

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

EXECUTIVE SESSION

July 24, 2013

On Wednesday, July 24, 2013, commencing at 8:45 a.m. in the CEO/Manager's Office, 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. Attorney-Client Matters § 24-6-402(4)(b)

The Executive Session concluded at 9:30 a.m.

OPEN SESSION

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, July 24, 2013, beginning at 9:37 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
John R. Lucero, First Vice President
Thomas A. Gougeon, Vice President
Paula Herzmark, 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	D.L. Little, 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	G. Rygh, <i>Acting</i> Director of Operations and Maintenance
R.J. Mahoney, Director of Engineering	C.R. Dermody, Director of Information Technology

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

C. Elam-Floyd, Director of Human Resources	P.B. Coleman, Chief Internal Auditor
U. Sharma, Treasurer	G. Fisher, Manager of Demand Planning
M.K. Frishman, Attorney	M. Price, Division Office Business Manager
T. Cristiano, Manager of Rate Administration	K. Pollock, Superintendent of Water Treatment
T. Bryant, Controller	K. Keefe, Superintendent of Source of Supply
D.M. Hamm, Staff Analyst	R. Reidy, Internal Communications Specialist
G. Moore, Engineering Specialist	K. Kuykendoll, Staff Analyst
D. Bennett, Environmental Scientist	J. Figurelli, Budget Analyst
M. Bond, Community Relations Specialist	S. Price, Engineer
J. Martin, Engineer	E. Helgeson, Rate Analyst
J. Ross, Engineer	A. Rettig, Treasury Analyst
S. Niemi, Rate Analyst	R. Wirth, Supervisor of Treasury Operations
Jill Repella, Douglas County Commissioner	Helen Cregger, Piper Jaffray
Pat Mulhern, South Metro Water Supply Authority	Rob Buirgy, Buirgy Consulting, Inc.
Eric Hecox, South Metro Water Supply Authority	Steve Artman, Geo-Solutions, Inc.
	Rick Fendel, Petrock & Fendel, P.C.

Commissioner Austin called the meeting to order.

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

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

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

1. **ITEM 2-A-1: CONTRACT FOR THE ANTERO DAM REHABILITATION – PHASE 1 PROJECT**

Authorized entering into Contract 14999A with Geo-Solutions, Inc., for the Antero Dam Rehabilitation – Phase 1 Project for a total contract amount not to exceed \$1,199,590.00.

2. **ITEM 2-A-2: FIRST AMENDMENT TO AGREEMENT WITH RJH CONSULTANTS, INC., FOR CONSTRUCTION ENGINEERING SERVICES FOR PHASE 1 OF THE ANTERO DAM REHABILITATION DESIGN**

Authorized the First Amendment to Agreement 15000A with RJH Consultants, Inc., for construction engineering services for the Antero Dam Rehabilitation – Phase 1 Project. The amendment, which is attached to and incorporated in these Minutes as Exhibit "A," adds \$117,184.00 for a total amended contract amount not to exceed \$734,589.00.

3. **ITEM 2-B-1: AUTHORIZATION OF ADDITIONAL FUNDS AND EXTENSION FOR YOUTH EDUCATION PROGRAM DEVELOPMENT**

Authorized the First Amendment to Contract 14048A with Buirgy Consulting, Inc., for youth education program development. The amendment, which is attached to and incorporated in these Minutes as Exhibit "B," extends the contract to July 31, 2014, and adds \$205,000.00 for a total amended contract amount not to exceed \$395,000.00.

4. **ITEM 2-C-3: DEBT MANAGEMENT POLICY**

Commissioner Austin noted this Agenda Item would be moved from the Study Session Agenda to the Action Items.

Ms. Bricmont and Ms. Sharma presented the staff's recommendation to update the debt management guidelines to allow for more flexibility and Board discretion in financially challenging years. The proposed new policy would create consistency among Denver Water's documents that govern debt

RECORD OF PROCEEDINGS

MINUTES OF THE BOARD OF WATER COMMISSIONERS

issuance and would demonstrate the Board's commitment to maintain Denver Water's financial strength and stability. Specifically, it would provide the ability to issue debt for large repair and replacement capital projects and to use short-term debt for interim financing.

Ms. Bricmont and Ms. Sharma explained that rating agencies are particularly interested in debt policies and financial performance, but they also consider the need for flexibility to revisit internally established targets in extraordinary circumstances. They also noted that the proposed policy was reviewed by and had the support of Denver Water's consultants, Piper Jaffray and Peck Shaffer, and Commissioner Tate.

The Board approved the Denver Water Debt Management Policy dated July 24, 2013, replacing the Denver Water Debt Guidelines adopted by the Board on May 28, 2003. The new debt management policy is attached to and incorporated in these Minutes as Exhibit "C."

No further business appearing, the Board adjourned the Action portion of the meeting at 9:56 a.m.

STUDY SESSION

The Study Session began with a presentation on the WISE Project by Pat Mulhern of the South Metro Water Supply Authority ("SMWSA") and Douglas County Commissioner Jill Repella. Mr. Mulhern described the history of the south metro area's water supply leading up to the WISE Project. He explained the project would result in 15,000 acre-feet of water for the south metro area: 7,225 acre-feet of water to the participants in SMWSA; the option for Douglas County to contract for 2,775 acre-feet of water; and 5,000 acre-feet of water that would be reused.

Douglas County Commissioner Repella expressed the county's desire to wean its existing communities off aquifers and to seek renewable water supplies.

RECORD OF PROCEEDINGS

MINUTES
OF THE
BOARD OF WATER COMMISSIONERS

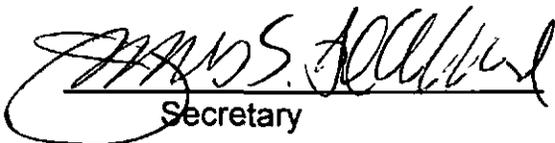
She noted that growth in Douglas County has declined and that SMWSA already serves about 80 percent of the county. She said most of the WISE water for which Douglas County may contract would serve existing communities including some outside of SMWSA. Commissioner Repella thanked Denver Water for its willingness to work with Douglas County as part of the WISE Project.

The Commissioners also received a presentation on the long-range capital program. Mr. Keefe, Mr. Pollock, Mr. Rygh, Mr. Dermody, Mr. Ross, and Mr. Fisher summarized the systems and programs that make up the capital program. They also highlighted those systems' and programs' large projects that are planned for the future. Mr. Cristiano reviewed the options for funding capital projects in the next 10 years, including using system development charges, bonds, and rates.

Mr. Good and Mr. Cristiano provided a second quarter update on the Lean program, citing the number of events that have taken place, the number of employees who have participated, and certain value stream results.

Mr. Fisher updated the Board on the drought. Denver Water's reservoir storage peaked the previous weekend at 94 percent of capacity. It improved with recent rains, which also resulted in lower water usage by customers. The drought conditions have consistently improved in Denver Water's watersheds, but the southeast portion of the state remains in a severe drought.

The Study Session concluded at 11:52 a.m.


Secretary


President