



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Finance and Budget Committee

Thursday, June 23, 2016

11:00 a.m.

- 1. **Call to Order**.....Timothy L. Firestine, Chairperson
- 2. **Financial Report** Mark Kim
 - A. **May 2016 Financial Report (Attachment 1)**
 - B. **FY 2016 Projected Net Cash Surplus (Attachment 2)**
- 3. **Environmental Impact Bond Financing Overview (Attachment 3)** Mark Kim
- 4. **Insurance Renewal Update (Attachment 4)** Tanya DeLeon
- 5. **Action Items**.....Henderson Brown
 - A. **Contract Modification for Environmental Legal Services (Attachment 5)**
- 6. **Agenda for July Committee Meeting (Attachment 6)** Timothy L. Firestine
- 7. **Executive Session***
- 8. **Adjournment**

FOLLOW-UP ITEMS – Follow-up items from the meeting held May 26, 2016.

- 1. Provide additional details regarding the basis of accounting used to calculate the FY 2016 Projected Net Cash Surplus. **Status:** *See Attachment 2*

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10);proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2016

Monthly Financial Report

Period Ending May 31, 2016

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Mark Kim, Chief Financial Officer

Gail Alexander-Reeves, Director, Budget

Robert Hunt, Director, Finance

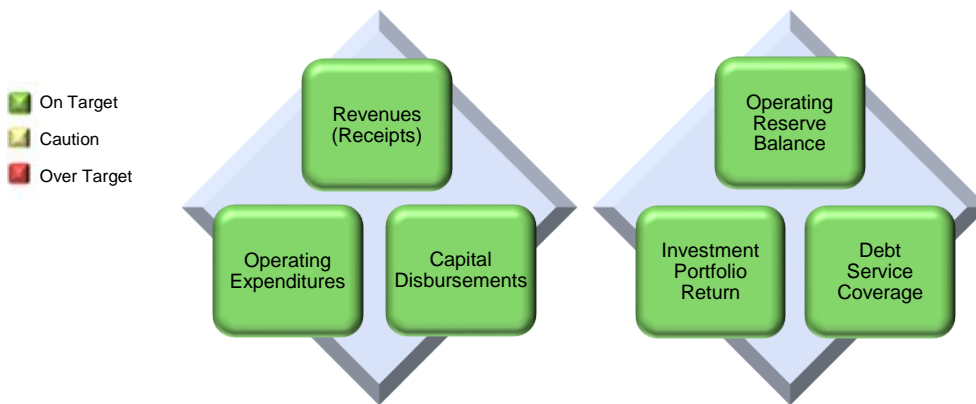
Syed Khalil, Manager, Financial Planning & Revenues

John Madrid, Controller

MAY 2016

EXECUTIVE SUMMARY

For this reporting period, with approximately 67 percent of the FY completed, we are on track with budgetary expectations and targeted performance metrics. The table below summarizes detailed information provided in the report.



(\$ in millions)

	Budget	YTD Budget	YTD Actual	Variance		Actual % Budget	Year-End Projections
				Favorable (Unfavorable)			
Revenues (Receipts)*	\$580.5	\$387.0	\$393.2	\$6.2	1.6%	68%	\$579.1
Expenditures*	\$541.6	\$361.1	\$302.1	\$59.0	16.3%	56%	\$496.7
Capital Disbursements	\$549.0	\$378.4	\$378.6	(\$0.2)	(0.1%)	69%	\$540.6

* Straight-lined (8/12 of budget)

Highlights:

- Proposed FY 2018 budget planning process is underway with Committee and Board review anticipated in Fall 2016
- Multiyear (FY 2017 and 2018) Rate/Fee Proposals recommendation by the DC Retail Water & Sewer Rates Committee expected on June 28th with Board adoption on July 7th
- Responses to Request for Proposal for Financial Advisory and Investment Advisory services under review
- Acceleration of the Automated Meter Reading (AMR) Project for the replacement of 90,000 meters reading devices starting Summer 2016. The bulk of the spending will be in FY 2017
- External Auditors will be on-site starting June 27th – July 29th to begin the FY 2016 year-end audit process of the financial statements
- Review of budget monitoring and mid-year projections process with Internal Auditors – June 24th
- Management anticipates offsetting the fourth quarter IMA bill based on savings reflected in the FY 2016 operating year-end projections. The actual FY 2016 results will be determined after the audited financials have been completed.

Mark T. Kim, Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Operating Revenues (\$'000's)

Category	A	B*	C	D=C/A	E=C-B	F=E/B	G	H=G/A
	FY 2016 BUDGET	YTD BUDGET	YTD ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projections	% of Budget
Res. / Comm. / Multi.	\$311,897	207,931	\$212,985	68.3%	\$5,054	2.4%	\$321,086	102.9%
Federal	62,989	41,993	46,800	74.3%	4,807	11.4%	62,989	100.0%
Municipal (DC Govt.)	15,175	10,117	10,517	69.3%	400	4.0%	15,657	103.2%
DC Housing	8,083	5,389	6,103	75.5%	714	13.3%	8,812	109.0%
Metering Fee	10,776	7,184	7,695	71.4%	511	7.1%	11,386	105.7%
Water System Replacement Fee (WSRF)	40,000	26,667	18,723	46.8%	(7,944)	(29.8%)	29,756	74.4%
Wholesale	79,458	52,972	55,691	70.1%	2,719	5.1%	79,458	100.0%
PILOT/ROW	20,584	13,723	14,552	70.7%	829	6.0%	21,527	104.4%
All Other	31,552	21,035	20,104	63.7%	(931)	(4.4%)	28,412	90.0%
TOTAL	\$580,514	\$387,010	\$393,168	67.7%	\$6,158	1.6%	\$579,083	99.8%

* *Straight-lined (8/12 of budget)*

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of May 2016, cash receipts totaled \$393.2 million, or 67.7 percent of the revised FY 2016 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government and wholesale customers.

Residential, Commercial and Multi-Family – Receipts for this category are higher at \$213.0 million or 68.3 percent of the revised budget. The higher receipts are on account of collection of \$2.6 million on October 5, 2015 (FY 2016) from DC Events/Sports Authority, which falls under Commercial category, following resolution of the dispute with D.C. Government regarding the Clean Rivers Impervious Surface Area Charges (CRIAC) associated with RFK stadium.

District Government – Receipts are slightly higher at \$10.5 million or 69.3 percent of the revised budget.

DC Housing – Receipts are higher at \$6.1 million or 75.5 percent of the revised budget. The DC Housing Authority did not pay the August billed amount of \$807,477.89 in September. The overdue amount was collected in October (FY2016), which resulted in higher receipts compared to the revised budget.

Water System Replacement Fee – Receipts are lower at \$18.7 million or 46.8 percent of the revised budget. The lower receipts for this new fee are due to (a) partial billing of WSRF for the month of October 2015, (b) time lag for collections, which follow billings by a month and (c) non-receipt of WSRF for Federal category since the 2016 Federal Bill, prepared in April 2014, did not include account-wise estimates for WSRF. The FY 2016 WSRF will be trued-up in FY 2019 Federal Bill.

Wholesale – Receipts are higher at \$55.7 million or 70.1 percent of the revised budget. Wholesale customers made their third quarterly payment in the month of May 2016.

Other Revenue – Receipts are slightly lower than the straight-lined budget at \$20.1 million or 63.7 percent of the budget.

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Operating Expenditures (\$000's)

Category	A	B*	C	D=C/A	E=B-C	F=E/B	G	H=G/A
	FY 2016 BUDGET	YTD BUDGET	YTD ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projections	% of Budget
Personnel	\$140,034	\$93,356	\$92,215	65.9%	\$1,141	1.2%	\$142,836	102.0%
Contractual Services	79,244	52,829	42,890	54.1%	9,939	18.8%	71,969	90.8%
Water Purchases	30,740	20,493	16,618	54.1%	3,875	18.9%	27,986	91.0%
Supplies & Chemicals	35,951	23,967	18,297	50.9%	5,670	23.7%	29,145	81.1%
Utilities	35,018	23,345	17,441	49.8%	5,904	25.3%	25,706	73.4%
Small Equipment	1,465	977	463	31.6%	514	52.6%	616	42.0%
SUBTOTAL O&M	\$322,452	\$214,968	\$187,925	58.3%	\$27,043	12.6%	\$298,258	92.5%
Debt Service	174,766	116,511	100,344	57.4%	16,167	13.9%	154,244	88.3%
PILOT/ROW	20,744	13,829	13,829	66.7%	(0)	(0.0%)	20,744	100.0%
Cash Financed Capital Improvements	23,644	15,763	0	0.0%	15,763	100.0%	23,475	99.3%
TOTAL OPERATING	\$541,606	\$361,071	\$302,099	55.8%	\$58,972	16.3%	\$496,721	91.7%
Capital Labor	(18,993)	(12,662)	(11,887)	62.6%	(775)	6.1%	(18,335)	96.5%
TOTAL NET OPERATING	\$522,613	\$348,409	\$290,212	55.5%	\$58,197	16.7%	\$478,386	91.5%

*Straight-lined (8/12 of budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of May 2016, with approximately 67 percent of the fiscal year completed, operating expenditures totaled \$302.1 million, or 55.8 percent of the FY 2016 budget of \$541.6 million, and are in line with expectations through this reporting period. These numbers include estimated, incurred but unpaid, invoices and are subject to revision in subsequent months.

Personnel Services – YTD expenditures are tracking favorably at \$92.2 million, or 65.9 percent of budget. Of the 1260 positions authorized, 1127 positions were filled with YTD vacancy rate of 10.6 percent. Overtime spending totals \$4.5 million of the annual budget of \$6.6 million.

Contractual Services – Underspending is attributable to various contracts throughout the Authority. This includes materialized savings from biosolids hauling costs and impact of the delayed fee to operate the CHP project, which is undergoing acceptance testing to meet established performance requirements. YTD average biosolids production is 445 wet tons/day.

Supplies & Chemicals – YTD underspending is primarily from chemicals due to lower unit prices for methanol and the use of safer and less expensive chemical (lime slurry in lieu of sodium hydroxide) as a main source to control alkalinity and pH balance.

Utilities – YTD underspending is consistent with expectation for onsite electricity generation from the CHP which represents approximately 7MW or 29 percent of Authority-wide usage. We have 15MW of the Authority's FY 2016 electricity load locked at an average Western Hub unit price of \$40.43/MWh, 17MW at \$36.95/MWh for FY 2017 and 10MW at \$35.75/MWh for FY 2018.

Debt Service – YTD actual debt service continues to trend below the Board-adopted budget primarily due to current interest rates being lower than forecast. The recent refunding will also lower debt service for FY 2016.

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B - C	F = E/B	G	H = G/A	%
	FY 2016 BUDGET	YTD BUDGET	YTD ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)	Year-End Projections	of Budget	
Non Process Area	\$9,309	\$3,017	\$3,469	37.3%	(452)	(15.0%)	\$4,776	51.3%	
Wastewater Treatment	168,637	120,336	115,488	68.5%	4,848	4.0%	169,511	100.5%	
Combined Sewer Overflow	223,105	154,114	158,688	71.1%	(4,574)	(3.0%)	224,097	100.4%	
Stormwater	1,263	801	1,487	117.7%	(686)	(85.7%)	1,911	151.3%	
Sanitary Sewer	34,786	22,271	31,407	90.3%	(9,135)	(41.0%)	45,424	130.6%	
Water	61,878	42,720	57,352	92.7%	(14,631)	(34.2%)	67,808	109.6%	
SUBTOTAL: CAPITAL PROJECTS	\$498,977	\$343,260	\$367,891	73.7%	(\$24,631)	(7.2%)	\$513,527	102.9%	
Capital Equipment	39,226	26,994	9,039	23.0%	17,955	66.5%	19,751	50.4%	
Washington Aqueduct	10,838	8,128	1,663	15.3%	6,465	79.5%	7,340	67.7%	
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$50,063	\$35,122	10,702	21.4%	\$24,420	69.5%	\$27,090	54.1%	
TOTAL	\$549,040	\$378,381	\$378,592	69.0%	(\$211)	(0.1%)	\$540,617	98.5%	

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At the end of May 2016, capital disbursements are \$378.5 million or 69 percent of the FY 2016 budget.

Capital Projects - Project performance will be reviewed in detail as part of the quarterly CIP update by the Department of Engineering & Technical Services to the Environmental Quality & Sewerage Services, Water Quality & Water Services, and Finance & Budget Committees in September 2016.

Capital Equipment - Lower than planned disbursements are driven by the unspent reserve funds in Finance, Accounting and Budget to accommodate requests for Authority-wide projects, IT reserve funds for enterprise technology initiatives and long lead times for Fleet deliveries.

Acceleration of the Automated Meter Reading project will not have a large impact on the current year end projections as cash payments are assumed to begin in FY 2017 for the 90,000 devices.

Washington Aqueduct (WAD) – Lower than planned disbursements represents WAD's plan to delay customer billing to draw down the pre-paid balances currently in escrow and US Treasury accounts.

Fiscal Year-to-Date
As of May 31, 2016

Cash Investments and Insurance (\$ in millions)

Cash Balances

Rate Stabilization Fund Account (RSF)	\$32.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	<u>151.2</u>
Operating Cash Balance Including RSF	\$184.7
Debt Service Reserve - Series 1998	23.7
Bond Fund- Construction Fund 2015A	100.7
Bond Fund- Construction Fund 2015B	145.4
CSO Grants	14.0
Total All Funds	\$468.5

OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$151.2 million as compared to the operating reserve level objective of \$125.5 million for FY 2016
- Average cash balance for the month of May was \$158.3 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for May (on a cash basis) was \$140,820; YTD \$674,531
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Cash Flow Summary (\$000's)

	Ten-Year Plan Cash Basis	YTD 67% Cash Budget	YTD Actual Cash Oct. 1, 2015 - May 31, 2016	Ten-Year Plan Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$448,920	\$299,280	\$302,822	\$3,542	1%
Wholesale	79,458	\$52,972	55,691	2,719	5%
Other	51,890	\$34,593	34,649	56	0%
Total Cash Provided	580,268	386,845	393,162	6,317	2%
Operating Cash Used					
Personnel Services	121,041	80,694	78,143	2,551	3%
Contractual Services	79,243	52,829	51,676	1,152	2%
Chemicals & Supplies	35,951	23,967	24,172	(205)	-1%
Utilities	35,018	23,345	24,896	(1,551)	-7%
Water Purchases	30,740	20,493	17,643	2,850	14%
Small Equipment	1,465	977	472	505	52%
Total Operating Cash Used	303,458	202,305	197,003	5,303	3%
Defeasance D.S./Cash Financed Capital Improvements	23,475	15,650		15,650	100%
Other Cash Used					
Debt Service	157,640	105,093	100,344	4,750	5%
Payment In Lieu of Taxes/Right of Way	20,744	13,829	15,558	(1,729)	-13%
Total Other Cash Used	178,384	118,923	115,902	3,021	3%
Total Cash Used	505,317	336,878	312,904	23,974	7%
Net Cash Provided (Used) by Operating Act.	74,950	49,967	80,258	30,291	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	238,487	158,991	164,040	5,048	3%
EPA Grants/DC Bloomingdale Reimbursement	27,244	18,163	16,688	(1,475)	-8%
CSO Grants	14,000	9,333		(9,333)	-100%
Transfer from Operations	82,548	55,032			
Interest Income	998	665	673	8	1%
Wholesale Capital Contributions	126,693	84,462	120,092	35,630	42%
Total Cash Provided	489,969	326,646	301,493	(25,153)	-8%
Cash Used					
DC Water Capital Program	538,204	358,803	376,929	(18,127)	-5%
Washington Aqueduct Projects	10,838	7,225	1,663	5,562	77%
Total Cash Used	549,042	366,028	378,592	(12,564)	-3%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$59,073)	(\$39,382)	(\$77,099)	(\$37,718)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	\$160,055		\$160,055		
Wholesale Customer Refunds from Prior Years	74,950	49,967	80,258		
Interest Earned From Bond Reserve	(5,500)	(3,667)	(3,290)		
Transfer to Rate Stabilization Fund	247	164	6		
Prior Year Federal Billing Reconciliation	(19,000)	(12,667)			
Cash Used for Capital	(11,679)	(7,786)	(8,759)		
Balance Attributable to O&M Reserve	(\$9,073)	(39,382)	(77,099)		
	\$140,000		\$151,169		
OTHER CASH RESERVES					
Rate Stabilization Fund	Current				
DC Insurance Reserve	Balance				
	\$32,450				
	\$1,041				
CSO Grant	\$14,011				

Monthly Financial Report

APPENDIX

Operating Revenues Detail.....	9
Retail Accounts Receivable	10
Overtime by Department	11
Capital Disbursements Detail	12
Investment Report	13

Fiscal Year-to-Date
As of May 31, 2016

Operating Revenues Detail

(\$ in millions)

Revenue Category	Budget	YTD Budget	YTD Actual	Variance		YTD % of Budget	Year End Projections	Variance Proj v. Bud	% of Budget
				Favorable / (Unfavorable)					
Residential, Commercial, and Multi-family	\$311.9	\$207.9	\$213.0	\$5.1	2.4%	68.3%	\$321.0	9.1	102.9%
Federal	63.0	42.0	46.8	4.8	11.4%	74.3%	63.0	0.0	100.0%
District Government	15.2	10.1	10.5	0.4	4.0%	69.3%	15.7	0.5	103.2%
DC Housing Authority	8.1	5.4	6.1	0.7	13.3%	75.5%	8.8	0.7	109.0%
Customer Metering Fee	10.8	7.2	7.7	0.5	7.1%	71.4%	11.4	0.6	105.7%
Water System Replacement Fee (WSRF)	40.0	26.7	18.7	(8.0)	-29.8%	46.8%	29.8	(10.2)	74.4%
Wholesale	79.5	53.0	55.7	2.7	5.1%	70.1%	79.5	0.0	100.0%
Right-of-Way Fee/PILOT	20.6	13.7	14.6	0.9	6.0%	70.7%	21.5	1.0	104.4%
Subtotal (before Other Revenues)	\$549.0	\$366.0	\$373.1	\$7.1	1.9%	68.0%	\$550.7	\$1.7	100.3%
Other Revenue without RSF									
IMA Indirect Cost Reimb. For Capital Projects	8.0	5.3	0.0	(5.3)	-100.0%	0.0%	3.3	(4.7)	41.3%
DC Fire Protection Fee	10.8	7.2	8.1	0.9	12.5%	75.0%	10.8	0.0	100.0%
Stormwater (MS4)	1.0	0.7	0.7	0.0	0.0%	70.7%	0.9	(0.1)	90.0%
Interest	1.3	0.9	0.7	(0.2)	-22.2%	53.8%	1.3	0.0	100.0%
Developer Fees (Water & Sewer)	7.5	5.0	5.2	0.2	4.0%	69.3%	8.0	0.5	106.7%
Others	2.9	1.9	5.4	3.5	184.2%	186.2%	4.1	1.2	141.4%
Subtotal	\$31.5	\$21.0	\$20.1	(\$0.9)	-4.4%	63.7%	\$28.4	(\$3.1)	90.0%
Rate Stabilization Fund Transfer	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	0.0%	\$0.0	\$0.0	0.0%
Other Revenue Subtotal	\$31.5	\$21.0	\$20.1	(\$0.9)	-4.4%	63.7%	\$28.4	(\$3.1)	90.0%
Grand Total	\$580.5	\$387.0	\$393.2	\$6.2	1.6%	67.7%	\$579.1	(\$1.4)	99.8%

BREAKDOWN OF RETAIL RECEIPTS BY CUSTOMER CATEGORY
(\$ in 000's)

Customer Category	Water	Sewer	Clean Rivers IAC	Metering Fee	WSRF	Total
Residential	\$21,679	\$26,390	\$18,431	\$3,454	\$5,045	\$75,000
Commercial	35,346	36,434	23,179	2,329	8,730	106,018
Multi-family	20,016	23,879	7,630	941	3,513	55,980
Federal	16,799	15,947	14,054	595	0	47,394
District Govt	3,457	4,225	2,835	284	1,108	11,909
DC Housing Authority	2,394	2,890	819	92	326	6,521
Total:	\$99,690	\$109,766	\$66,948	\$7,695	\$18,723	\$302,822

Note: The breakdown of Collections into Residential, Commercial, & Multi-family and Water and sewer is approximate as it is based on percentages of historical data and does not take into account adjustments and timing differences

Clean Rivers IAC - Actual vs Budget
(\$ in 000's)

Customer Category	FY2016 Budget	Year-To-Date Budget	Actual Received	Variance Favorable / <Unfavorable>	Variance % of YTD Budget	Actual % of Budget
Residential	\$26,086	\$17,391	\$18,431	\$1,040	6%	71%
Commercial	30,532	20,355	23,179	2,825	14%	76%
Multi-family	10,202	6,801	7,630	829	12%	75%
Federal	18,739	12,493	14,054	1,561	12%	75%
District Govt	8,357	5,571	2,835	(2,736)	-49%	34%
DC Housing Authority	1,221	814	819	5	1%	67%
Total:	\$95,137	\$63,425	\$66,948	\$3,524	6%	70%

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Retail Accounts Receivable (Delinquent Accounts)

The following tables show retail accounts receivable over 90 days including a breakdown by customer class.

Greater Than 90 Days by Month

	\$ in millions	# of accounts
September 30, 2012	\$5.5	13,063
September 30, 2013	\$4.9	11,920
September 30, 2014	\$5.3	12,442
September 30, 2015	\$6.5	11,981
October 31, 2015	\$7.1	11,737
November 30, 2015	\$6.7	11,799
December 31, 2015	\$6.9	12,487
January 31, 2016	\$7.2	13,387
February 29, 2016	\$7.3	13,096
March 31, 2016	\$7.2	12,550
April 30, 2016	\$7.0	11,907
May 31, 2016	\$6.9	11,668

Greater Than 90 Days by Customer

	Number of Accounts			Month of May (All Categories)				Total Delinquent				
				Active		Inactive						
	W & S a/c	Impervious Only a/c	Total No. of a/c	No. of a/c	Amount (\$)	No. of a/c	Amount (\$)	No. of a/c Apr.	Amount (\$)	No. of a/c May	Amount (\$)	%
Commercial	10,477	3,267	13,744	779	1,643,136	173	\$ 109,509	1,165	\$ 1,827,502	952	\$ 1,752,644	25%
Multi-family	8,269	446	8,715	663	1,573,247	169	68,484	863	1,663,146	832	1,641,731	25%
Single-Family Residential	106,045	3,350	109,395	7,470	2,924,083	2,414	612,882	9,879	3,523,605	9,884	3,536,965	51%
Total	124,791	7,063	131,854	8,912	\$ 6,140,466	2,756	\$ 790,874	11,907	\$ 7,014,253	11,668	\$ 6,931,341	100%

Notes: Included in the above \$6.14M (or 8,912 accounts) of the DC Water Over 90 days delinquent accounts, \$2,435,203.53 (or 1,849 accounts) represents Impervious only accounts over 90 days delinquent.

-Reportable delinquencies do not include balances associated with a long standing dispute between DC Water and a large commercial customer.

Monthly Financial Report

Fiscal Year-to-Date
As of May 31, 2016

Overtime by Department

Department	FY 2016			
	Budget	YTD Actual	YTD Actual % of Budget	% of Regular Pay
Office of the Board Secretary	\$5,000	\$9,134	182.7%	5.7%
General Manager	7,500	7,291	97.2%	0.4%
General Counsel	2,000	68	3.4%	0.0%
External Affairs	27,000	150	0.6%	0.0%
Internal Audit	0	0	0.0%	0.0%
Information Technology	26,670	4,708	17.7%	0.2%
Procurement	30,000	14,182	47.3%	0.8%
Customer Service	260,000	199,888	76.9%	3.7%
Finance, Accounting & Budget	30,000	19,322	64.4%	0.6%
Assistant General Manager - Support Services	1,000	192	19.2%	0.1%
Human Capital Management	5,000	2,452	49.0%	0.1%
Occupational Safety and Health	2,000	362	18.1%	0.1%
Facilities Management	250,000	182,439	73.0%	6.9%
Department of Security	0	0	0.0%	0.0%
Distribution and Conveyance System	750,000	501,387	66.9%	11.5%
Engineering and Technical Services	1,063,000	513,761	48.3%	4.7%
Water Services	980,000	1,023,405	104.4%	13.0%
Clean Rivers	5,000	145	2.9%	0.0%
Sewer Services	900,000	688,134	76.5%	13.0%
Wastewater Treatment - Operations	1,450,780	1,015,292	70.0%	14.9%
Wastewater Treatment - Process Engineering	120,000	23,899	19.9%	1.4%
Maintenance Services	700,000	259,065	37.0%	4.7%
Permit Operations	15,000	3,133	20.9%	0.4%
Fleet Management	3,500	2,788	79.7%	0.6%
Total DC WATER	\$6,633,450	\$4,471,196	67.4%	6.6%

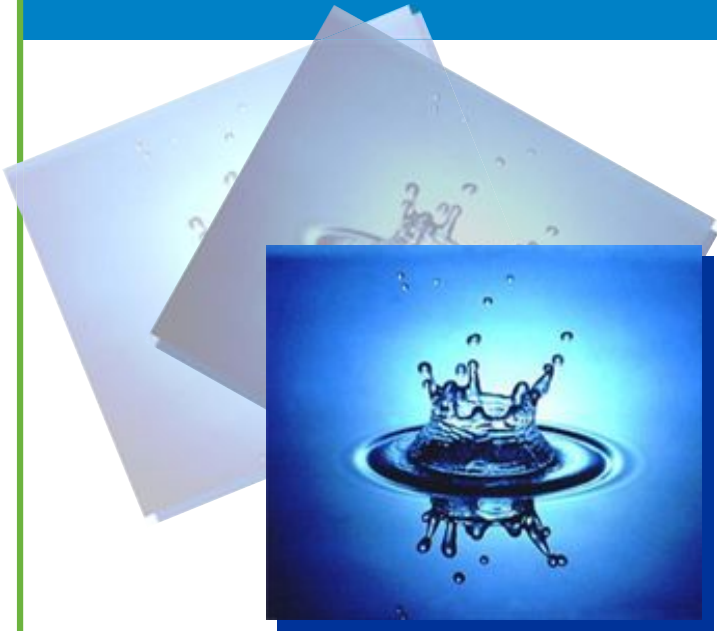
Notes:

- Engineering and Technical Services department and Clean Rivers department include overtime that will be charged/transferred to capital projects at the end of the fiscal year
- Includes accruals for 3 days thru May 31, 2016

Fiscal Year-to-Date
As of May 31, 2016

Capital Disbursements Detail by Program (\$000's)

Service Areas	Budget		Actual			Variance			Year-End	
	Annual	YTD	Oct. 2015 - Apr. 2016	May. 2016	YTD	YTD % Budget	YTD \$ Fav/(Unfav)	YTD % Fav/(Unfav)	Projection	% of Budget
NON PROCESS FACILITIES										
Facility Land Use	\$9,309	\$3,017	\$3,103	\$366	\$3,469	37.3%	(\$452)	-15.0%	\$4,776	51.3%
Subtotal	9,309	3,017	3,103	366	3,469	37.3%	(452)	-15.0%	4,776	51.3%
WASTEWATER TREATMENT										
Liquid Processing	16,193	9,434	7,388	1,881	9,269	57.2%	166	1.8%	12,298	75.9%
Plantwide	15,798	11,310	8,150	1,125	9,275	58.7%	2,035	18.0%	13,985	88.5%
Solids Processing	28,652	25,338	17,539	968	18,507	64.6%	6,831	27.0%	23,009	80.3%
Enhanced Nitrogen Removal Facilities	107,994	74,254	69,712	8,726	78,438	72.6%	(4,183)	-5.6%	120,219	111.3%
Subtotal	168,637	120,336	102,789	12,699	115,488	68.5%	4,848	4.0%	169,511	100.5%
COMBINED SEWER OVERFLOW										
D.C. Clean Rivers	212,012	145,788	138,527	10,814	149,341	70.4%	(3,554)	-2.4%	212,438	100.2%
Program Management	1,832	1,268	2,110	(170)	1,940	105.9%	(672)	-53.0%	3,216	175.6%
Combined Sewer	9,261	7,058	7,146	261	7,407	80.0%	(348)	-4.9%	8,443	91.2%
Subtotal	223,105	154,114	147,783	10,905	158,688	71.1%	(4,574)	-3.0%	224,097	100.4%
STORMWATER										
Local Drainage	223	165	191	13	204	91.6%	(39)	-23.3%	315	141.3%
On-Going	459	250	1,224	(296)	927	202.0%	(677)	-270.7%	1,160	252.6%
Pumping Facilities	0	0	0	0	0	0.0%	0	0.0%	0	0.0%
DDOT	18	12	0	0	12	0.0%	12	100.0%	0	0.0%
Research and Program Management	256	220	158	(14)	144	56.1%	76	34.7%	255	99.3%
Trunk/Force Sewers	307	153	212	0	212	69.0%	(59)	-38.4%	182	59.3%
Subtotal	1,263	801	1,784	(297)	1,487	117.7%	(686)	-85.7%	1,911	151.3%
SANITARY SEWER										
Collection Sewers	4,190	2,956	2,925	406	3,330	79.5%	(375)	-12.7%	7,726	184.4%
On-Going	7,463	4,696	8,551	1,999	10,550	141.4%	(5,854)	-124.7%	12,278	164.5%
Pumping Facilities	2,267	1,623	2,547	228	2,775	122.4%	(1,152)	-71.0%	3,608	159.2%
Program Management	6,742	4,355	5,535	(115)	5,420	80.4%	(1,066)	-24.5%	8,986	133.3%
Interceptor/Trunk Force Sewers	14,124	8,642	9,057	273	9,330	66.1%	(688)	-8.0%	12,826	90.8%
Subtotal	34,786	22,271	28,616	2,791	31,407	90.3%	(9,135)	-41.0%	45,424	130.6%
WATER										
Distribution Systems	35,667	25,538	26,994	4,875	31,869	89.4%	(6,331)	-24.8%	34,509	96.8%
Lead Program	1,575	1,165	1,825	236	2,061	130.8%	(895)	-76.8%	2,476	157.2%
On-Going	5,105	3,247	4,663	714	5,377	105.3%	(2,131)	-65.6%	8,132	159.3%
Pumping Facilities	3,833	2,539	3,015	320	3,334	87.0%	(795)	-31.3%	4,796	125.1%
DDOT	893	628	1,903	0	1,903	213.1%	(1,275)	-203.0%	1,792	200.7%
Storage Facilities	9,515	6,251	7,170	615	7,785	81.8%	(1,535)	-24.6%	8,728	91.7%
Program Management	5,288	3,352	4,456	565	5,021	94.9%	(1,669)	-49.8%	7,375	139.5%
Subtotal	61,878	42,720	50,026	7,326	57,352	92.7%	(14,631)	-34.2%	67,808	109.6%
Capital Projects	\$498,977	\$343,260	\$334,101	\$33,790	\$367,891	73.7%	(\$24,631)	-7.2%	\$513,527	102.9%
CAPITAL EQUIPMENT	39,226	26,994	7,995	1,044	9,039	23.0%	17,955	66.5%	19,751	50.4%
WASHINGTON AQUEDUCT	10,838	8,128	1,663	0	1,663	15.3%	6,465	79.5%	7,340	67.7%
Additional Capital Programs	\$50,063	\$35,122	\$9,658	\$1,044	\$10,702	21.4%	\$24,420	69.5%	\$27,090	54.1%
Total	\$549,040	\$378,381	\$343,759	\$34,834	\$378,592	69.0%	(\$211)	-0.1%	\$540,617	98.5%



DC Water

Investment Performance Report – May 2016



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

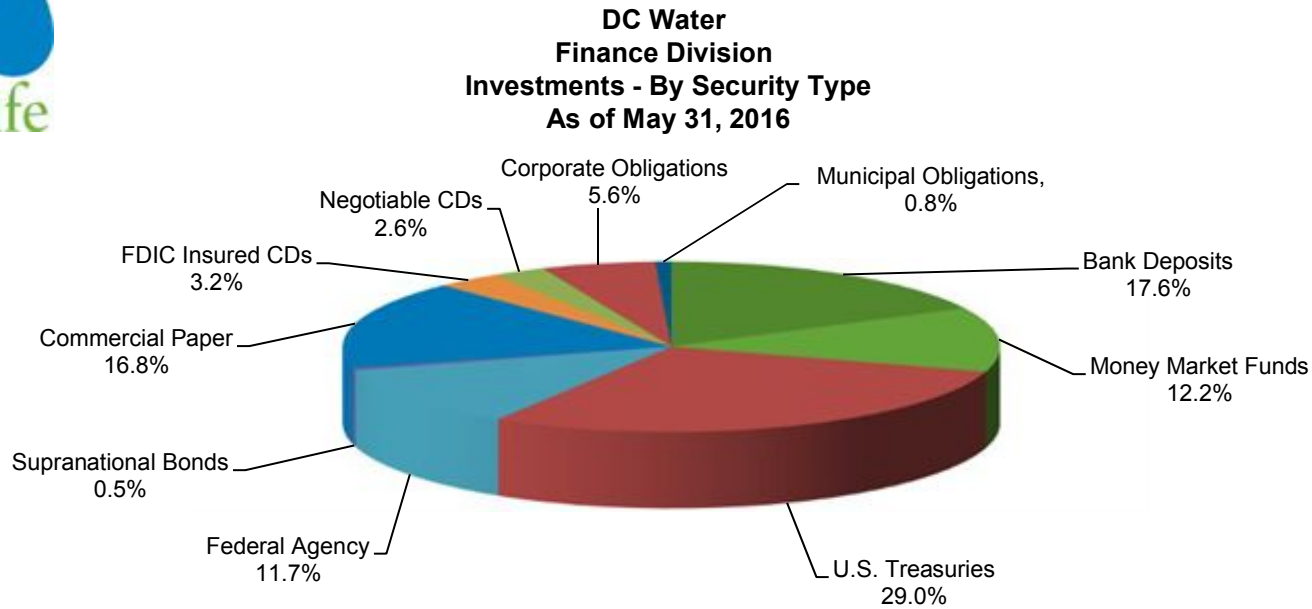
- The U.S. economy created only 38,000 jobs in May. This was the weakest jobs report since September 2010, however the unemployment rate fell to 4.7%.
- The Federal Open Market Committee (“FOMC”) will meet in June. Fed officials are hinting they are seriously considering raising rates in July or September. Fed chairperson, Janet Yellen, stated while the May jobs report is “concerning”, there are other economic indicators, such as wage growth, that paint a considerably brighter picture.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 0.73%.

Operating Reserve

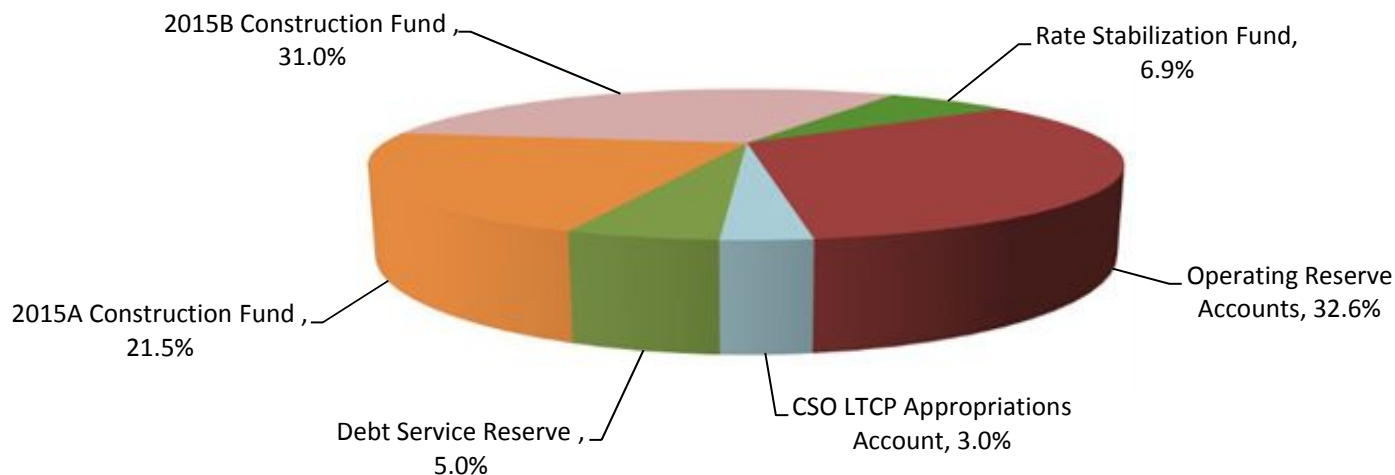
- In order to maintain the duration of the Operating Reserve Fund, PFM made several extension trades during the month. At the beginning of May, we sold \$550,000 of 9-month corporate notes and \$3.2 million of U.S. Treasuries and purchased 1 ¾ to 2 ½-year U.S. Treasuries at an average yield of 0.77%.
- We also sold \$885,000 of 1 ½-year corporate notes and purchased 3-year corporate notes at an average yield of 1.56%
- On May 26th, we also sold \$3.8 million of 8-month to 2-year U.S. Treasuries and \$1.0 million of 11-month Federal Agencies and purchased \$4.9 million of 2- to 3-year Federal Agencies at an average yield of 1.04%
- We also purchased \$1.8 million of municipal obligations issued by Illinois Regional Transportation Authority with a 2-year final maturity.



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	82,858,134	17.6%	100.0%
Money Market Funds	57,124,728	12.2%	100.0%
U.S. Treasuries	136,091,273	29.0%	100.0%
Federal Agency	54,669,657	11.7%	80.0%
Supranational Bonds	2,157,507	0.5%	30.0%
Commercial Paper	78,845,247	16.8%	35.0%
FDIC Insured CDs	15,197,554	3.2%	30.0%
Negotiable CDs	12,024,042	2.6%	30.0%
Corporate Obligations	26,426,759	5.6%	30.0%
Municipal Obligations	3,724,342	0.8%	20.0%
Total	\$ 469,119,243	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of May 31, 2016**

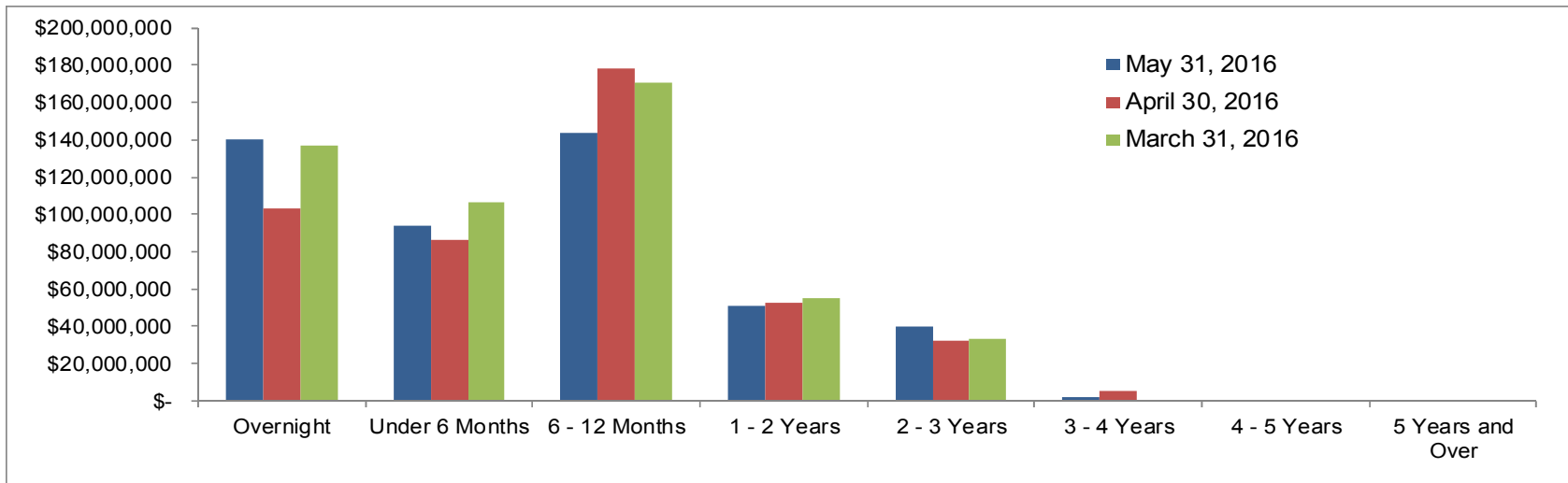


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 32,450,000	0.68%	0.00	1.0
Operating Reserve Accounts	\$ 153,061,312	0.99%	1.14	434.5
CSO LTCP Appropriations Account	\$ 14,013,919	0.90%	0.00	1.0
Debt Service Reserve	\$ 23,529,986	0.66%	1.07	395.6
2015A Construction Fund	\$ 100,657,332	0.63%	0.57	210.9
2015B Construction Fund	\$ 145,406,695	0.53%	0.32	115.5
Total	\$ 469,119,243	0.73%	0.65	242.7



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	May 31, 2016	April 30, 2016	March 31, 2016
Overnight \$	139,982,861.64 \$	103,251,569.13 \$	136,838,308.86
Under 6 Months	94,009,241.76	86,560,523.83	106,498,349.85
6 - 12 Months	143,306,048.14	178,662,542.37	170,457,245.00
1 - 2 Years	50,684,311.19	52,371,384.32	55,089,975.67
2 - 3 Years	39,327,803.75	31,719,800.74	32,946,497.78
3 - 4 Years	1,808,976.45	5,515,341.87	4,253,178.12
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals \$	469,119,242.93 \$	458,081,162.26 \$	506,083,555.28





**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		77,761,724.20	16.6%	100.0%	Yes
Capital One Bank		5,096,409.52	1.1%	100.0%	Yes
Sub-Total Bank Deposits		82,858,133.72	17.7%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAA	47,038,648.08	10.0%	50.0%	Yes
Wells Fargo Government MMF	AAA	10,086,079.84	2.2%	50.0%	Yes
Sub-Total Money Market Mutual Funds		57,124,727.92	12.2%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	136,091,273.26	29.0%	100.0%	Yes
Sub-Total Treasuries		136,091,273.26	29.0%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	8,014,584.92	1.7%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	4,597,798.62	1.0%	40.0%	Yes
Freddie Mac	AA+ / Aaa	42,057,273.41	9.0%	40.0%	Yes
Sub-Total Federal Agencies		54,669,656.95	11.7%	80.0%	Yes
Supranational Bonds					
Inter-American Development Bank	AAA / Aaa	1,258,100.10	0.3%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	899,406.62	0.2%	5.0%	Yes
Sub-Total Supranational Bonds		2,157,506.72	0.5%	30.0%	Yes
Commercial Paper					
Canadian Imperial Holding	A-1 / P-1	11,067,733.88	2.4%	5.0%	Yes
Bank Of Tokyo Mitsubishi UFJ	A-1 / P-1	8,976,192.48	1.9%	5.0%	Yes
BNP Paribas NY Branch	A-1 / P-1	14,919,620.85	3.2%	5.0%	Yes
JP Morgan Securities LLC	A-1 / P-1	19,000,000.00	4.1%	5.0%	Yes
Rabobank Nederland NV NY	A-1 / P-1	9,956,016.70	2.1%	5.0%	Yes
Toyota Motor Credit Corp	A-1+ / P-1	14,925,683.40	3.2%	5.0%	Yes
Sub-Total Commercial Paper		78,845,247.31	16.8%	35.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,197,553.81	3.2%	5.0%	Yes
Sub-Total FDIC-Insured Certificates of Deposit		15,197,553.81	3.2%	30.0%	Yes



**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Negotiable Certificates of Deposit					
Canadian Imperial Bank NY	A-1 / P-1	1,802,777.50	0.4%	5.0%	Yes
HSBC Bank USA NA	A-1+ / P-1	1,800,913.20	0.4%	5.0%	Yes
Nordea Bank Finland NY	AA- / Aa3	1,800,345.00	0.4%	5.0%	Yes
Rabobank Nederland NV	A-1 / P-1	1,802,140.00	0.4%	5.0%	Yes
Skandinaviska Enskilda Banken NY	A-1 / P-1	1,814,578.00	0.4%	5.0%	Yes
Svenska Handelsbanken NY	A-1+ / P-1	1,800,444.52	0.4%	5.0%	Yes
US Bank NA Cincinatti	AA- / Aa1	1,202,843.46	0.3%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		12,024,041.68	2.6%	30.0%	Yes
Corporate Obligations					
ANZ Banking Group Ltd.	AA- / Aa2	1,761,460.35	0.4%	5.0%	Yes
Apple Inc.	AA+ / Aa1	547,437.74	0.1%	5.0%	Yes
Bank of Montreal	A+ / Aa3	1,759,360.80	0.4%	5.0%	Yes
Bank of New York Mellon	A / A1	1,800,610.38	0.4%	5.0%	Yes
Bank of Nova Scotia	A+ / Aa3	1,813,873.46	0.4%	5.0%	Yes
Berkshire Hathaway Inc	AA / Aa2	130,374.56	0.0%	5.0%	Yes
Cisco Systems Inc.	AA- / A1	1,561,611.71	0.3%	5.0%	Yes
Chevron	AA- / Aa2	1,803,296.58	0.4%	5.0%	Yes
Exxon Mobil	AA+ / Aaa	1,805,546.25	0.4%	5.0%	Yes
General Electric Capital Corporation	AA+ / A1	1,822,478.87	0.4%	5.0%	Yes
IBM	AA- / Aa3	2,254,211.42	0.5%	5.0%	Yes
Merck & Co.	AA / A1	731,133.35	0.2%	5.0%	Yes
Royal Bank of Canada	AA- / Aa3	1,753,279.40	0.4%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa1	1,991,040.50	0.4%	5.0%	Yes
Toyota Motor Credit Corp	AA- / Aa3	1,532,854.87	0.3%	5.0%	Yes
Walmart Stores Inc.	AA / Aa2	819,511.44	0.2%	5.0%	Yes
Wells Fargo & Company Notes	A / A2	1,122,625.96	0.2%	5.0%	Yes
Westpac Banking	AA- / Aa2	1,416,051.46	0.3%	5.0%	Yes
Sub-Total Corporate Obligations		26,426,759.10	5.6%	30.0%	Yes
Municipal Obligations					
Florida State	AA / Aa3	1,808,976.45	0.4%	5.0%	Yes
Mississippi State	AA / Aa2	120,218.00	0.0%	5.0%	Yes
Regional Transportation Authority, IL	AA / Aa3	1,795,148.01	0.4%	5.0%	Yes
Sub-Total Municipal Obligations		3,724,342.46	0.8%	20.0%	Yes
Grand Total		\$ 469,119,242.93	100.0%		



**DC Water
Finance Division
Book Value Performance
As of May 31, 2016**

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Total Rate Stabilization Fund	0.06%	0.68%	0.17%	0.67%	0.33%	0.66%	0.61%	0.61%
Operating Reserve Accounts	0.11%	1.27%	0.30%	1.19%	0.53%	1.07%	0.95%	0.83%
Total Debt Service Reserve	0.06%	0.71%	0.13%	0.53%	0.27%	0.54%	0.67%	0.60%
2015A Construction Fund	0.05%	0.63%	0.11%	0.45%	0.22%	0.44%	n/a	n/a
2015B Construction Fund	0.05%	0.58%	0.12%	0.48%	0.21%	0.43%	n/a	n/a
Short-Term	0.05%	0.64%	0.16%	0.62%	0.27%	0.53%	0.44%	0.42%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.02%	0.20%	0.04%	0.16%	0.09%	0.18%	0.10%	0.07%
Core (1+ Years)	0.10%	1.13%	0.28%	1.13%	0.50%	1.00%	0.94%	0.83%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.07%	0.86%	0.20%	0.79%	0.42%	0.83%	0.77%	0.67%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Rate Stabilization Fund										
TD BANK BANK DEPOSIT		\$ 22,450,000		6/1/2016		0.90%	\$ 22,450,000	\$ 22,450,000	\$ 22,450,000	
WELLS FARGO GOVERNMENT MMF		10,000,000		6/1/2016		0.17%	10,000,000	10,000,000	10,000,000	
										\$ 32,450,000.00
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 41,297,806		6/1/2016		0.90%	\$ 41,297,806	\$ 41,297,806	\$ 41,297,806	
CAPITAL ONE BANK		5,096,410		6/1/2016		0.25%	5,096,410	5,096,410	5,096,410	
WELLS FARGO GOVERNMENT MMF		86,080		6/1/2016		0.17%	86,080	86,080	86,080	
INDUSTRIAL BANK CDARS		5,017,482	0.350	10/13/2016	10/15/2015	0.35%	5,017,482	5,028,614	5,028,614	
INDUSTRIAL BANK CDARS		5,045,079	0.400	11/10/2016	11/12/2015	0.40%	5,045,079	5,056,376	5,056,376	
GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5N0	1,200,000	2.900	1/9/2017	7/15/2014	1.03%	1,254,912	1,227,393	1,227,242	
INDUSTRIAL BANK CDARS		2,539,450	0.450	1/19/2017	1/21/2016	0.45%	2,539,450	2,543,641	2,543,641	
CANADIAN IMPERIAL BANK NY YCD	13606JYY9	1,800,000	1.010	4/6/2017	4/10/2015	1.01%	1,800,000	1,799,133	1,802,778	
RABOBANK NEDERLAND NV CERT DEPOS	21684BXH2	1,800,000	1.070	4/21/2017	4/27/2015	1.07%	1,800,000	1,801,348	1,802,140	
FNMA NOTES	3135G0JA2	3,500,000	1.125	4/27/2017	11/21/2014	0.80%	3,527,510	3,514,492	3,514,019	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	1,200,000	1.125	5/2/2017	7/15/2014	1.14%	1,199,628	1,201,748	1,200,965	
TORONTO DOMINION BANK NY CORP NT	89114QAQ1	790,000	1.125	5/2/2017	11/26/2014	1.21%	788,317	791,150	790,075	
NORDEA BANK FINLAND NY CD	65558LFA5	1,800,000	1.150	5/26/2017	5/29/2015	1.15%	1,800,000	1,799,139	1,800,345	
FHLB GLOBAL NOTES	3130A5EP0	1,775,000	0.625	5/30/2017	5/15/2015	0.67%	1,773,527	1,772,052	1,774,308	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	1,200,000	1.250	6/13/2017	10/30/2014	1.15%	1,203,084	1,206,568	1,208,229	
ANZ BANKING GROUP LTD CORP NOTES	05253JAF8	550,000	1.250	6/13/2017	11/26/2014	1.25%	550,055	553,010	553,231	
US TREASURY NOTES	912828TB6	1,850,000	0.750	6/30/2017	11/3/2014	0.79%	1,848,121	1,855,688	1,855,065	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	1,200,000	1.300	7/14/2017	7/15/2014	1.27%	1,201,116	1,207,114	1,206,340	
BANK OF MONTREAL CORP NOTES (CALLABLE)	06366RVD4	550,000	1.300	7/14/2017	11/26/2014	1.25%	550,726	553,261	553,020	
FREDDIE MAC GLOBAL NOTES	3137EADJ5	1,015,000	1.000	7/28/2017	8/14/2014	1.00%	1,014,932	1,021,083	1,018,441	
US TREASURY NOTES	912828NR7	150,000	2.375	7/31/2017	7/18/2014	0.97%	156,311	153,924	153,637	
US TREASURY NOTES	912828TG5	1,560,000	0.500	7/31/2017	2/4/2015	0.63%	1,555,064	1,557,557	1,560,295	
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS	86958DH54	1,800,000	1.111	8/24/2017	11/24/2015	0.84%	1,800,000	1,800,229	1,800,445	
US BANK NA CINCINNATI (CALLABLE) CD	90333VPF1	1,200,000	1.375	9/11/2017	9/11/2014	1.41%	1,198,068	1,207,617	1,202,843	
MS ST TXBL GO BONDS	605581FX0	120,000	1.090	10/1/2017	2/18/2015	1.09%	120,000	120,487	120,218	
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	1,200,000	1.400	10/13/2017	10/15/2014	1.41%	1,199,820	1,204,972	1,202,157	
ROYAL BANK OF CANADA CORP NOTES	78010U4A2	550,000	1.400	10/13/2017	11/26/2014	1.39%	550,198	552,279	551,123	
SKANDINAVISKA ENSKILDA BANKEN NY CD	83050FBG5	1,800,000	1.480	11/16/2017	11/17/2015	1.48%	1,800,000	1,811,203	1,814,578	
HSBC BANK USA NA FLOATING CERT DEPOS	40428AR41	1,800,000	1.218	11/17/2017	11/18/2015	0.97%	1,800,000	1,806,520	1,800,913	
CHEVRON CORP (CALLABLE) GLOBAL NOTES	166764AA8	900,000	1.104	12/5/2017	11/26/2014	1.26%	895,743	904,107	902,711	
GENERAL ELECTRIC CO NOTES	369604BC6	550,000	5.250	12/6/2017	11/26/2014	1.45%	611,727	598,062	595,237	
US TREASURY NOTES	912828UE8	2,700,000	0.750	12/31/2017	5/6/2016	0.71%	2,701,793	2,705,453	2,710,229	
TOYOTA MOTOR CREDIT CORP NOTE	89236TCA1	590,000	1.450	1/12/2018	1/12/2015	1.50%	589,192	595,409	592,864	
WESTPAC BANKING CORP NOTES	961214BZ5	1,400,000	1.600	1/12/2018	4/29/2015	1.27%	1,412,306	1,412,968	1,416,051	
INDUSTRIAL BANK CDARS		2,563,284	0.600	1/18/2018	1/21/2016	0.60%	2,563,284	2,568,924	2,568,924	
IBM CORP NOTES	459200HZ7	2,250,000	1.125	2/6/2018	2/6/2015	1.23%	2,243,138	2,261,191	2,254,211	
WAL MART STORES INC. CORP NOTES	931142CJ0	750,000	5.800	2/15/2018	6/12/2015	1.30%	838,382	823,105	819,511	
EXXON MOBIL CORP NOTES	30231GAL6	1,800,000	1.305	3/6/2018	3/6/2015	1.31%	1,800,000	1,811,186	1,805,546	
FNMA NOTE	3135G0J61	2,250,000	0.875	3/28/2018	3/4/2016	0.97%	2,245,000	2,251,004	2,249,465	
REGIONAL TRANS AUTH, IL TXBL REV BONDS	7599112M1	1,800,000	1.250	5/4/2018	5/20/2016	1.44%	1,793,358	1,799,294	1,795,148	
MERCER & CO GLOBAL NOTES	58933YAG0	731,000	1.300	5/18/2018	3/27/2015	1.31%	730,664	735,351	731,133	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,814,724	1,800,610	
US TREASURY NOTES	912828VE7	2,070,000	1.000	5/31/2018	12/30/2015	1.21%	2,059,731	2,074,666	2,061,557	
BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	064159GM2	1,800,000	1.700	6/11/2018	6/11/2015	1.72%	1,799,154	1,821,085	1,813,873	



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Operating Reserve Accounts										
CISCO SYSTEMS INC CORP NOTE	17275RAU6	1,550,000	1.650	6/15/2018	6/17/2015	1.66%	1,549,737	1,578,077	1,561,612	
FEDERAL HOME LOAN BANKS AGCY	3130A8BD4	2,830,000	0.875	6/29/2018	5/27/2016	0.99%	2,823,180	2,823,780	2,823,490	
TOYOTA MOTOR CREDIT CORP	89236TCP8	935,000	1.550	7/13/2018	7/13/2015	1.58%	934,205	946,866	939,991	
INTL BANK OF RECON AND DEV SN NOTES	459058FE8	900,000	0.875	7/19/2018	4/19/2016	0.95%	898,407	898,081	899,407	
US TREASURY NOTES	912828VQ0	1,095,000	1.375	7/31/2018	7/6/2015	1.11%	1,103,811	1,110,996	1,106,293	
US TREASURY NOTES	912828RH5	2,700,000	1.375	9/30/2018	10/9/2015	0.94%	2,734,594	2,733,815	2,733,466	
US TREASURY NOTES	912828WD8	2,350,000	1.250	10/31/2018	12/30/2015	1.30%	2,346,879	2,369,352	2,349,900	
US TREASURY NOTES	912828A34	4,600,000	1.250	11/30/2018	11/9/2015	1.18%	4,609,344	4,633,222	4,607,821	
US TREASURY NOTES	912828A34	3,000,000	1.250	11/30/2018	5/6/2016	0.83%	3,031,641	3,021,666	3,030,881	
US TREASURY NOTES	912828A75	5,150,000	1.500	12/31/2018	12/4/2015	1.22%	5,193,654	5,252,680	5,219,231	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,126,995	1,122,626	
APPLE INC CORP NOTES	037833BQ2	545,000	1.700	2/22/2019	2/23/2016	1.71%	544,907	552,731	547,438	
FNMA BENCHMARK NOTE	3135G0J53	2,250,000	1.000	2/26/2019	2/23/2016	1.08%	2,244,690	2,250,022	2,251,101	
US TREASURY NOTES	912828SH4	800,000	1.375	2/28/2019	2/3/2016	1.02%	808,563	811,155	810,452	
BERKSHIRE HATHAWAY INC NOTES	084664CG4	130,000	1.700	3/15/2019	3/15/2016	1.73%	129,901	131,718	130,375	
US TREASURY NOTES	912828C65	715,000	1.625	3/31/2019	3/4/2016	1.05%	727,401	729,341	728,403	
FREDDIE MAC NOTES	3137EADZ9	2,050,000	1.125	4/15/2019	5/31/2016	1.10%	2,051,579	2,054,575	2,056,061	
INTER-AMERICAN DEVELOPMENT BANK	458182DX7	1,260,000	1.000	5/13/2019	4/12/2016	1.10%	1,256,220	1,253,967	1,258,100	
CHEVRON CORP NOTES	166764BH2	900,000	1.561	5/16/2019	5/16/2016	1.56%	900,000	900,753	900,585	
US TREASURY NOTES	912828WL0	2,400,000	1.500	5/31/2019	3/31/2016	0.98%	2,438,625	2,433,754	2,436,697	
FL ST BOARD ADMIN FIN CORP TXBL REV BD	341271AA2	1,800,000	2.163	7/1/2019	3/8/2016	2.16%	1,800,000	1,832,772	1,808,976	
										\$ 153,061,312.29
Debt Service Reserve										
WELLS FARGO TREASURY PLUS MMF		\$ 4,288		6/1/2016		0.14%	\$ 4,288	\$ 4,288	\$ 4,288	
US TREASURY NOTES	912828MV9	6,538,000	3.250	3/31/2017	6/29/2015	0.56%	6,844,213	6,711,201	6,719,359	
US TREASURY NOTES	912828SM3	5,000,000	1.000	3/31/2017	4/26/2016	0.58%	5,019,336	5,020,780	5,025,762	
US TREASURY NOTES	912828PA2	6,257,000	1.875	9/30/2017	6/29/2015	0.76%	6,412,692	6,366,086	6,369,102	
US TREASURY NOTES	912828TS9	5,415,000	0.625	9/30/2017	4/26/2016	0.75%	5,405,058	5,408,674	5,411,474	
										\$ 23,529,985.51
CSO LTCP Appropriations Account										
TD BANK BANK DEPOSIT		14,013,919		6/1/2016		0.90%	14,013,919	14,013,919	14,013,919	
										\$ 14,013,918.68
2015A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 309,703		6/1/2016		0.14%	\$ 309,703	\$ 309,703	\$ 309,703	
US TREASURY NOTES	912828QR4	13,725,000	1.500	6/30/2016	11/2/2015	0.34%	13,830,082	13,825,507	13,824,220	
US TREASURY NOTES	912828RF9	6,450,000	1.000	8/31/2016	10/30/2015	0.39%	6,482,754	6,476,162	6,476,007	
BNP PARIBAS NY BRANCH COMM PAPER	09659BM98	15,000,000	-	12/9/2016	3/16/2016	1.02%	14,887,217	14,923,995	14,919,621	
CANADIAN IMPERIAL HOLDING COMM PAPER	13607EMW6	11,130,000	-	12/30/2016	4/8/2016	0.96%	11,051,874	11,072,447	11,067,734	
FHLMC NOTES	3137EADT3	38,800,000	0.875	2/22/2017	10/30/2015	0.56%	38,961,408	38,940,893	38,982,771	
US TREASURY NOTES	912828SM3	15,000,000	1.000	3/31/2017	11/2/2015	0.58%	15,087,891	15,062,340	15,077,277	
										\$ 100,657,331.84
2015B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 46,724,657		6/1/2016		0.14%	\$ 46,724,657	\$ 46,724,657	\$ 46,724,657	
JP MORGAN SECURITIES LLC COMM PAPER	46640PF16	19,000,000	-	6/1/2016	10/30/2015	0.55%	18,937,590	18,999,810	19,000,000	
BANK OF TOKYO MITSUBISHI COMM PAPER	06538BJG9	9,000,000	-	9/16/2016	3/16/2016	0.89%	8,959,060	8,980,722	8,976,192	
US TREASURY NOTES	912828RJ1	5,450,000	1.000	9/30/2016	10/30/2015	0.41%	5,479,379	5,469,113	5,469,823	
COOPERATIVE RABOBANK U.A. COMM PAPER	21687ALW1	10,000,000	-	11/30/2016	4/8/2016	0.87%	9,942,967	9,952,470	9,956,017	
TOYOTA MOTOR CREDIT CORP COMM PAPER	89233GLW4	15,000,000	-	11/30/2016	3/16/2016	0.99%	14,894,242	14,933,895	14,925,683	



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
<u>2015B Construction Fund</u>										
US TREASURY NOTES	912828RU6	5,285,000	0.875	11/30/2016	10/30/2015	0.45%	5,309,361	5,293,382	5,296,310	
US TREASURY NOTES	912828J35	35,065,000	0.500	2/28/2017	3/8/2016	0.70%	34,997,883	35,064,424	35,058,012	\$ 145,406,694.61
							\$ 468,906,638.38	\$ 469,254,206.84	\$ 469,119,242.93	\$ 469,119,242.93



**DC Water
Finance Division
Security Purchases
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
912828A75	US TREASURY NOTES	5,550,000.00	1.50	12/31/2018	12/4/2015	1.22	5,632,561.90
912828VE7	US TREASURY NOTES	2,350,000.00	1.00	5/31/2018	12/30/2015	1.21	2,340,268.03
912828WD8	US TREASURY NOTES	2,350,000.00	1.25	10/31/2018	12/30/2015	1.30	2,351,720.94
RE0959511	INDUSTRIAL BANK CDARS	2,539,450.42	0.45	1/19/2017	1/21/2016	0.46	2,539,450.42
RE0959529	INDUSTRIAL BANK CDARS	2,563,284.34	0.60	1/18/2018	1/21/2016	0.61	2,563,284.34
912828SH4	US TREASURY NOTES	3,000,000.00	1.38	2/28/2019	2/3/2016	1.02	3,049,787.95
3135G0J53	FNMA BENCHMARK NOTE	2,250,000.00	1.00	2/26/2019	2/23/2016	1.08	2,244,690.00
037833BQ2	APPLE INC CORP NOTES	545,000.00	1.70	2/22/2019	2/23/2016	1.71	544,907.35
3135G0J61	FNMA NOTE	2,250,000.00	0.88	3/28/2018	3/4/2016	0.97	2,245,500.00
912828C65	US TREASURY NOTES	2,050,000.00	1.63	3/31/2019	3/4/2016	1.05	2,099,753.46
341271AA2	FL ST BOARD ADMIN FIN CORP TXBL REV BD	1,800,000.00	2.16	7/1/2019	3/8/2016	2.16	1,800,000.00
084664CG4	BERKSHIRE HATHAWAY INC NOTES	130,000.00	1.70	3/15/2019	3/15/2016	1.73	129,901.20
912828WL0	US TREASURY NOTES	2,400,000.00	1.50	5/31/2019	3/31/2016	0.98	2,450,625.00
458182DX7	INTER-AMERICAN DEVELOPMENT BANK	1,260,000.00	1.00	5/13/2019	4/12/2016	1.10	1,256,220.00
459058FE8	INTL BANK OF RECON AND DEV SN NOTES	900,000.00	0.88	7/19/2018	4/19/2016	0.95	898,407.00
912828A34	US TREASURY NOTES	3,000,000.00	1.25	11/30/2018	5/6/2016	0.83	3,047,829.15
912828UE8	US TREASURY NOTES	2,700,000.00	0.75	12/31/2017	5/6/2016	0.71	2,708,858.22
166764BH2	CHEVRON CORP NOTES	900,000.00	1.56	5/16/2019	5/16/2016	1.56	900,000.00
7599112M1	REGIONAL TRANS AUTH, IL TXBL REV BONDS	1,800,000.00	1.25	5/4/2018	5/20/2016	1.44	1,794,358.00
3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	2,830,000.00	0.88	6/29/2018	5/27/2016	0.99	2,823,179.70
3137EADZ9	FREDDIE MAC NOTES	2,050,000.00	1.13	4/15/2019	5/31/2016	1.10	2,056,062.88
Total Debt Service Reserve							
912828SM3	US TREASURY NOTES	5,000,000.00	1.00	3/31/2017	4/26/2016	0.58	5,022,887.85
912828TS9	US TREASURY NOTES	5,415,000.00	0.63	9/30/2017	4/26/2016	0.75	5,407,462.60
2015A Construction Fund							
09659BM98	BNP PARIBAS NY BRANCH COMM PAPER	15,000,000.00	-	12/9/2016	3/16/2016	1.03	14,887,216.67
13607EMW6	CANADIAN IMPERIAL HOLDING COMM PAPER	11,130,000.00	-	12/30/2016	4/8/2016	0.97	11,051,873.58
2015B Construction Fund							
912828J35	US TREASURY NOTES	35,065,000.00	0.50	2/28/2017	3/8/2016	0.70	35,001,694.81
06538BJG9	BANK OF TOKYO MITSUBISHI COMM PAPER	9,000,000.00	-	9/16/2016	3/16/2016	0.91	8,959,060.00
89233GLW4	TOYOTA MOTOR CREDIT CORP COMM PAPER	15,000,000.00	-	11/30/2016	3/16/2016	1.00	14,894,241.67
21687ALW1	COOPERATIVE RABOBANK U.A. COMM PAPER	10,000,000.00	-	11/30/2016	4/8/2016	0.89	9,942,966.70

Securities highlighted in **blue font** denote trades executed during the current month.



DC Water
Finance Division
Security Sales
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
3130A2T97	FHLB NOTES	1,000,000.00	0.50	9/28/2016	12/4/2015	0.70	999,326.67
912828WF3	US TREASURY NOTES	4,600,000.00	0.63	11/15/2016	12/4/2015	0.70	4,598,446.00
912828MD9	US TREASURY NOTES	4,225,000.00	3.25	12/31/2016	12/30/2015	0.79	4,396,927.65
912828RX0	US TREASURY NOTES	3,000,000.00	0.88	12/31/2016	2/3/2016	0.64	3,008,780.05
912828A75	US TREASURY NOTES	400,000.00	1.50	12/31/2018	2/23/2016	0.91	407,561.99
912828SH4	US TREASURY NOTES	2,200,000.00	1.38	2/28/2019	2/23/2016	0.94	2,242,985.75
912828RX0	US TREASURY NOTES	2,000,000.00	0.88	12/31/2016	3/4/2016	0.69	2,006,045.68
912828RX0	US TREASURY NOTES	75,000.00	0.88	12/31/2016	3/4/2016	0.69	75,226.71
912828UU2	US TREASURY NOTES	2,200,000.00	0.75	3/31/2018	3/4/2016	0.88	2,201,189.03
912828UU2	US TREASURY NOTES	50,000.00	0.75	3/31/2018	3/4/2016	0.88	50,027.03
46640PDV2	JP MORGAN SECURITIES LLC COMM PAPER	1,800,000.00	-	4/29/2016	3/8/2016	0.51	1,798,700.00
912828C65	US TREASURY NOTES	100,000.00	1.63	3/31/2019	3/15/2016	1.08	102,354.74
912828RX0	US TREASURY NOTES	2,400,000.00	0.88	12/31/2016	3/31/2016	0.59	2,410,406.25
912828C65	US TREASURY NOTES	1,235,000.00	1.63	3/31/2019	4/12/2016	0.88	1,262,625.37
912828VQ0	US TREASURY NOTES	880,000.00	1.38	7/31/2018	4/19/2016	0.80	894,107.35
90331HMC4	US BANK CORP NOTE (CALLABLE)	550,000.00	1.10	1/30/2017	5/6/2016	0.84	552,641.83
912828RX0	US TREASURY NOTES	600,000.00	0.88	12/31/2016	5/6/2016	0.50	603,308.29
912828SC5	US TREASURY NOTES	2,500,000.00	0.88	1/31/2017	5/6/2016	0.51	2,512,507.51
912828SM3	US TREASURY NOTES	100,000.00	1.00	3/31/2017	5/6/2016	0.56	100,492.89
166764AL4	CHEVRON CORP NOTE	885,000.00	1.35	11/15/2017	5/16/2016	1.13	887,847.36
912828UU2	US TREASURY NOTES	1,800,000.00	0.75	3/31/2018	5/20/2016	0.89	1,797,063.01
912828UU2	US TREASURY NOTES	2,550,000.00	0.75	3/31/2018	5/27/2016	0.87	2,547,201.14
912828VE7	US TREASURY NOTES	280,000.00	1.00	5/31/2018	5/27/2016	0.89	281,992.84
3135G0JA2	FNMA NOTES	1,000,000.00	1.13	4/27/2017	5/31/2016	0.73	1,004,582.50
912828SC5	US TREASURY NOTES	1,000,000.00	0.88	1/31/2017	5/31/2016	0.60	1,004,744.59
2014A Construction Fund							
06538BA45	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	6,400,000.00	-	1/4/2016	12/24/2015	0.42	6,399,198.22
2015A Construction Fund							
912828H29	US TREASURY NOTES	14,875,000.00	0.63	12/31/2016	3/16/2016	0.67	14,888,600.51
912828H29	US TREASURY NOTES	11025000	0.63	12/31/2016	4/8/2016	0.5172	11052354.27
2015A Construction Fund							
912828RJ1	US TREASURY NOTES	8,900,000.00	1.00	9/30/2016	42,445.00	0.56	8,962,059.49
912828RU6	US TREASURY NOTES	14,830,000.00	0.88	11/30/2016	42,445.00	0.64	14,892,266.50
912828RU6	US TREASURY NOTES	9,885,000.00	0.88	11/30/2016	42,468.00	0.47	9,941,592.72

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Security Maturities
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
RE0907999	INDUSTRIAL BANK CDARS	2,545,282.08	0.75	1/21/2016	1/21/2016	0.00	2,583,461.31
RE0908229	INDUSTRIAL BANK CDARS	2,539,450.42	0.45	1/21/2016	1/21/2016	0.00	2,550,877.95
RE0908013	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,530,096.57	0.40	3/17/2016	3/17/2016	0.00	2,550,337.34
RE0908278	CITY FIRST BK OF WASHINGTON, DC (CDARS)	2,530,096.63	0.30	3/17/2016	3/17/2016	0.00	2,537,686.92
22549VX73	CREDIT SUISSE NEW YORK CERT DEPOS	1,800,000.00	0.67	5/6/2016	5/6/2016	0.00	1,809,011.50
Debt Service Reserve Fund							
313375RN9	FHLB NOTES	10,000,000.00	1.00	3/11/2016	3/11/2016	0.00	10,000,000.00
2014A Construction Fund							
06538BA45	BANK OF TOKYO MITSUBISHI UFJ COMM PAPER	1,100,000.00	-	1/4/2016	1/4/2016	0.00	1,100,000.00
22533TA48	CREDIT AGRICOLE CIB NY COMM PAPER	19,000,000.00	-	1/4/2016	1/4/2016	0.00	19,000,000.00
06538BD18	BANK OF TOKYO MITS UFJ LTD COMM PAPER	6,000,000.00	-	4/1/2016	4/1/2016	0.00	6,000,000.00
21687AD18	RABOBANK NEDERLAND NV NY COMM PAPER	19,000,000.00	-	4/1/2016	4/1/2016	0.00	19,000,000.00
2015 BConstruction Fund							
313384PZ6	FEDERAL HOME LOAN BANKS DISC NOTE	30,000,000.00	-	12/2/2015	12/2/2015	0.00	30,000,000.00
06538BC19	BANK OF TOKYO MITSUBISHI COMM PAPER	7,000,000.00	-	3/1/2016	3/1/2016	0.00	7,000,000.00
09659BC16	BNP PARIBAS NY BRANCH COMM PAPER	19,000,000.00	-	3/1/2016	3/1/2016	0.00	19,000,000.00
89233GC20	TOYOTA MOTOR CREDIT CORP COMM PAPER	19,000,000.00	-	3/2/2016	3/2/2016	0.00	19,000,000.00
912828WWM8	US TREASURY NOTES	7,000,000.00	0.38	5/31/2016	5/31/2016	0.00	7,000,000.00
90262CEX1	UBS FINANCE DELAWARE LLC COMM PAPER	19,000,000.00	-	5/31/2016	5/31/2016	0.00	19,000,000.00

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
06/05/16	INTEREST	166764AA8	CHEVRON CORP (CALLABLE) GLOBAL NOTES	1.104	12/05/17	900,000.00	0.00	4,968.00	4,968.00
06/06/16	INTEREST	369604BC6	GENERAL ELECTRIC CO NOTES	5.250	12/06/17	550,000.00	0.00	14,437.50	14,437.50
06/11/16	INTEREST	064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	1.700	06/11/18	1,800,000.00	0.00	15,300.00	15,300.00
06/13/16	INTEREST	05253JAF8	ANZ BANKING GROUP LTD CORP NOTES	1.250	06/13/17	550,000.00	0.00	3,437.50	3,437.50
06/13/16	INTEREST	05253JAF8	ANZ BANKING GROUP LTD CORP NOTES	1.250	06/13/17	1,200,000.00	0.00	7,500.00	7,500.00
06/15/16	INTEREST	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.650	06/15/18	1,550,000.00	0.00	12,787.50	12,787.50
06/29/16	INTEREST	3130A8BD4	FEDERAL HOME LOAN BANKS AGCY	0.875	06/29/18	2,830,000.00	0.00	2,201.11	2,201.11
06/30/16	INTEREST	912828A75	US TREASURY NOTES	1.500	12/31/18	5,150,000.00	0.00	38,625.00	38,625.00
06/30/16	INTEREST	912828TB6	US TREASURY NOTES	0.750	06/30/17	1,850,000.00	0.00	6,937.50	6,937.50
06/30/16	INTEREST	912828UE8	US TREASURY NOTES	0.750	12/31/17	2,700,000.00	0.00	10,125.00	10,125.00



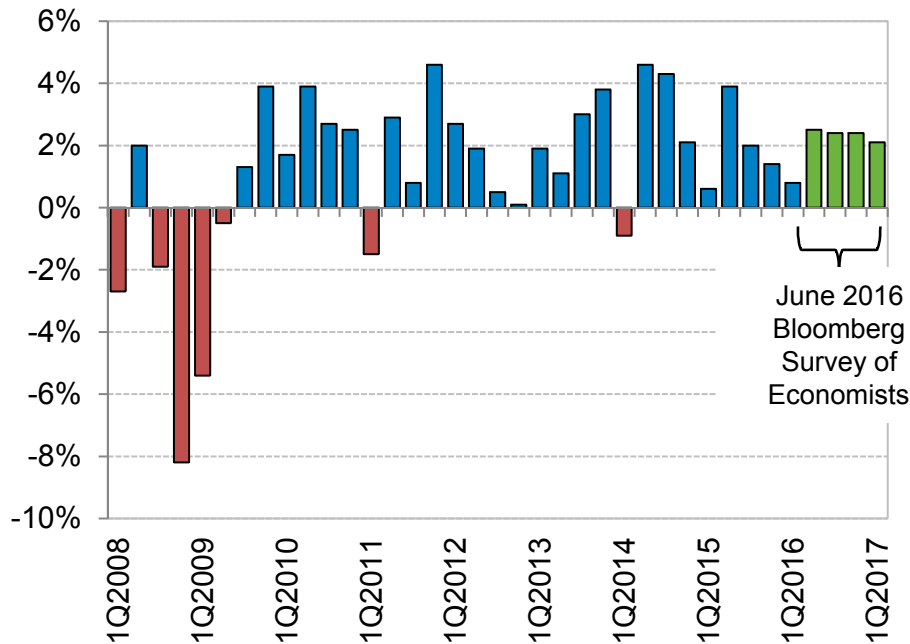
Appendix: Economic Update



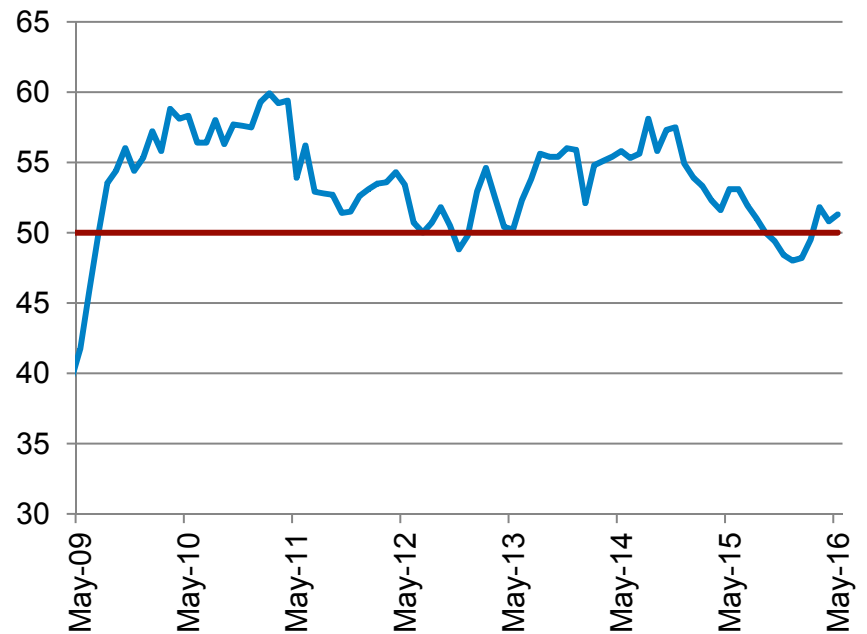
Gross Domestic Product

- U.S. Gross Domestic Product (GDP) during the first quarter was revised upwards to 0.8%
- The ISM manufacturing index saw a slight increase rising from 50.8% in April to 51.3% in May.

Gross Domestic Product
January 2008 – March 2017 (Projected)



ISM Manufacturing Index
April 2009 – April 2016



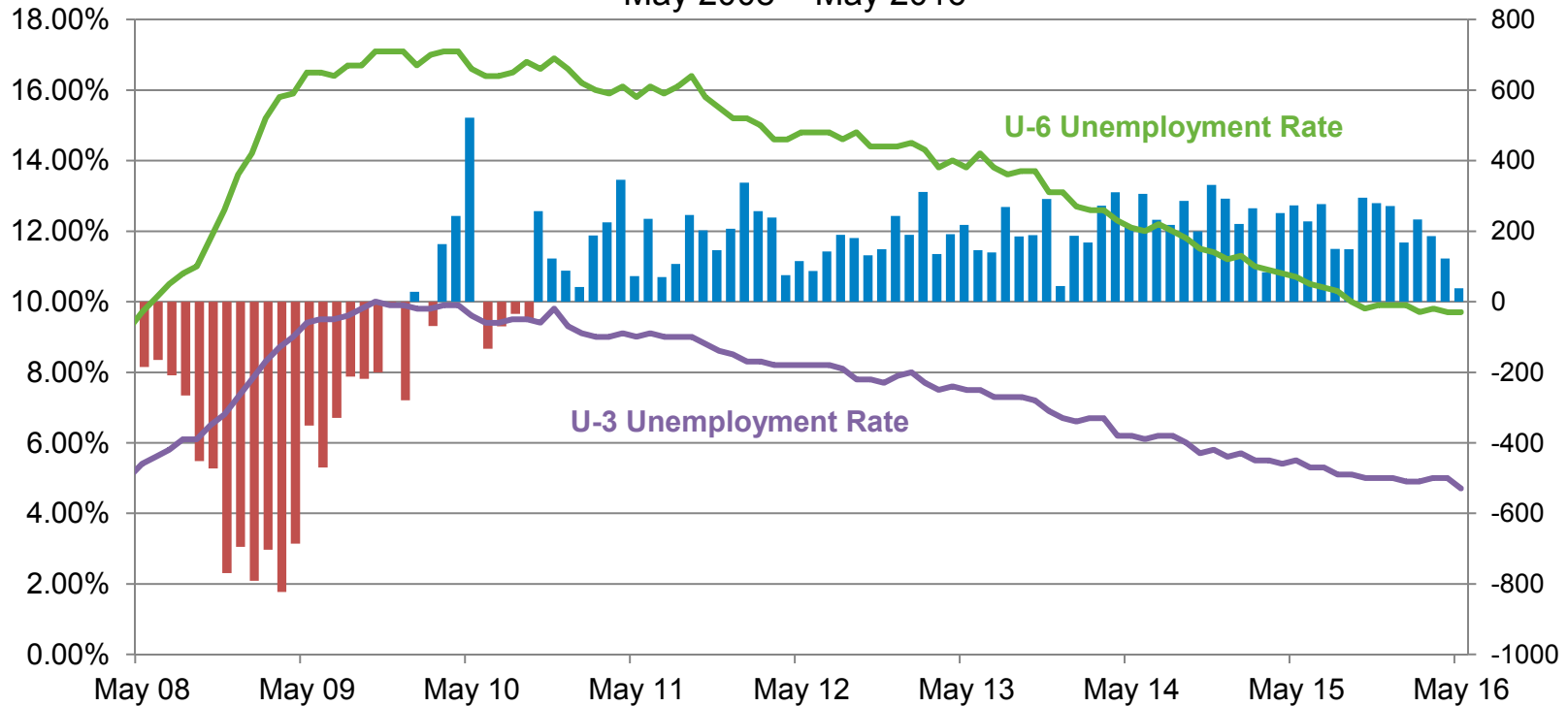
Source: Bloomberg



U.S. Labor Market

- In May, the U.S. economy added only 38,000 jobs, well below the estimate of 160,000 and the lowest number of jobs created in 6 years. The prior two months saw downward revisions of 59,000 jobs.
- The unemployment rate fell to 4.7%, the lowest since 2007.

Unemployment vs. Non-Farm Payrolls
May 2008 – May 2016



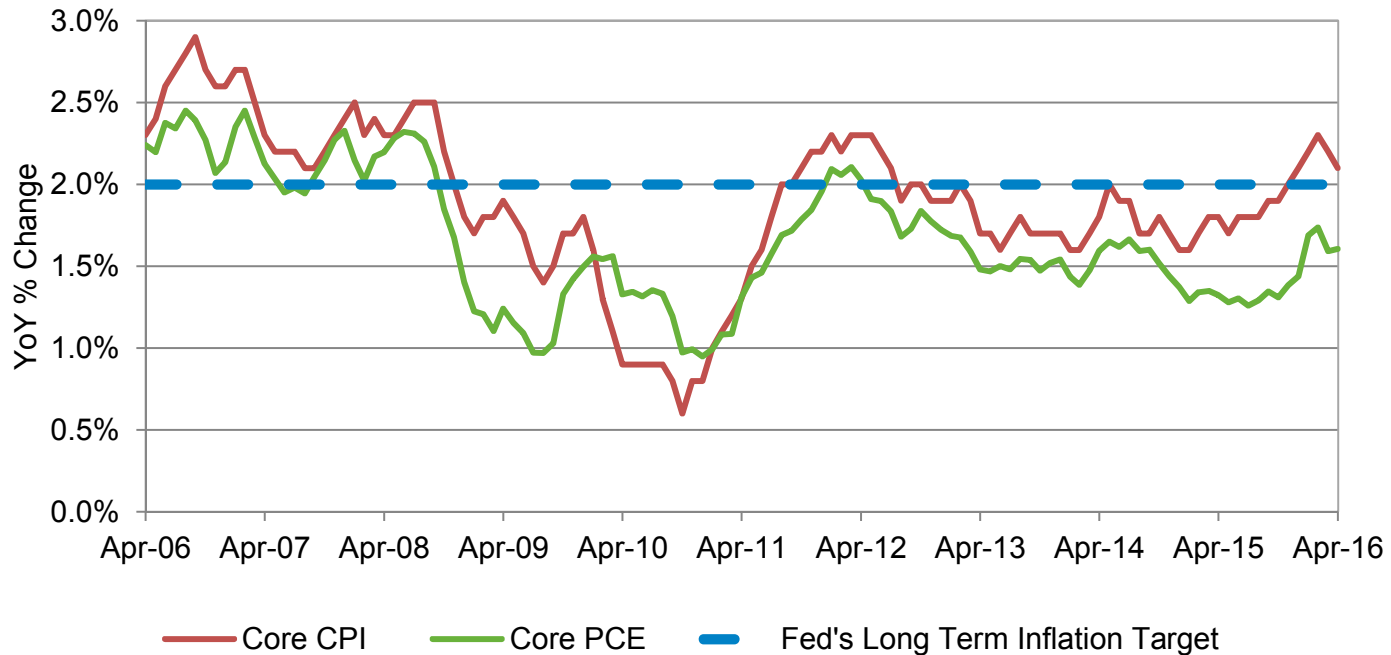
Source: Bloomberg



Inflation Picking Up

- The core personal consumption expenditures (PCE) price index shows inflation at 1.6%.
- Wage growth continues to show modest improvement, while a rebound in home prices remain a strong driver of inflation.

Inflation Measures
Consumer Price Index vs Personal Consumption Expenditures
 April 2006 – April 2016



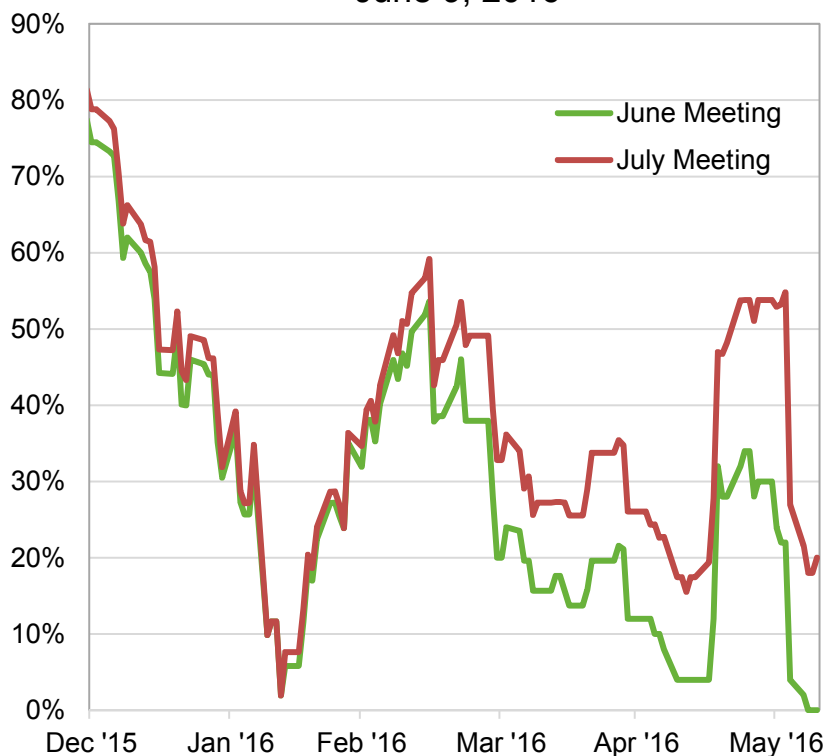
Source: Bloomberg



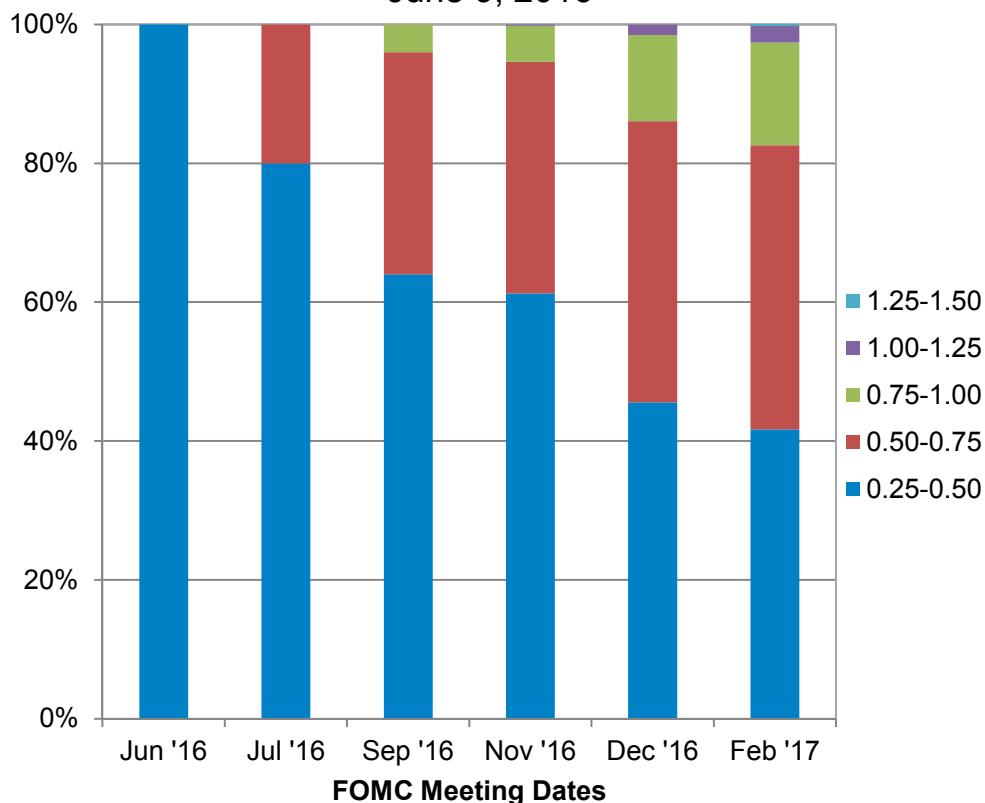
Outlook for the Fed Fund Target Rate

- Following the release of the May employment report, the expectation for a Fed rate hike at the upcoming June and July meetings diminished.
- Janet Yellen indicated the reported weakness of job creation in May has caused the Fed to rethink its plans to raise rates “in the coming months”.

Rate Hike Probability
June 9, 2016



Current Outlook for Fed Funds Target Range
June 9, 2016



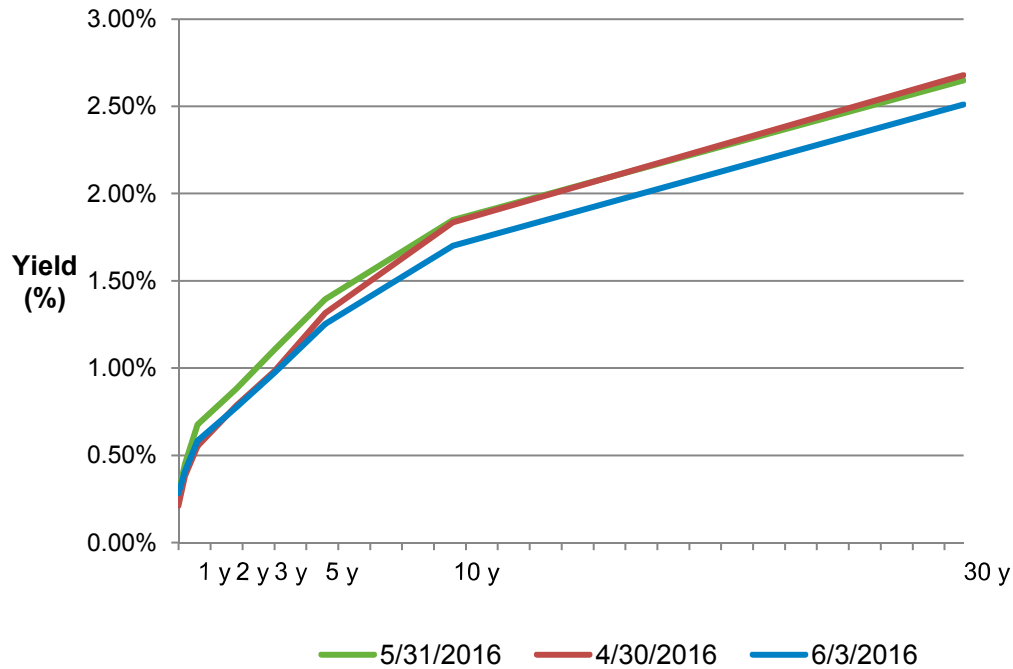
Source: Bloomberg



Interest Rates Fall Following Unemployment Report

U.S. Treasury Yield Curve

May 31, 2016, April 30, 2016, and June 3, 2016



	<u>6/3/2016</u>	<u>5/31/2016</u>	<u>4/30/2016</u>
3 month	0.28%	0.29%	0.21%
6 month	0.41%	0.45%	0.38%
1 year	0.58%	0.68%	0.55%
2 year	0.77%	0.88%	0.78%
3 year	0.97%	1.10%	0.98%
5 year	1.25%	1.39%	1.31%
10 year	1.70%	1.85%	1.83%
30 year	2.51%	2.65%	2.68%

Source: Bloomberg



Disclosure

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

CDARS holdings and Bank Deposits are not managed by PFMAM, and therefore we cannot guarantee the accuracy of holdings.

FY2016 Projected Net Cash Surplus

	<u>Board Approved</u> <u>FY 2016 Financial Plan</u>	<u>FY 2016</u> <u>Projection*</u>	<u>Variance</u> <u>Positive/((Negative)</u>
Total Revenue	580,514,226	579,082,477	(1,431,749)
Total Expense	481,842,248	454,910,976	(26,931,272)
CFCI	23,475,181	23,475,181	-
Operating Income	75,196,797	100,696,320	25,499,523
Other Debits/Credits	(17,179,027)	(29,232,584)	(12,053,557)
Net Income	58,017,770	71,463,736	13,445,966
Beginning Cash Balance over Target	20,054,757	20,054,757	-
Transfer to CIP	(59,072,527)	(59,072,527)	-
Transfer to RSF	(19,000,000)	(19,000,000)	-
Projected Net Cash Surplus	-	13,445,966	13,445,966

Recommendation:

Additional Transfer to RSF	-
Additional Transfer to PAYGO	-
Additional Cash Balance over Target	-

* Preliminary unaudited year-end projections, subject to change



DC Water Finance & Budget Committee
Environmental Impact Bond Financing Overview

June 23, 2016

Agenda

■ Green Infrastructure Program

- Program Overview
- Amended Consent Decree Requirements
- Recommended GI Program Plan

■ Pay for Success and Social Impact Bonds

■ Environmental Impact Bond Financing

- Financing Overview
- GI Program Evaluation
- Performance Tiers and Repayment Terms
- Potential Investors & Impact Investing
- Preliminary Term Sheet

■ Next Steps

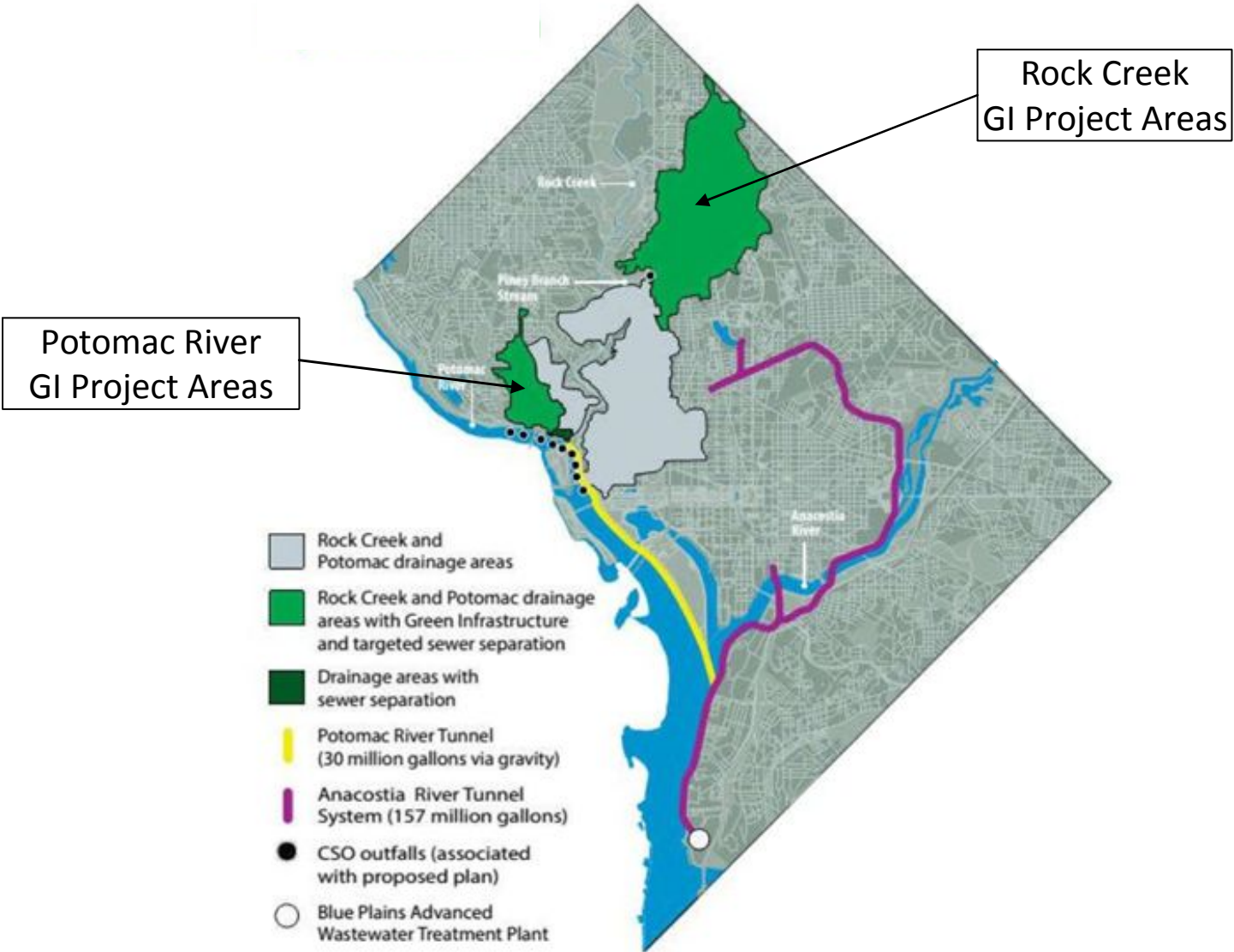
Green Infrastructure Program Overview

- **In January 2016, DC Water reached an agreement to amend its 2005 consent decree (Amended Consent Decree) to incorporate green infrastructure (GI) in a hybrid green-grey solution to control combined sewer overflows (CSOs) as part of its DC Clean Rivers (DCCR) program**

- **GI, often referred to as Low Impact Development, is a set of techniques designed to store, infiltrate, evaporate and detain stormwater runoff**
 - The GI control measures that may be used as part of DCCR’s GI program plan include permeable pavement, bioretention, subsurface storage, rooftop collection practices (rain barrels and downspout disconnections) and targeted sewer separation

- **GI not only offers stormwater management benefits, but also may support a number of additional benefits (“co-benefits”) including local job creation and workforce development through the establishment of a GI certification program**
 - In May 2015, DC Water and the District of Columbia government entered in a Memorandum of Agreement establishing a goal that 51% of new jobs created to implement GI required by the Amended Consent Decree are filled by District residents (Green Jobs Program)

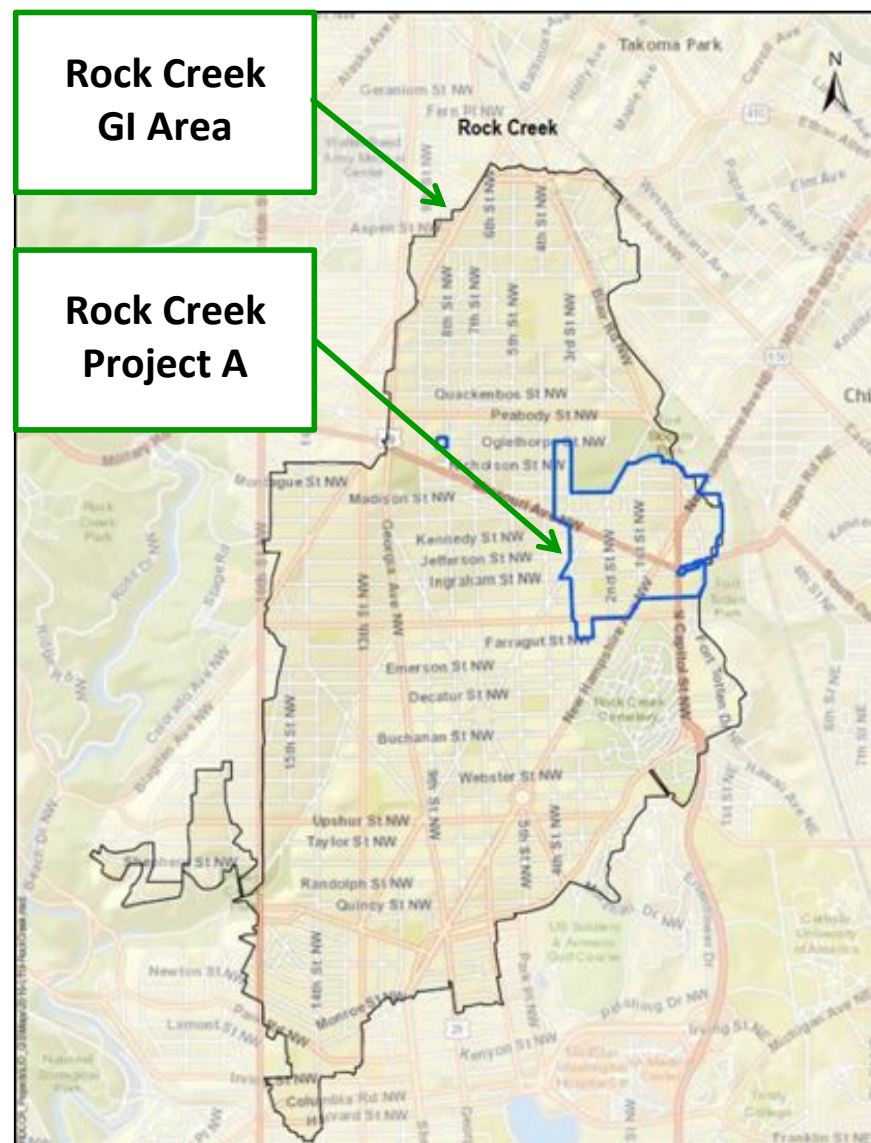
Amended Consent Decree Requirements



Source: DC Water (2015)

Recommended GI Program Plan

- There are a total of eight (8) projects contained within the GI program plan:
 - 5 projects in the Rock Creek sewershed
 - 3 projects in the Potomac River sewershed
- The first GI project is scheduled to be in the Rock Creek sewershed (Rock Creek Project A or “RC-A”)
- The GI control measures for RC-A will include bioretention, permeable pavement and downspout disconnection
- Per Amended Consent Decree, RC-A must be awarded by March 30, 2017, and placed into operation by March 30, 2019
- The proposed environmental impact bond will finance the first GI project in RC-A



Source: DCCR, GI Program Plan, Final Draft dated May 19, 2016

Pay for Success and Social Impact Bonds

- **“Pay for Success” (PFS) projects refer to any financing model in which some payments are contingent on the successful delivery of outcomes, based on the premise that government should be willing to pay for outcomes that achieve greater savings or societal benefits**

- **Social Impact Bonds (SIBs) are a type of PFS project that combine a performance contract with a contingent loan in which third-party investors provide the up-front funding for an intervention and are repaid (by the government) from budgetary savings and societal benefits generated by the successful outcomes**
 - To date, 11 SIB projects have been launched in the US, with many more in development
 - Thus far, SIBs have focused on social service issues such as recidivism, homelessness, infant and maternal health, and early childhood education

- **DC Water’s environmental impact bond (EIB) would be the first SIB to finance environmental outcomes, with a portion of the payments to the investor contingent on the effectiveness of GI in managing stormwater runoff**
 - This innovative, first of its kind, financing will advance the field of impact investing and expand the range of PFS projects to include environmental interventions like GI
 - There are hundreds of communities across the US with combined sewer systems that are evaluating GI as a method for controlling CSOs and that may benefit from this novel financing structure

Environmental Impact Bond Financing Overview

■ DC Water is structuring an EIB to finance the first project in DCCR's GI Program (Rock Creek Project A or "RC-A")

- Investors will be repaid based upon the effectiveness of GI in managing the volume of stormwater runoff in RC-A
 - Greater volume managed will result in a larger repayment to investors
 - Lower volume managed will result in a smaller repayment to investors
- Effectiveness of GI in managing stormwater runoff in RC-A will be determined based on a rigorous program evaluation

■ Importantly, the GI Program is structured so that if RC-A is deemed "practicable" (i.e., effective in managing stormwater runoff), then the four remaining GI projects in Rock Creek will be implemented across the entire sewershed

- If RC-A is not deemed "practicable" then the remaining GI projects in the Rock Creek sewershed will not be implemented and DCCR will revert to "grey infrastructure" solutions (i.e., tunnels) to achieve the Amended Consent Decree requirements

GI Program Evaluation

- **DC Water will conduct 12-months of pre- and post-construction monitoring of stormwater runoff in RC-A from strategically positioned rain gauges, groundwater monitors and flow meters**
 - Using the pre-construction monitoring data that is normalized to an average year of rain, DC Water will model the baseline or “existing conditions” stormwater runoff volume in RC-A
 - DC Water will then calculate the predicted stormwater runoff volume with the GI control measures in RC-A
 - Finally, DC Water will estimate a statistical 95% confidence interval for the predicted reduction in stormwater runoff volume to develop a tiered range of potential outcomes:
 - Tier 1: An outcome above the 95% confidence interval
 - Tier 2: An outcome within the 95% confidence interval
 - Tier 3: An outcome below the 95% confidence interval
 - Using the post-construction monitoring data, DC Water will measure the actual stormwater runoff volume in RC-A (again normalized to an average year of rain) and establish the corresponding performance tier

Performance Tiers and Repayment Terms

- **Investors will be repaid based on the performance tier corresponding with GI effectiveness (at the mandatory tender date)**
 - Tier 1 performance (i.e., above the 95% confidence interval) will constitute a successful outcome and trigger an “additional outcome payment” by DC Water in addition to the payment of principal and accrued interest on the EIB to the investor
 - Tier 2 performance (i.e., within the 95% confidence interval) is the expected case and will constitute a successful outcome. DC Water will make a payment of principal and accrued interest on the EIB to the investor
 - Tier 3 performance (i.e., below the 95% confidence interval) will not constitute a successful outcome and trigger a “risk share payment” by the investor to DC Water. Any risk share payment by the investor would be effected by DC Water netting the amount of the payment against the accrued interest otherwise payable to the investor

- **Accordingly, DC Water will be ‘paying for outcomes’ based on the level of GI performance in managing stormwater runoff volume in RC-A**

Potential Investors and Impact Investing

- **The EIB will target an emerging and growing group of investors who are mission oriented and seek socially responsible investments in the environmental sector**
 - These “impact” investors believe in the efficacy of GI to manage stormwater runoff and are attracted to the unique co-benefits associated with GI (e.g., Green Jobs Program)
 - DC Water is currently engaged in dialogue with multiple impact investors. There has been significant interest from the impact investing community in the EIB
 - The goal is to secure a single lead investor, with the possibility of additional co-investors

- **The primary purpose of the EIB is to attract investment in GI by offering a higher return on successful projects while transferring a defined amount of the “risk” associated with GI to the investor**
 - The GI Program is staged and sequential so that subsequent GI projects in the Rock Creek sewershed will depend upon the “success” of the first project (RC-A)
 - GI has never been constructed on a large scale in the District, so the EIB will serve as a hedge or type of insurance policy for the effectiveness of GI in managing stormwater
 - The potential higher rate of return on the EIB is offset by the potential risk share payment to DC Water if the first project is not a “success”

Preliminary Term Sheet

	Environmental Impact Bond
Par Amount	■ \$20,000,000 - \$30,000,000
Use of Funds	■ Fund first Rock Creek GI project (RC-A) in DCCR’s GI Program Plan
Tax Status	■ Tax-exempt to the fullest extent permitted by federal tax law
Bond Structure	<ul style="list-style-type: none"> ■ Multi-modal variable rate bonds, initially issued in a term mode at a fixed rate through the mandatory tender date ■ Bonds will be refinanced at mandatory tender date ■ Additional outcome payment or risk share payment may become due at mandatory tender date
Security	■ Subordinate lien pledge of net revenues
Final Maturity	■ 2046 (30-year nominal)
Mandatory Tender	■ April 1, 2021
Initial Term Rate	■ TBD
Investor(s)	■ TBD
Bond Counsel	■ Squire Patton Boggs
Financial Advisor	■ PFM
Technical Advisor	■ Harvard Kennedy School - Government Performance Lab
Transaction Coordinator	■ Quantified Ventures

Next Steps

■ **07/28/16 – Finance & Budget Committee Meeting**

- Management recommends authorization of EIB financing to Committee
- Draft bond documents to include authorizing resolution; supplemental bond indenture; term sheet; and bond purchase agreement

■ **09/01/16 – Board of Directors Meeting**

- Board action on Resolution authorizing EIB financing

■ **09/12/16 – Target EIB closing date**

■ **09/22/16 – Finance & Budget Committee Meeting**

- Final report to committee on EIB financing

Appendix

1.2” Retention Standard

■ 1.2” Retention Standard for GI

- Per Amended Consent Decree, GI will be constructed to manage the volume of runoff produced by 1.2” of rain falling on 365 impervious acres in the Rock Creek sewershed
- The 1.2” Retention Standard refers to a storm that falls within the current 90th percentile rainfall event for the District, meaning that 90% of storms produce less than or equal to 1.2” of rain
- RC-A is required to meet the 1.2” Retention Standard for 20 impervious acres

■ In an average year of rainfall, the CSO 049 outfall structure discharges approximately 40 million gallons of CSO to Rock Creek

- The volume equivalent of stormwater required to be managed by GI totals 11.9 million gallons for the 365 impervious acres in the Rock Creek sewershed
- Accordingly, RC-A is required to manage the volume equivalent of 650,000 gallons of stormwater



Update:
**July 1 Property & Casualty
Insurance Renewals**

June 23, 2016

Tanya DeLeon, Risk Manager



Background

- The Authority is on track to renew its Property, Workers' Compensation, Public Officials' Liability, Umbrella/Excess Liability, Crime, Fiduciary and Cyber insurance coverages on July 1.
- It has been the customary practice to provide an informational update to the committee at this time each year.
- As reported at the last committee meeting, the insurance market is presently stable, but certain types of risks are experiencing substantial difficulty.
- Umbrella/Excess Liability insurance market is very difficult now due to underwriters reacting to Flint, Michigan and other unfavorable press relating to water and general public sector risks.
- Our current lead insurer ceased underwriting all public sector business. Anticipating a challenging renewal, we sought renewal quotes from more than 30 insurers.



Renewal Results

- We anticipated an increase in total premiums, partly attributed to increased operating exposures. Year-to-year changes for property values, payroll and operating budget are +1.3%, +5.3% and +5% respectively.
- Renewal negotiations are still underway, but it appears the total premium increase will be +10.6%. Given the challenges faced this year, we are pleased with the renewal results.
- This includes purchase of professional liability insurance, which is added to our insurance portfolio this year because of the growing level of non-traditional revenue generating activities, including consulting services offered to other organizations.
- Later this year, we expect property insurance costs to increase due to increased insurable values relating to new construction and an updated property appraisal being conducted at Blue Plains.



Appendix I

Prospective Program – Jul 1, 2016-17

Coverage	Main Limit	Main Deductible / Retention	Insurer	Premium* (thousand)
Property incl. Boiler & Machinery	\$1 Bil per occurrence \$100 Mil annual Flood \$25 Mil ann.–100 Yr Flood	\$1 Mil \$10,000 equip	Public Entity Property Ins. Program (PEPIP)**	\$763
Cyber/Data Security	\$5 Mil ann.	\$100,000	Beazley Syndicate	\$76
National Flood Policies (15 total)	Ea. Policy: \$500K bldg., \$500k contents	\$50k bldg., \$50k contents	National Flood Insurance Program	\$65
Excess Workers' Compensation (WC) and Employers' Liability (EL)	Full benefits due under WC law; \$3 Mil Employers' Liability	\$1 Mil / accident or disease	Safety National	\$366
Public Officials' Liability (POL)	\$20 Mil ann.	\$250,000	RSUI and Hiscox	\$115
Professional Liability	\$2 Mil ann.	\$10,000	Lloyds of London	\$12
Excess Liability (excess of GL, AL, EPL)	\$TBD Mil	\$1 Mil	TBD	\$1,210
Crime & Fidelity	\$10 Mil	\$200,000	Travelers	\$31
Fiduciary Liability	\$5 Mil	Nil	Travelers	\$16
TOTAL			(Expiring \$2,399)	\$2,653 (+10.6%)

* Preliminary estimates and subject to change after negotiations are finalized. All premiums include broker placement fees.

** These are Group Purchasing programs involving public entities throughout the country and a broad syndication of insurers.



Appendix I (cont.)

Insurance Coverages

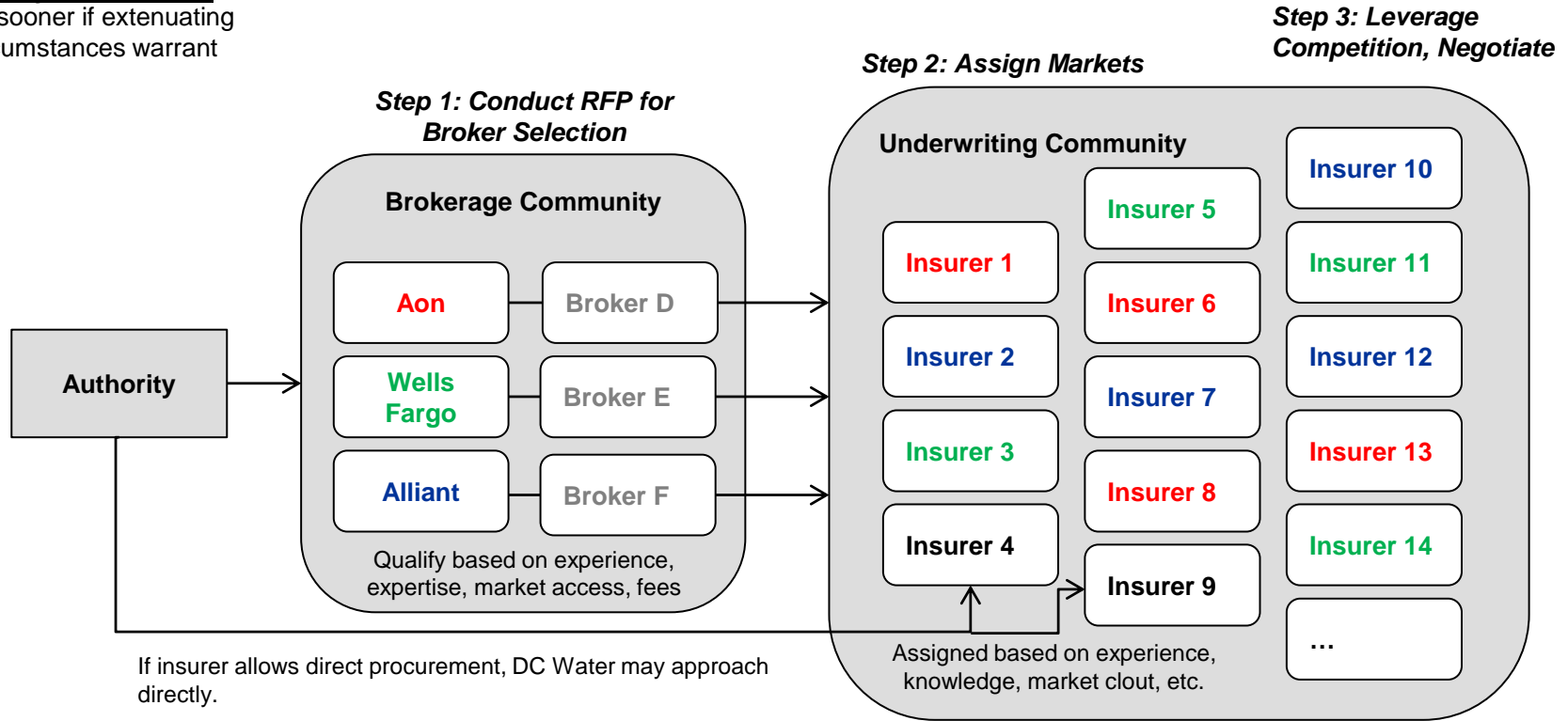
Coverage	Scope
Property, Equip. and Boiler & Machinery	Provides blanket "all risk" coverage for direct physical damage to DC Water structures, buildings and contents.
Cyber/Data Security and Breach Notification	Provides coverage for third party liability and privacy notification expenses resulting from data breaches.
National Flood Insurance	Government sponsored program that provides a modest amount of insurance protection at affordable premium levels. Coverage is subject to a maximum of \$500,000 for buildings and \$500,000 for contents, excluding underground property and subject to actual cash valuation.
Excess Workers Compensation (WC) and Employers Liability (EL)	Provides excess statutory workers' compensation benefits over self-funded levels. EL covers liability from employee injuries that are not covered under workers compensation law. Very rare in DC.
Public Officials Liability (POL)	Provides reimbursement protection for wrongful acts (excl. bodily injury and property damage) that are actually or allegedly caused by DC Water directors, officers and employees within the course of their duties.
Employment Practices Liability (EPL)	Provides protection for claims of discrimination, harassment, or wrongful termination.
Professional Liability	Provides protection for errors or omissions arising from engineering, consulting or testing services provided to third parties for a fee.
Umbrella / Excess Liability	Provides protection for bodily injury, property damage, and personal injuries to third parties arising out of DC Water operations (GL) including use of automobiles (AL) in excess of self-funded levels.
Crime & Fidelity	Employee dishonesty coverage and miscellaneous crime coverages.
Fiduciary Liability	Provides protection for wrongful acts that actually or allegedly are caused by trustees and employees of the DC Water sponsored Employee Benefit Plans.



Appendix II - Procurement Approach

Every 5 Years – Last Done in 2012

Or sooner if extenuating circumstances warrant



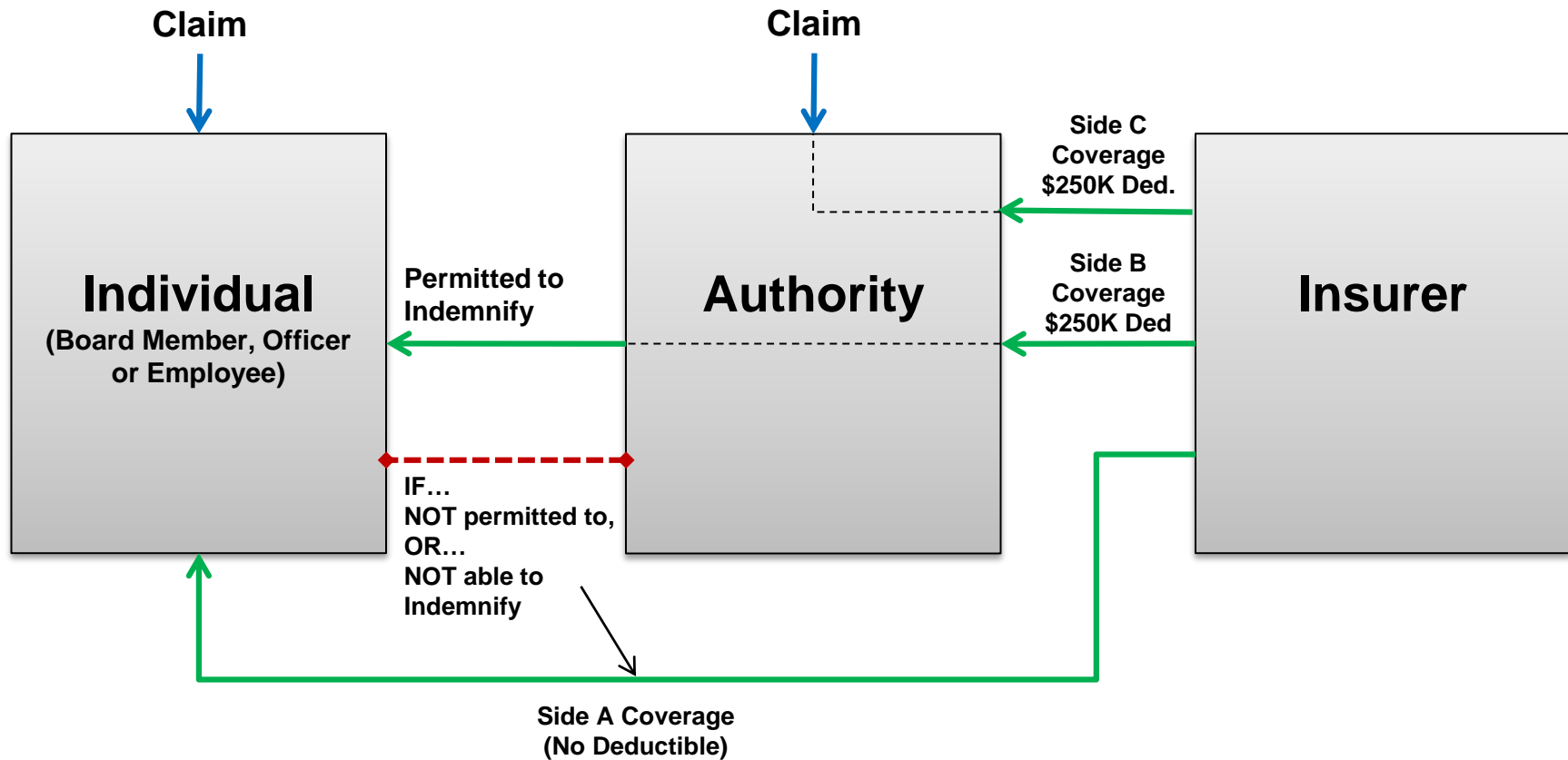
Serves Public Interests: Maximizes Competition with Competent Broker Firms ♦ Requires Demonstration of Marketing Skill ♦ Preserves Options

Interim Years (2012-Present)

Multi-year insurance contracts are not available in the present insurance market. On each annual policy renewal, a particular line of coverage is typically handled by the incumbent broker. That broker is generally granted full access to the market and asked to recommend a marketing strategy for the year, which the Authority must approve. However, the Authority reserves the right to use a multi-broker, assigned-market competitive process like the above in the interim years if challenging situations warrant. The Authority uses its independent insurance consultant as well as conduct its own due diligence to establish expectations.



Appendix III - How Public Officials' (D&O) Liability Coverage Works



**DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS CONTRACTOR FACT SHEET**

ACTION REQUESTED

GOODS AND SERVICES CONTRACT MODIFICATION

**Environmental Legal Services
(Joint Use – Indirect Cost)**

Approval to execute a modification for Environmental Legal Services in the additional amount of \$1,000,000.00 and modify the period of performance of the Base Year of the Contract.

CONTRACTOR/SUB/VENDOR INFORMATION

PRIME:	SUBS:	PARTICIPATION:
Beveridge & Diamond, P.C. 1350 I Street NW, Suite 700 Washington, DC 20005 LBE McGuireWoods LLP 901 East Cary Street Richmond, Virginia 23103	N/A	N/A

DESCRIPTION AND PURPOSE

Original Contract Value:	\$4,500,000.00
Original Contract Dates:	07-01-2015—06-30-2018
No. of Option Years in Contract:	One (1) option for two (2) years
Modification Value:	\$1,544,000.00
Modification Dates:	01-01-2016—06-30-2016
This Contract Modification Value:	\$1,000,000.00
This Contract Modification Dates:	07-01-2016—09-30-2017

Purpose of the Contract:

DC Water has a continuing need for outside legal services for the Office of General Counsel.

Contract Scope:

The contract provides for outside counsel to provide legal advice, counsel and represent DC Water upon its request, in specific subject matter areas. The two firms provide Environmental Legal Services.

Beveridge & Diamond, P.C. and McGuireWoods LLP were awarded, through a competitive procurement process (RFP) to provide legal services in the Environmental Law category in June 2015. Board approved the award in June 2015 for a total combined contract value of \$4,500,000.00 for the two (2) firms during the contract base period (07-01-2015—06-30-2018).

Spending Previous Year:

Cumulative Contract Value:	07-01-2015 to 06-30-2018: \$6,044,000.00
Cumulative Contract Spending:	07-01-2015 to 04-30-2016: \$2,345,000.00

Reason for the Change:

The additional funding is needed to cover legal expenses for the Juarez and Parkhurst cases, Air Permitting support for the biosolids facility, digesters, tunneling, Title V and the entire Blue Plains facility. Legal expenses for litigation concerning the Total Maximum Daily Load (TMDL) which was not anticipated in the original estimate for legal services.

PROCUREMENT INFORMATION

Contract Type:	Fixed Price	Award Based On:	Highest Rated Per Category
Commodity:	Services	Contract Numbers:	14-PR-OGC-01-AA / 14-PR-OGC-01-AF
Contractor Market:	Open Market with Preference Points for LBE and LSBE Participation		

BUDGET INFORMATION


Funding:	Operating	Department:	General Counsel
Service Area:	DC Water Wide	Department Head:	Henderson Brown

ESTIMATED USER SHARE INFORMATION

User	Share %	Dollar Amount
District of Columbia	82.36%	\$823,600.00
Washington Suburban Sanitary Commission	12.98%	\$129,800.00
Fairfax County	3.21%	\$32,100.00
Loudoun Water	1.25%	\$12,500.00
Other (PI)	0.20%	\$2,000.00
TOTAL ESTIMATED DOLLAR AMOUNT	100.00%	\$1,000,000.00


 Gail Alexander-Reeves Date
 Director of Budget


 Dan Bae Date
 Director of Procurement


 Henderson Brown Date
 General Counsel

 George S. Hawkins Date
 General Manager



ATTACHMENT 6

**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE & BUDGET
JULY COMMITTEE MEETING**

**Thursday, July 28, 2016; 11:00 a.m.
Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
June 2016 Financial Report	Chief Financial Officer
Agenda for September Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water's website at www.dewater.com/about/board_agendas.cfm