

Minutes of the 842nd Meeting
"Celebrating Over 60 Years of Continuous Environmental Excellence"
Alexandria Renew Enterprises
6:00 p.m., Tuesday, March 21st, 2017

On Tuesday, March 21st, at 6:00 p.m., the regular meeting of the Alexandria Renew Enterprises (AlexRenew) Board of Directors was held at Alexandria Renew Enterprises in the Ed Semonian Board Room at 1800 Limerick Street with the following present:

Members: Mr. John Hill, Chair
Mr. Bruce Johnson, Vice Chair
Mr. William Dickinson, Secretary-Treasurer
Mr. James Beall, Member
Ms. Patricia Turner, Member

Staff: Ms. Karen Pallansch, Chief Executive Officer
Mr. Charlie Logue, Chief of Production
Ms. Lisa Van Riper, Chief of Enterprise Communications
Mr. Sean Stephan, Chief of Sustainability
Ms. Lisa Reynolds, Chief of Engineering and Planning
Mr. Robert Oshode, Controller
Mr. Hans Bailey, Senior Customer Service Manager
Ms. Lorna Huff, Secretary to the Board

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

City Representative: Ms. Erin Bevis-Carver
Office of Environmental Quality

Education Discussion: Mr. Karl Moritz, Director of Planning & Zoning
City of Alexandria

Consultant: Mr. Sarah Frey, PFM

Virginia American Water: Mr. Barry Suits, President
Maryland/Virginia American Water

Fairfax County Representative: Mr. Juan Reyes
Fairfax County Wastewater Planning & Monitoring Division

Call to Order

The Chairman called the meeting to order at 6:00 p.m.

Approval of the Agenda

The Chairman inquired whether members had changes to the agenda. There being none Mr. Dickinson moved approval and Mr. Beall seconded. The Board unanimously approved the Agenda.

Educational Discussion – City of Alexandria Transit Oriented Development

The Chairman recognized Mr. Karl Moritz, the Director of Planning & Zoning for the City of Alexandria. Mr. Moritz reviewed the City of Alexandria Transit-Oriented Development Program. The presentation covered the planning and development review process beginning with Land Use Special Permits, Certificates of Appropriateness for historic districts, Development Special Use Permits (DSUP), Zoning, Small Area Plans, and Master Plans. The Transit-Oriented Development Program is based on the 2008 transportation master plan involving the following areas of the City: Potomac Yard North, Potomac Yard South, Braddock Road Metro, Eisenhower East, Eisenhower West, Landmark/Van Dorn and Beauregard.

Challenges and opportunities associated with each program include maintaining affordable housing, providing adequate access to parking, providing balance between residential and non-residential, issues of walkability, and access to public transportation. He reported that the Waterfront development will significantly reduce flooding events from one to two per month to one to two per year.

Members inquired about vacancy rates, green roofs, the approval time for Development Special Use Permits, and the use of fees during the City review process to mitigate the effects of construction. Mr. Moritz reported that the City performs an annual survey to determine vacancy rates in the various corridors. Green roof technology is part of new development in parts of the City. A DSUP has a three-year length of time for development for the Small Area Plans. Master Plan development time is unlimited. Mr. Moritz reported that developer fees are assessed and that the City can request extra fees to mitigate the impacts of certain projects.

There being no additional questions or comments, the Chairman and Board complimented Mr. Moritz on his presentation and thanked him for his participation. The Chairman moved to the Board Reports.

Board Reports

A. Chairman's Report

The Chairman reported on the AlexRenew Board Retreat and thanked the CEO and her team. Bringing different groups together is a positive learning experience for all. Members would like to have greater participation from other City Boards & Commissions. Ms. Pallansch reported that in the past, participation is greater when there is a specific issue being discussed. Ms. Turner inquired on past public participation. Mr. Hill reported that when AlexRenew was reviewing rates, public participation was more active.

B. Vice Chairman's & Finance Committee Reports

Mr. Johnson reported that the Finance and Audit Committee met last month and discussed the Grant Thornton report. Ms. Pallansch then reported on steps that had been taken to implement Grant Thornton and Board recommendations. The Finance Department recently hired a staff accountant. Additional staff hires will include a Finance Director and Management Analyst.

Baker Tilly, a human resources consultant, will review and improve training and onboarding processes. Moore Stephens and Lovelace, a CPA firm, has also been hired to create work flow processes within the Finance organization. Auditor Brown Edwards approves of the progress made within the department. AlexRenew's Information Services processes are currently under review by Solvaria, an IT consulting firm. Solvaria is reviewing AlexRenew's administrative and industrial IT processes.

There were no additional questions or comments and the Chairman moved to the Governance Committee report.

C. Governance Committee

Nothing to report.

The Chairman moved to the CEO Reports and Recommendations.

CEO's Reports and Recommendations

A. Consideration of February 2017 Financial Report

The Chairman requested questions or comments on the February financial report. Mr. Dickinson inquired about AlexRenew's retainages. Ms. Pallansch reported that retainages are a percentage of the construction price that is withheld from the contractor on a project until the work is completed. Funds are released at the end of the project when the contractor and the developer agree. It was noted that AlexRenew's cash reserves remain strong.

B. CEO Monthly Report (February)

Ms. Pallansch noted her CEO report and inquired if members had questions or comments. There being none, she reviewed the CEO Report updates.

Ms. Pallansch reviewed handouts from a conference she attended of the Association of Governance Risk Insurance Pools (AGRIP). Ms. Pallansch reported that the keynote speakers were good and shared their presentations with the Board. Ms. Pallansch will be working with the Chair and Vice Chair on governance over the summer.

Ms. Pallansch noted an article from the *Washington Post* on the City's CSO issue. She further requested that Board members submit nominees for the Ellen Pickering Award. Mr. Hill is the Board's representative on the selection committee.

Ms. Pallansch requested Board input on follow up items from the Board Retreat. She inquired whether there were subjects that members would like to see discussed in future meetings. Suggestions included how to support and promote the "One Water" concept. Mr. Dickinson also requested information on AlexRenew's procurement process.

Ms. Pallansch reported on Water Week taking place on Capitol Hill and the Rally for Water scheduled for Wednesday, March 22nd. Staff from AlexRenew will be attending the rally to show support for water issues. Ms. Turner inquired if the CEO had appointments with members of congress. Ms. Pallansch reported that she did not have any appointments this year but had made visits in past years.

Consent Docket

Mr. Hill inquired whether members had questions or comments on the Minutes of the February meeting. The Board reviewed the Minutes with no questions or comments. Mr. Beall moved approval of the Minutes and Mr. Johnson provided the second. The Board unanimously approved the Consent Agenda which contained:

A. Minutes of the February Board Meeting

There being no further questions, the Chairman moved to Unfinished Business.

Unfinished Business

A. None

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

New Business

A. Review and Approval of a Resolution to Authorize the Issuance, Award and Sale of Sewer Revenue and Refunding Bonds and Setting Forth the Form, Details and Provisions of Payment.

Discussion

PFM, AlexRenew's financial manager has recommended that AlexRenew restructure its current debt through the sale of Sewer Revenue and Refunding Bonds. Currently, AlexRenew has ten outstanding series of bonds through the Virginia Clean Water Facilities Revolving Loan Fund and two outstanding series through the Virginia Pooled Financing Program. The outstanding bonds' debt service structure is generally level, through FY 2022, with a significant decrease thereafter upon the final maturity of the Clean Water.

AlexRenew intends to use the proceeds of the borrowing to finance the repayment of the balance on its line of credit, the construction of various CIP projects from its 2016 and 2017 Budgets, and the related costs of issuance, for an estimated total of approximately \$22 million. The proposed bonds will be Sewer Revenue Bonds secured by net revenues from the sewer system, as defined by AlexRenew's Master Indenture, which governs all of its existing bonds. AlexRenew's adopted financial policy requires it to maintain a minimum debt service coverage ratio of 1.5 times and with the structure of this bond issuance, AlexRenew can remain well above that ratio.

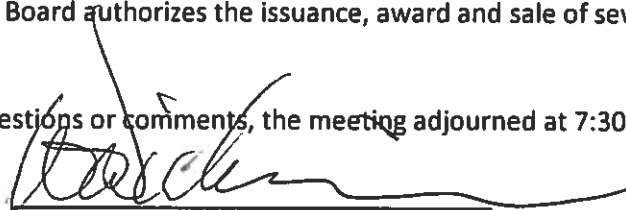
Members inquired on the effect of the bond sale on AlexRenew's rate model, the wet weather facility, and how changes in the federal lending rate would affect the interest rate. It was reported that the wet weather facility is not in the budget and would not be affected. Increases in lending rates and the current rate model would not be affected.

The Resolution had been amended since the Board package was mailed and members were provided the revised information. Mr. Dickinson inquired on what the interest rate would be. Ms. Frey reported that it would be less than 4%. There being no further questions or comments, the chairman requested a motion to approve. Ms. Turner moved approval and Mr. Hill providing the second. The Board unanimously approved the Resolution.

Be It Resolved That: the Board authorizes the issuance, award and sale of sewer revenue and refunding bonds.

There being no additional questions or comments, the meeting adjourned at 7:30 p.m.

APPROVED:



Secretary-Treasurer