

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

OPEN SESSION

November 13, 2013

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, November 13, 2013, beginning at 9:28 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

H. Gregory Austin, President
Paula Herzmark, Vice President
Penfield W. Tate, III, Vice President

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
U. Sharma, <i>Acting</i> Director of Finance	D.L. Little, Director of Planning
S.C. Covington, 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
C. Elam-Floyd, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
M.K. Frishman, Attorney	S.L. Chesney, Manager of Media and Executive Communications
T.L. McGuire-Collier, Assistant Director of Public Affairs – Communications and Marketing	M. Price, Division Office Business Manager
T. Cristiano, Manager of Rate Administration	P. Daukas, Manager of Environmental Planning
T. Bryant, Controller	S. Snyder, Special Projects Coordinator
D.M. Hamm, Staff Analyst	S.A. Miller, Manager of Health Care and Benefits Administration
	G. Rygh, Superintendent of Water Distribution

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N. Sperandeo, Manager of Recreation	A. Turney, Chief of Distribution and Property Management
B. Ransom, Manager of Recreation	R. Wirth, Supervisor of Treasury Operations
N. Streno, Assistant Superintendent of Transmission and Distribution	J. Davis, Attorney
S. Niemi, Rate Analyst	E. Helgeson, Rate Analyst
T. Johnson, Manager of Rewards and Recognition	T. Beltinck, Occupational Health Nurse Practitioner
D. Kennedy, Environmental Scientist	M. Waage, Manager of Water Resource Planning
G. Gulley, Engineer	A. Rettig, Treasury Analyst

Michael Lund, Piper Jaffray
Don Bieber, Peck Shaffer
Georgeann Becker, Peck Shaffer

Commissioner Austin called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioners Gougeon and Lucero were found to be absent for substantial cause and were excused.

Upon motion regularly made, seconded and unanimously carried, the reading of the Minutes of the Regular Meetings of October 9, 2013, and October 23, 2013, was dispensed with and such Minutes were approved.

Upon motion regularly made, seconded and unanimously carried, the Minutes of the Executive Session of October 23, 2013, were approved.

Public Comment

Commissioner Austin 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.

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Ceremonies and Introduction of Employees

Ms. Daukas announced that she presented the Friends of the South Platte Award to Mr. Kennedy at the South Platte Forum recently. Mr. Kennedy was recognized for his contributions in the South Platte River basin, including partnerships with federal, state, and local governments on forest health, water quality, and reducing fire impacts in the watershed.

Ms. Elam-Floyd introduced two new employees of the Human Resources division: Tim Johnson, Manager of Rewards and Recognition, and Tammy Beltinck, Occupational Health Nurse Practitioner.

Mr. Mahoney announced that Mr. Sperandeo will be retiring after 16 years at Denver Water. Mr. Lochhead conveyed the deep appreciation that Summit County and other local communities have for Mr. Sperandeo and his work to forge partnerships with them. Mr. Sperandeo introduced his successor, Mr. Ransom.

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 V-A-1: EMPLOYEES ELIGIBLE FOR REGULAR STATUS

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective November 1, 2013, unless otherwise noted:

Employee Name	Employment Date	Retirement Plan Participation Date <small>Unless otherwise noted^A</small>	Division/Section
Lewis, Nicholas R.	2013-04-08	2013-04-08	Engineering Division Survey Field Crew, #243

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Shi, Yixin	2013-04-08	2013-04-08	Operations and Maintenance Division O&M Technology Services, #780
Mendoza, David C.	2013-04-08	2005-12-26 <small>^Exclude prior service as terminated employee who took lump sum payout.</small>	Operations and Maintenance Division Water System Operations, #760
Rayfield, Ryan T.	2013-04-29	2013-04-29	Operations and Maintenance Division Winter Park Area, #520
Krcmarik, Austin R.	2013-04-08	2013-04-08	Public Affairs Division Conservation, #022

2. ITEM V–A–2: PERSONNEL POLICIES CHANGES – EMPLOYEE EVALUATIONS AND CORRECTIVE ACTIONS

Approved changes to Personnel Policies 10-2-(4) and 11-2-(1)(d), to address objections to performance ratings and causes for corrective actions, respectively. The revised policies are attached to and incorporated in these Minutes as Exhibit “A.”

3. ITEM V–A–3: PERMANENT NON-POTABLE WATER LEASE AGREEMENT WITH DBS, LLC

Approved a Non-Potable Water Lease Agreement with DBS, LLC, which is attached to and incorporated in these Minutes as Exhibit “B.” Under the agreement, the Board will permanently provide up to three acre-feet of non-potable water to DBS per calendar year for replacement of well depletions. DBS will pay a system development charge of \$70,260.00 and the then-current raw water rate per acre-foot used each calendar year.

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4. **ITEM V-A-4: AGREEMENT WITH MWH AMERICAS, INC., FOR TANABE RESERVOIR OUTLET AND INTERCONNECT PROJECT**

Approved Agreement 15255A with MWH Americas, Inc., to provide construction phase services for the Tanabe Reservoir Outlet and Interconnect Project for a total contract amount not to exceed \$169,900.00. The Agreement is attached to and incorporated in these Minutes as Exhibit "C."

5. **ITEM V-A-5: CONTRACT FOR GROSS RESERVOIR DUCT BANK REPLACEMENT**

Approved entering into Contract 15266A with Ludvik Electric Company for the Gross Reservoir Duct Bank Replacement Project for a total contract amount not to exceed \$170,571.00.

6. **ITEM V-A-6: RATIFICATION OF CONSTRUCTION CONTRACT CHANGE ORDERS AND AMENDMENTS TO AGREEMENTS**

Ratified Construction Contract Change Orders and Amendments to Agreements authorized by the CEO/Manager in the period September 2013 through October 2013 as follows:

Change Order No. 9 to Contract 12865A with Archer Western Construction, LLC, for the Elizabeth Street Pump Station Conversion;

Change Order No. 2 to Contract 14011A with McDade-Woodcock, Inc., for the Foothills Treatment Plant HVAC Improvements;

Amendment No. 1 to Contract 14011A with McDade-Woodcock, Inc., for the Foothills Treatment Plant HVAC Improvements;

Change Order No. 1 to Contract 14063B with Western Summit Constructors, Inc., for the Ashland Reservoir Replacements;

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Change Order No. 1 to Contract 14981A with Ludvik Electric for the Strontia Springs Reservoir and Gross Reservoir Security Improvements;

Change Order No. 1 to Contract 15049A with Western Waterproofing Company, Inc., for Moffat Treatment Plant Concrete Crack Repair;

Seventh Amendment to Agreement 10601A with Xerox Corporation for Printing Equipment;

Sixth Amendment to Agreement 11278A with Iron Mountain Information Management, LLC, for Records Management, Storage, Retrieval, and Related Services;

First Amendment to Task Order Agreement 14346B with RJH Consultants for Lupton Lakes Hydraulic Facilities Concept Design;

First Amendment to Agreement 14636A with CH2M Hill Engineers for the Foothills Treatment Plant Filter Gallery and Pump Station Lighting Design Services; and

First Amendment to Agreement 15012A with Engineering Solutions, LLC, for Gross Dam Enlargement Preliminary Engineering Studies – Project Construction Cost Estimating,

all as more particularly described in the attachment to Agenda Item V-A-6, which is attached to and incorporated in these Minutes as Exhibit "D."

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7. **ITEM V–A–7: CONTRACT EXTENSION FOR IT INFRASTRUCTURE SUPPORT SERVICES**

Approved the Second Amendment to Contract 13864A with InfoFusion, LLC, for IT infrastructure support services, for an extension through December 31, 2014, and an additional \$160,000.00, for a total amended contract amount not to exceed \$483,232.00. The amendment is attached to and incorporated in these Minutes as Exhibit “E.”

8. **ITEM V–B–1: HUMAN RESOURCES CHANGES**

Approved the human resources changes set forth in Agenda Item V-B-1 dated November 13, 2013, which is attached to and incorporated in these Minutes as Exhibit “F.”

Mr. Rygh explained that this Agenda Item included a large number of promotions of Transmission and Distribution employees due to recent restructuring of the section, changes to the certification requirements for those positions, and skills assessments of interested employees.

Mr. Rygh also recognized Mr. Streno, Assistant Superintendent of Transmission and Distribution, who will be retiring after more than four decades at Denver Water.

9. **ITEM V–B–2: PERSONNEL POLICY CHANGES – NON-CLASSIFIED EMPLOYEES**

Approved changes to Personnel Policy 5-2-(1) to limit the period that temporary workers can work directly for Denver Water, in light of upcoming requirements of the federal Affordable Care Act. The revised policy is attached to and incorporated in these Minutes as Exhibit “G.”

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10. **ITEM V-D-1: 2013 CREDIT FACILITY**

Adopted the 2013 Credit Facility (Bank of America) Resolution and authorized the Credit Agreement between Denver Water and Bank of America for a \$30 million revolving line of credit, with an option to increase up to \$50 million. The initial term is three years, with the option to renew for two additional years. The line of credit will provide an interim source of financing for capital improvements to the water works system. It is payable solely by Denver Water's net revenue and secured by a lien on the net revenue, which is subordinate to the lien of the currently outstanding senior bonds and parity bonds. The resolution is attached to and incorporated in these Minutes as Exhibit "H."

11. **ITEM V-E-1: LEASE AGREEMENT FOR FRISCO BAY MARINA**

Approved Lease Agreement 15065A with the Town of Frisco for the Frisco Bay Marina at Dillon Reservoir for a term of 20 years. The agreement is attached to and incorporated in these Minutes as Exhibit "I."

12. **ITEM V-E-2: INTERGOVERNMENTAL AGREEMENT AND MEMORANDUM OF UNDERSTANDING FOR RECREATIONAL MANAGEMENT OF DILLON RESERVOIR**

Approved the Dillon Reservoir Recreation Area Coordinating Committee Intergovernmental Agreement and Memorandum of Understanding for Management of Recreational Activities at Dillon Reservoir with Summit County, the Town of Dillon, the Town of Frisco, and the U.S. Forest Service. The agreement, for a 25-year term, is attached to and incorporated in these Minutes as Exhibit "J."

13. **ITEM VI-B-1: DISCUSSION AND INFORMATION: RATE STRUCTURE OBJECTIVES**

Presentation and discussion of this Agenda Item was postponed to a future meeting.

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14. ITEM VI-B-2: DISCUSSION AND INFORMATION: 2013 MEDIA RECAP

Presentation and discussion of this Agenda Item was postponed to a future meeting.

15. ITEM VI-F-1: DISCUSSION AND INFORMATION: STATUS OF THE INVESTMENT PORTFOLIO

The Commissioners received the Denver Water Monthly Investment Portfolio Report dated October 31, 2013, as set forth in Agenda Item VI-F-1 dated November 13, 2013, which is attached to and incorporated in these Minutes as Exhibit "K."

16. ITEM VI-F-2: DISCUSSION AND INFORMATION: RETIREMENT PROGRAM

The Commissioners received the Third Quarter 2013 Retirement Program Due Diligence report and the retirement program update for Third Quarter 2013, which are attached to and incorporated in these Minutes as Exhibits "L" and "M," respectively.

17. ITEM VI-F-3: DISCUSSION AND INFORMATION: UNAUDITED BOARD SUMMARY OPERATING RESULTS

The Commissioners received the Unaudited Board Summary Operating Results for the nine months ending September 30, 2013, and 2012, which is attached to and incorporated in these Minutes as Exhibit "N."

18. ITEM VI-F-4: DISCUSSION AND INFORMATION: REVIEW OF PROPERTY BURDENS AND DISPOSALS 3RD QUARTER 2013

The Commissioners received a report for the Third Quarter 2013 of actions taken by the CEO/Manager or his designees under the authority granted to

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him by the Board to burden or dispose of Board property or involve an expenditure of \$10,000.00 or more, which is attached to and incorporated in these Minutes as Exhibit "O."

19. **ITEM VI-F-5: DISCUSSION AND INFORMATION: BUDGET STATUS REPORT**

The Commissioners received the 2013 Year-to-Date Board Budget Status Summary for the period ending October 31, 2013, which is attached to and incorporated in these Minutes as Exhibit "P."

20. **ITEM VI-G: SCHEDULING OF FUTURE BOARD MEETINGS**

The Board confirmed a Study Session will take place on **Wednesday, November 20, 2013**, at **9:00 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado. A portion of the meeting will take place in Executive Session.

The Board confirmed a Regular Meeting will take place on **Wednesday, December 11, 2013**, at **9:15 a.m.** in the Board Room, Room 309, 1600 W. 12th Avenue, Denver, Colorado.

No further business appearing, the Board voted unanimously to adjourn into Executive Session at 10 a.m.

EXECUTIVE SESSION

On Wednesday, November 13, 2013, commencing at 10 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:

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1. Property Transactions § 24-6-402(4)(a)
2. Negotiations § 24-6-402(4)(e)

There being nothing further for the Board to consider, the Executive Session concluded at 11:14 a.m.


Secretary


President