

## RECORD OF PROCEEDINGS

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### OPEN SESSION

December 9, 2015

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, December 9, 2015, beginning at 9:21 a.m. in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

**Penfield W. Tate, III, President**  
**John R. Lucero, First 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	W. Bates, <i>Acting</i> Director of Planning
S. 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
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	M.E. Elliott, Assistant Director of Public Affairs – Government, Stakeholder Relations and Conservation
T. Bryant, Controller	M. Price, Division Office Business Manager
D.M. Hamm, Staff Analyst	R. Wirth, Finance Manager
S. Snyder, Special Projects Coordinator	K. Riegle, Attorney
W.C. Austin, Manager of Safety and Security	

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J. Seagren, Distributor Relations Manager	G. Fisher, Manager of Demand Planning
R. Stitt, Planner	K. Knoll, Manager of Stakeholder Relations
Y. Her, Contracts Supervisor	A. Rettig, Finance Manager
J. Davis, Attorney	J. Bogner, Finance Analyst
A. Ingram, Contract Specialist	S. Miller, Manager of Health Care & Benefit Administration
S. Sullivan, Assistant City Attorney, City & County of Denver	M. Garfield, Customer Care Manager
D. Woods, Denver Parks & Recreation	G. Becker, Becker Stowe Partners
M. Hogan, Sherman & Howard	E. Stowe, Becker Stowe Partners
	S. Rethlake, Director of Golf, City & County of Denver
	K. Maharg, Citizens Advisory Council

Commissioner Tate called the meeting to order.

Upon motion regularly made, seconded and unanimously carried, Commissioner Gougeon was found to be absent for substantial cause and was excused.

#### **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.

#### **Ceremonies, Awards and Introductions**

Ms. Covington explained that several people have been nominated for three open positions on the Citizens Advisory Council (CAC). Ms. Knoll introduced Ms. Maharg, who currently serves on the CAC. Commissioner Tate thanked all members

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of the CAC who have served and presented the slate of nominees. The list of nominees is attached to and incorporated in these Minutes as Exhibit A.

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: MINUTES OF NOVEMBER 4, 2015**

The reading of the Minutes of the Regular Meeting of November 4, 2015, was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of November 4, 2015, were approved.

2. **ITEM II-A-2: MINUTES OF NOVEMBER 18, 2015**

The reading of the Minutes of the Regular Meeting of November 18, 2015, was dispensed with and such Minutes were approved.

The Minutes of the Executive Session of November 18, 2015, were approved.

3. **ITEM II-A-3: EMPLOYEES ELIGIBLE FOR REGULAR STATUS**

The following employees were classified as regular employees of the Board, with all rights and privileges thereof, effective December 1, 2015, unless otherwise noted:

Employee Name	Employment Date	Division/Section
Steven B. McCall	05/18/2015	Engineering
Diana C. Benedict	05/11/2015	Information Technology
Robert J. Alvarez	05/26/2015	Information Technology
James W. Hascall	06/01/2015	Operations & Maintenance
Marcelo M. Ferreira	06/01/2015	Operations & Maintenance

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Tracey V. Lee	05/26/2015	Operations & Maintenance
Michael C. Leone	05/26/2015	Operations & Maintenance
Jessica M. Mahaffey	05/14/2015	Public Affairs

4. **ITEM II-A-4: EMPLOYEES HIRED ABOVE MID-POINT**

Approved hiring certain employees at a rate of pay higher than the mid-point of the pay range for their respective positions, as shown in Agenda Item II-A-4, a copy of which is attached to and incorporated in these Minutes as Exhibit B.

5. **ITEM II-A-5: PROTECTIVE FOOTWEAR AGREEMENT**

Approved Contract 16002A with MNT Group, LLC, d/b/a Intermountain Safety Shoe Store, for protective footwear for the contract period December 9, 2015 through December 31, 2018 for a total contract amount not to exceed \$275,000.00.

6. **ITEM II-A-6: FINANCIAL ADVISORY SERVICES**

Approved Contract 16403A with George K. Baum for financial advisory services for the contract period December 9, 2015 through December 31, 2018 for a total contract amount not to exceed \$230,000.00

7. **ITEM II-A-7: OPERATIONS COMPLEX REDEVELOPMENT  
CONSTRUCTION AUDIT SERVICES**

Approved Contract 16097A with Commercial Cost Control, Inc. for construction audit services for the contract period December 9, 2015 through December 31, 2017 for a total contract amount not to exceed \$120,000.00.

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**8. ITEM II–A–8: OPERATIONS COMPLEX REDEVELOPMENT  
PROJECT GENERAL CONTRACTOR – CONSTRUCTION MANAGER AT  
RISK**

Approved the First Amendment to Contract 15630A with Mortenson Construction for the renovation of Building D at the Wynetka Facility to accommodate the Materials Lab. The amendment adds \$350,692.00, for a total amended contract amount not to exceed \$154,850,773.00.

**9. ITEM II–A–9: THIRD AMENDMENT TO INSURANCE BROKER  
CONTRACT**

Approved the Third Amendment to Contract 13390A with Arthur J. Gallagher Risk Management Services. The amendment extends the contract period through December 31, 2016 and adds \$78,350.00, for a total amended contract amount not to exceed \$421,950.00.

**10. ITEM II–A–10: BOARD APPROVAL FOR SBE/MWBE EXTERNAL  
ADVISORY COMMITTEE MEMBERS**

Approved the appointment of three new members to the SBE/MWBE External Advisory Committee. The list of departing and new members is attached to and incorporated in these Minutes as Exhibit C.

**11. ITEM II–B: DENVER PARKS AND RECREATION AND DENVER  
WATER INTERGOVERNMENTAL AGREEMENT**

Approved Contract 16545A, an Intergovernmental Agreement (IGA) between Denver Parks and Recreation and Denver Water.

Ms. Elliott introduced Shawn Sullivan, Assistant City Attorney for the City & County of Denver, Scott Rethlake, the Director of Golf for the City & County of Denver, and Doug Woods from Denver Parks & Recreation. She explained that the IGA covers six areas:

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1. Provides for a more reliable, efficient water source for Wellshire Golf Course, removing it from service on the High Line Canal;
2. Converts Harvard Gulch Park Complex to City Ditch raw water, reducing reliance on potable water;
3. Identifies sites at golf courses for Denver Water to pilot future water storage solutions;
4. Provides for the installation of Phase II of Denver Parks' Central Control Master Plan, improving irrigation efficiency;
5. Develops a Water Management Plan for Denver Parks to manage this resource more effectively; and
6. Allows for Denver Parks' conversion to recycled water in a budget neutral way, while ensuring potable water savings.

Mr. Woods commented that this has been a cooperative effort and thanked Denver Water's Legal, Water Conservation and Public Affairs staff for their work towards this IGA. Commissioner Austin commented on a provision of the IGA which states that potable water will not be used to fill Skeel Reservoir. Mr. Woods stated that Denver's current plan is to decommission that structure and use it as a detention facility only.

Commissioner Tate thanked Ms. Elliott and Ms. Covington for their efforts toward the IGA.

#### 12. **ITEM IV–A: CEO REPORT**

There was no report.

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13. **ITEM IV–B–1: CFO REPORT: MONTHLY FINANCIAL REPORT**

The Board received the monthly Financial Report dated October 31, 2015, as set forth in Agenda Item IV-B-1, which is attached to and incorporated in these Minutes as Exhibit D. Ms. Bryant explained that operating revenues are \$34 million below budget, and forecast that by December 31, 2015 operating revenues would be approximately \$4 million below budget. Ms. Bricmont clarified that SDC and participation revenues have been higher than budgeted and have offset the operating revenue losses. Ms. Bryant further explained: 1) salaries are approximately \$3 million over budget, due to lower vacancy rates; 2) operating expenses are 3%-4% lower than budgeted; and 3) capital expense are \$24 million lower than forecast.

Ms. Bryant summarized the capital budget, by division, and explained that the overage for the Planning Division is due to an administrative error which recorded the \$3.2 million payment to the WISE project in the wrong budget year, and that the Operations & Maintenance overage forecast is due to the end of year purchase of heavy equipment. Finally, Ms. Bryant said that the IT capital expenses are below budget by \$2 million, due to the late start of the ORCA project.

14. **ITEM IV–C: OPERATIONS REPORT**

There was no report.

15. **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 E.

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

#### 16. 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 F.

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 9:51 a.m.

#### TRUSTEE MEETING

The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, December 9, 2015, commencing at 9:52 a.m., in the Board Room, Room 309, 1600 West 12<sup>th</sup> Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 10:37 a.m., at which time the Board voted unanimously to adjourn into a Reconvened Regular Session.

#### RECONVENED OPEN SESSION

At approximately 10:37 a.m., on Wednesday, December 9, 2016, in the Board Room, Room 309, 1600 W. 12<sup>th</sup> Avenue, Denver, Colorado, Commissioner Tate reconvened the Regular Meeting of the Board of Water Commissioners, which had been commenced and adjourned earlier in the day. Members of the Board present were:

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

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### MINUTES OF THE BOARD OF WATER COMMISSIONERS

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

J.S. Lochhead, CEO/Manager	P.L. Wells, General Counsel
A.C. Bricmont, 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
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	D. Engleman, Sr. Benefits Administrator
S. Miller, Manager of Health Care & Benefit Administration	A. Rettig, Finance Manager
C. Birley, Davis, Graham & Stubbs	J. Bogner, Finance Analyst

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

#### **1. ITEM I-2: REVISIONS TO THE EMPLOYEES' RETIREMENT PLAN**

Acting as Plan Sponsor, approved revisions to the Employees' Retirement Plan, which are attached and incorporated in the Minutes of the Trustee Meeting of December 9, 2015 as Exhibit G.

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**2. ITEM I-3: REVISIONS TO DENVER WATER'S SUPPLEMENTAL RETIREMENT SAVINGS PLAN**

Acting as Plan Sponsor, approved revisions to Denver Water's Supplemental Retirement Savings Plan, which are attached and incorporated in the Minutes of the Trustee Meeting of December 9, 2015 as Exhibit H.

**3. ITEM I-4: REVISIONS TO DENVER WATER'S 457 DEFERRED COMPENSATION PLAN**

Acting as Plan Sponsor, approved revisions to Denver Water's 457 Deferred Compensation Plan, which are attached and incorporated in the Minutes of the Trustee Meeting of December 9, 2015 as Exhibit I.

**4. ITEM I-5: FIRST AMENDMENT TO THE 457 PLAN CUSTODIAL ACCOUNT AGREEMENT AND THE 401(k) TRUST AGREEMENT WITH ORCHARD TRUST COMPANY, LLC**

Acting as Plan Sponsor, approved the First Amendment to the 457 Plan Custodial Account Agreement and the 401(k) Trust Agreement with Orchard Trust Company, LLC.

There being nothing further for the Board to consider, the Reconvened Open Session concluded at approximately 10:38 a.m.

No further business appearing, the Board voted unanimously to adjourn into an Executive Session at 10:37 a.m.

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President

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Secretary

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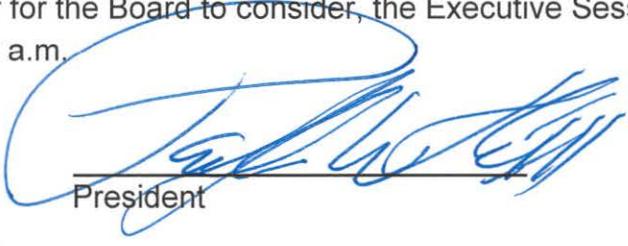
EXECUTIVE SESSION

On Wednesday, December 9, 2015, commencing approximately at 10:38 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. Property Transactions § 24-6-402(4)(a)
2. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:22 a.m.

  
Secretary

  
President