

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

February 24, 2016

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, February 24, 2016, beginning at 9:16 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Penfield W. Tate, III, President
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, Vice President
H. Gregory Austin, Vice President

Board employees and others present during portions of the meeting were:

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, Director of Finance	M. King Director of Planning
T.L. McGuire-Collier, <i>Acting</i> Director of Public Affairs	J.A. Anderson, Director of Customer Relations
B.D. Good, Deputy Manager of Organizational Improvement	T.J. Roode, Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology
G. Cagle, Director of Human Resources	P.A. Carey, Manager of Purchasing and Contracting
U. Sharma, Treasurer	P.B. Coleman, Chief Internal Auditor
K. Bates, Attorney	B. Maulis, Contract Specialist
T. Bryant, Controller	R. Plakke, Water Treatment Plant Supervisor
D.M. Hamm, Staff Analyst	E. Martinez, Manager of Total Rewards
S. Snyder, Special Projects Coordinator	A. Ingram, Contract Specialist

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

Upon motion regularly made, seconded and unanimously carried by the Commissioners then present, unless otherwise noted, the Board acted upon the following agenda items:

1. **ITEM II-A-1: INFORMATION TECHNOLOGY ASSET MANAGEMENT SOFTWARE, IMPLEMENTATION, TRAINING AND MAINTENANCE**

Contract 16344A was withdrawn from the Agenda to allow for further negotiation of contract terms.

2. **ITEM II-A-2: SECOND AMENDMENT TO SPIREMEDIA, INC., DBA SPIRE DIGITAL**

Approved the Second Amendment to Contract 12914B with Spire Digital. The amendment extends the contract period through February 28, 2017 and adds \$20,000.00, for a total amended contract amount not to exceed \$109,500.00.

3. **ITEM II-A-3: 2016 SUBSCRIBER FEE FOR THE WATER RESEARCH FOUNDATION**

Approved the payment of a \$147,883 subscriber fee for the Water Research Foundation.

4. **ITEM II-A-4: EXTENSION OF ESRI ENTERPRISE LICENSE AGREEMENT (ELA)**

Approved the Fourth Amendment to Contract 12932A with Environmental Systems Research Institute, Inc. The amendment extends the contract period through March 9, 2019 and adds \$459,900.00, for a total amended contract amount not to exceed \$1,217,900.00.

5. **ITEM II-A-5: DISPOSAL OF RESIDUALS BID TABULATION**

Awarded Contract 16317A to Republic Services, Inc., d/b/a Allied Waste Systems of Colorado, for disposal of residuals, for a contract period of February 24, 2016 through March 31, 2018 and for a total contract amount not to exceed

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

J. Seagren, Distributor Relations Manager	B. McKenna, Reusable Water Program Manager
J. Lorton, Manager of Accounting	K. Gedney, Contract Specialist
R. DeCoursey, Finance Manager	I. Griffin, Contract Specialist
G. Hempelman, Engineer	Y. Her, Contracts Supervisor
A. Chotiner, Division Office Business Manager	J. Light, Engineer
M. Garcia, Engineer	J. Ross, Engineer
D. Brinker, Engineer	G. Heazlett, IT Manager of Operations/Client Support
M. Garfield, Customer Care Manager	J. Spitze, IT Project Manager
S. Hall, Manager of Organizational Communication	B. Reum, Manager of Geospatial Information & Technology
M. Waage, Manager of Water Resource Planning	S. Dominick, Water Resource Engineer
R. Peters, Water Resource Engineer	A. Rettig, Finance Manager/Supervisor
W. Mosher, Trammel Crow	N. Miles, Administrative Assistant
M. Sullivan, Trammel Crow	G. Becker, Becker Stowe, Co.
R. Moore, George K. Baum & Co.	E. Stowe, Becker Stowe, Co.
R. Lewis, RTL Networks	J. Bauer, Trammel Crow
	D. Morton, RTL Networks

Commissioner Tate called the meeting to order at 9:16 a.m.

Public Comment and Communications

Commissioner Tate issued an invitation to members of the public to comment to the Board on any matters not included in the Agenda for the meeting. There was no response.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

\$300,530.00. The tabulation of bids is attached to and incorporated in these Minutes as Exhibit A.

6. ITEM II-A-6: PURCHASE OF SODIUM FLUOROSILICATE

Approved Contract 16477A with KC Industries, LLC for bulk sodium fluorosilicate for a contract period of February 24, 2016 through December 31, 2020 and for a total contract amount not to exceed \$500,000.00.

**7. ITEM II-A-7: RATIFICATION OF CONTRACT WITH BT
CONSTRUCTION FOR CONDUIT NO. 13 LEAK REPAIR AT STATION
522+10.20**

Ratified Contract 16602A with BT Construction for leak repair of Conduit 13 for a contract period of February 24, 2016 through April 15, 2016 and for a total contract amount not to exceed \$197,741.00.

**8. ITEM II-A-8: RATIFICATION OF CONTRACT WITH WATER
TECHNOLOGY GROUP FOR MARSTON SPEECE CONE PUMP AND
CABLE REPLACEMENT**

Ratified Contract 16646A with Water Technology Group for Marston speece cone pump and cable replacement, for a contract period of February 24, 2016 through July 15, 2016 and for a total contract amount not to exceed \$145,414.92.

**9. ITEM II-A-9: AGREEMENT WITH GANNETT FLEMING, INC. FOR
STRONTIA SPRINGS DAM STRUCTURAL STABILITY EVALUATION**

Approved Contract 16635A with Gannett Fleming, Inc. for consulting services, for a contract period of February 24, 2016 through March 31, 2017 and for a total contract amount not to exceed \$188,838.00.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

10. ITEM II-A-10: AGREEMENT WITH GANNET FLEMING, INC. FOR WILLIAMS FORK DAM STRUCTURAL STABILITY EVALUATION

Approved Contract 16634A with Gannett Fleming, Inc. for consulting services, for a contract period of February 24, 2016 through September 27, 2017 and for a total contract amount not to exceed \$181,998.00.

11. ITEM II-B-1: REVENUE BOND REIMBURSEMENT RESOLUTION

Ms. Sharma introduced Georgeann Becker and Erick Stowe, from Becker Stowe Partners and Robyn Moore from George K. Baum & Company. Ms. Moore said that this year's financing plan takes into consideration Denver Water's borrowing needs for the next five to ten years and refunding opportunities for some of the outstanding bonds that is likely to provide significant savings due to lower interest rates. Ms. Becker said that she and Mr. Stowe will return to the April 13, 2016 Board meeting with a recommendation of actual parameters for the 2016 bond issuance.

The Board adopted the Revenue Bond Reimbursement Resolution, thereby declaring the Board's official intent to reimburse itself for the expenditures from the proceeds of one or more series of bonds expected to be in a maximum aggregate principal amount of \$630,000,000.00. A copy of the resolution is attached to and incorporated in these Minutes as Exhibit B.

12. ITEM II-B-2: PERSONNEL POLICIES AMENDMENTS REGARDING COMPENSATION POLICIES: CHAPTERS 1, 8 AND 12

Approved revisions to Chapters 1, 8 and 12 of Denver Water's Personnel Policies. Ms. Martinez explained that the revisions are in alignment with the Total Rewards philosophy, will ensure consistency across the organization and are in response to results from two internal audits and the recent compensation study. A copy of the revised policies and the presentation are attached to and incorporated in these Minutes as Exhibit C.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

13. ITEM III--A: OCR UPDATE

Mr. Mosher provided the Board with a monthly update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. He noted that the financials and schedule were re-forecasted due to the configuration of work packages. Mortenson is developing work packages one, three and four, the Xcel disconnects are under way and soil study results reveal minor remediation needs. He will return to the Board during the next three months with recommendations for the sustainability portions of the OCR project.

14. ITEM III--B: LEGISLATIVE UPDATE

The Board received a Legislative Update, which is attached to and incorporated in these Minutes as Exhibit E.

15. ITEM III--C: HILLCREST PROJECT UPDATE

Mr. Garcia presented the Board with an update of the Hillcrest Reservoir and Pump Station project, a copy of which is attached to and incorporated in these Minutes as Exhibit F. He said that MWH is working closely with the property's neighbors to install fencing along the east and west sides of the property. Additionally, MWH recently had an open house for MWBE/SBE vendors, the purpose of which was to solicit their interest in participating with the project.

16. ITEM III--D: RECYCLED WATER UPDATE: 2015 CSU SOIL REPORT

Ms. McKenna presented the findings of Colorado State University's (CSU) 2015 study of recycled water quality, and discussed trends in soil salinity, sodicity and pH that have been identified in studies over the last eleven years. While nutrients in recycled water can aid landscape health, excess sodicity can cause soil compaction and excess salinity can decrease plants' ability to consume water.

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

CSU's 2004 study recorded baseline soil data from ten sites using recycled water. CSU returned to the ten sites in 2009 and found that soil salinity and pH did not change at most locations, but that soil sodicity doubled. The 2015 study of the sites found that seven of the ten sites had lower soil sodicity, five had increased soil salinity and five had reduced soil salinity. Ms. McKenna noted that all levels of salinity were within acceptable parameters.

The 2015 study recommends: 1) improving soil conditions by adding calcium; 2) improving irrigation systems; 3) flushing; replacing trees with more salt tolerant varieties; and 5) collecting more data.

Commissioner Austin expressed concern regarding possible soil salinity issues for Denver's tree canopy and asked that future studies include data about deeper soil samples.

A copy of the 2015 Study is attached to and incorporated in these Minutes as Exhibit G.

17. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that on February 23, 2016 power to the call-center was interrupted. IT set up a call center in the administration building until power was restored, so that customers did not experience a disruption in service.

He recently attended a meeting of Colorado foundations, organized by the Gates and Telluride Foundations. He participated on a panel to discuss water issues and opportunities for the foundations to become involved.

Mr. Lochhead and Mr. Roode recently attended a meeting of the High Line Canal Conservancy and reported that it is on a very aggressive schedule to complete its visioning project. Commissioner Herzmark remarked that it is essential to educate the public and build a constituency to assist with the visioning and fundraising for the project.

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

Mr. Lochhead will attend the National Governors' Association meeting in Washington D.C. to discuss ways that water and energy conservation programs can be combined.

18. ITEM IV-B-1: CFO REPORT: MONTHLY FINANCIAL REPORT

The Board received the Monthly Financial Report dated January 31, 2016, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit H.

19. ITEM V-A: SCHEDULING OF FUTURE BOARD MEETINGS AND TENTATIVE DISCUSSION TOPICS

The Board received the Schedule of Future Board Meetings and Tentative Discussion Topics, a copy of which is attached to and incorporated in these Minutes as Exhibit I.

20. ITEM V-B: EVENT CALENDAR

The Board received a calendar of upcoming community events to be attended by various staff, a copy of which is attached to and incorporated in these Minutes as Exhibit J.

21. ITEM V-C: DENVER WATER 2016 FINANCING PLAN

The Board received a copy of the 2016 Financing Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit K.

21. ITEM V-D: IRP UPDATE

Ms. Dominick presented the Board with an update of the IRP project, a copy of which is attached to and incorporated in these Minutes as Exhibit L. She said that the project budget is between \$1.5 - \$2 million and that requests for proposals (RFP) from potential IRP consultants and strategic consultants will

RECORD OF PROCEEDINGS

**MINUTES
OF THE
BOARD OF WATER COMMISSIONERS**

be announced soon. The RFP's will set a non-mandatory 5% goal for MWBE/SBE participation.

This project will involve significant policy issues and staff will involve the Board in discussions of such issues as early as possible.

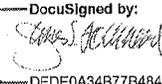
No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 11:27 a.m.

EXECUTIVE SESSION

On Wednesday, February 24, 2015, commencing approximately at 11:27 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado, the Board of Water Commissioners met in Executive Session. The following matters, which are authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, were discussed during the Executive Session:

1. Litigation § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 12:00 p.m.

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Secretary

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President