

BOARD OF ETHICS
WASHINGTON SUBURBAN SANITARY COMMISSION

WAIVER REQUEST W-13-03

**SUBJECT: CODE OF ETHICS § 3-1(a) RESTRICTIONS ON PARTICIPATION OF
EMPLOYEES**

By request dated April 11, 2013, a WSSC employee (Requestor) has asked the Board of Ethics (Board) to issue a Waiver of the Code of Ethics § 3-1(a), allowing the employee to participate in matters concerning a company that does business with the Team that requestor manages, even though requestor's spouse owns shares of common stock in the company.

As the Chief Financial Officer (CFO), Requestor directs and manages the corporate financial activities and functions within WSSC and exercises responsibility for the formulation and administration of the WSSC's annual operating and capital budgets, including preparation of long-range fiscal planning and development of financial policies. The CFO serves as Chief Advisor to senior management on financial policies and legislation; directs the selection of securities to be issued by WSSC and directs the issuance function for the sale of such WSSC securities; and conducts financial studies by staff, consultants and project teams.

Currently, WSSC borrows construction funds through bonds and notes. The note portion of WSSC's debt portfolio is a variable rate, which is set by WSSC's remarketing agents who market the notes to the investment community. Since the notes only have a one week duration, the interest rate that WSSC pays is very low. WSSC has a liquidity guarantee to ensure that the liquidity facility provider will purchase any and all unsold notes, assuring note holders that they will be paid if they choose to redeem any notes. The current liquidity facility provider has been in place since 2003 and was renewed in 2005, 2008, 2011 and is currently up for renewal in 2013. As was done previous years, WSSC's external Financial Advisor, Public Advisory Consultants, solicited proposals to accommodate WSSC's liquid facility. Public Advisory Consultants evaluated the proposals and recommended that WSSC utilize a new liquidity facility provider, effective July 15, 2013.

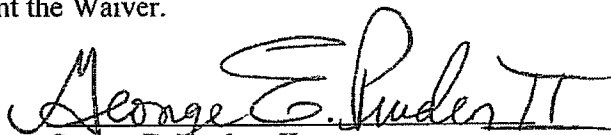
Requestor's spouse, a qualifying relative pursuant to the Code of Ethics, owns common stock in the newly recommended liquidity facility provider. The stock was purchased in 2010, and Requestor has disclosed this relationship in his Annual Financial Disclosure since that time. Requestor noted in his Waiver Request that Public Advisory Consultants "neither knew of my spouse's ownership nor was restricted in their evaluation of potential liquidity facility providers." At the time of the request, the company had approximately 457,000,000 shares of stock outstanding. Requestor's spouse owns 250 shares of stock, which Requestor notes is "infinitesimal (0.00005%) relative to the recommended company's overall ownership," and "the revenue from WSSC will also be infinitesimal compared to [the company's] total revenue."

Code of Ethics § 3-1(a) generally restricts an employee from participating "in any WSSC matter, except to exercise a purely administrative or ministerial duty which does not affect the disposition or decision concerning that matter, if the employee or a qualifying relative has an interest in the matter, or the employee creates the appearance that he or she has an interest in the matter." The standards that the Board must follow for consideration of a waiver request are set forth in Code of Ethics § 2-3. Code of Ethics § 2-3(a) enforces the standard that the best interest of WSSC should always outweigh any potential conflict of interest.

Under the circumstances presented here and after consultation by the Board with the General Manager, the Board grants the Waiver Request. Pursuant to Code of Ethics § 2-3(a), the Board finds that "(1) the best interests of the WSSC or the public would be served by granting a waiver; (2) the importance to the WSSC of a[n] . . . employee . . . performing official duties outweighs the actual or potential harm of any conflict of interest; and (3) granting the waiver will not give a[n] . . . employee . . . an unfair economic advantage over other Commissioners or employees or members of the public." Requestor can participate in matters involving the recommended liquidity facility provider despite the fact that his spouse owns shares of stock in that company. The Board finds that Requestor's spouse's investment is de minimis compared to the recommended liquidity facility provider's approximate outstanding shares of stock. Requestor's interest is nominal, and neither he, nor his spouse, has a financial interest as defined by the Code of Ethics. Therefore, the Board concludes that no conflict of interest exists.

Should circumstances change, additional concerns arise or Requestor obtains a financial interest as defined by the Code of Ethics, Requestor must seek further guidance from the Board.

On motion by Mr. Steve Hausman, seconded by Mr. Robert Moore, the Board agreed at its meeting held on April 11, 2013 to grant the Waiver.


George E. Pruden, II
Chair

5/9/13
Date