption: September 19, 2023

Date of Revision:

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AlexRenew affirms and commits to pursuing the goals of environmental justice to prevent and mitigate disproportionate environmental impacts of its activities on the community it serves. AlexRenew firmly believes that no group should bear a disproportionate share of negative environmental consequences, and that all groups should benefit equitably from the environmental improvements resulting from AlexRenew's programs and initiatives.

Environmental justice is the equitable treatment and meaningful engagement of our residents— inclusive of all races, cultures, lifestyles, neighborhoods, and incomes—so we may advance our mission in managing the community's wastewater without placing disproportionate environmental or financial burdens on those we serve. Our work for environmental justice should be intentional and impactful.

As a single-purpose utility established to manage wastewater, AlexRenew operates and maintains infrastructure that is designed to protect public health and improve the environment. Despite our limited footprint, AlexRenew's environmental justice commitment will be guided by meaningful engagement, informed actions, and equitable treatment to best serve our community. As such, AlexRenew commits to the following actions to promote the goals of environmental justice:

- Conduct environmental justice training to ensure staff are equipped with the appropriate resources to understand the importance, issues, and impacts of the organization's programs and initiatives.
- Develop and implement guidance on the inclusion of environmental justice in appropriate AlexRenew programs and initiatives.
- Meaningfully engage stakeholders and community groups during all phases of programs and initiatives.
- Practice active listening to understand community impacts associated with the organization's programs and initiatives.
- Develop diverse and culturally appropriate communication strategies to ensure that stakeholders can participate in decisions and actions that may impact constituent communities.
- Create engaging and intentional educational programs to ensure that residents understand the value of their investments in clean water.
- Make decisions with an understanding of the community's residents, history, and economy.
- Develop funding strategies to support equitable sewer rates, while advocating for and promoting programs and initiatives that offer financial assistance to those in need.
- Coordinate with the City of Alexandria to provide community benefit as part of major programs to help tell the history of disadvantaged populations, where appropriate and practicable.
- Support the City of Alexandria as they establish, strengthen, and maintain key partnerships with community-based, non-profit, faith-based organizations, and businesses in Alexandria.
- Continuously improve upon the organization's programs and initiatives using best available information as new knowledge becomes available.