

# AGENDA

## Denver Board of Water Commissioners

Video Conference: <http://zoom.us/join>, Meeting ID: 430 110 582, Password: 043827 or Dial-in: (669) 900-6833, Meeting ID: 430 110 528

THE BOARD OF WATER COMMISSIONERS WILL BE CONDUCTING ITS APRIL 8, 2020, MEETING VIA ZOOM. HOWEVER, CONSISTENT WITH THE SUPPLEMENTAL PUBLIC SECURITIES ACT, THE DESIGNATED MEETING AREA WILL BE ACCESSIBLE TO THE PUBLIC.

**Wednesday, April 8, 2020 9:00 a.m.**

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### I. INTRODUCTORY BUSINESS

#### A. Call to Order and Determination of Quorum

#### B. Public Comment and Communications

At this point in the agenda, the Board may allow members of the public to address the Board on any item of interest within the jurisdiction of the Board, and not on the agenda for action. Speakers wishing to address a specific Action Item will be invited to address the Board when the item is being considered. Three minutes are allowed for each person unless the President determines otherwise.

1. Distributor Communications
2. Citizen Advisory Committee Communications

#### C. Ceremonies, Awards and Introductions

#### D. Legislative Update

### II. ACTION ITEMS

#### A. Consent Items

Items listed below are considered routine and may be enacted by one motion and vote. If any Board member desires discussion beyond explanatory questions, or corrections to the Minutes, the President may order that item to be considered in a separate motion and vote.

1. Minutes from March 11, 2020
2. Minutes from March 25, 2020
3. The U.S. Forest Service 2020 Collection Agreement From Forest to Faucets Partnership – Contract 504420
4. Third Amendment for Printing Services – Contract 501292

#### B. Individual Approval Items

1. Series 2020A-B Supplemental Bond Resolution

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### **III. POLICY MATTERS**

- A. North Water Treatment Plant Update**      Peter McCormick      5 minutes

### **IV. EXECUTIVE UPDATE**

- A. CEO Update**
- B. CFO Update**
- C. Operations Update**

### **V. BRIEFING PAPERS & REPORTS**

- A. Briefing Paper**
  - 1. Legislative Update
- B. Report**

### **VI. ADJOURNMENT**

### **VII. TRUSTEE MATTERS**

### **VIII. EXECUTIVE SESSION**

The Board may adjourn the regular meeting and reconvene in executive session on topics authorized by D.R.M.C Sec. 2-34.

- A. Confidential Report**

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 8, 2020

Board Item: II-A-3

## The U.S. Forest Service 2020 Collection Agreement From Forests to Faucets Partnership Contract 504420

Action by Consent

Individual Action

### **Purpose and Background:**

Since 2010, the From Forests to Faucets Partnership (Partnership) has been a successful collaborative partnership between Denver Water and the U.S. Forest Service (USFS). The goals of the partnership are to implement forest and watershed health projects to reduce the risk of catastrophic wildfire and restore forests impacted by catastrophic wildfire events in Denver Water's priority watersheds.

An expanded Partnership program was previously recommended to the Board on December 14, 2016. The program was initiated by a Memorandum of Understanding (MOU) with the USFS, Colorado State Forest Service (CSFS), and Natural Resources Conservation Service. Under the expanded partnership, Denver Water will invest \$16,500,000 in forest and watershed health, which will be matched at least dollar for dollar by USFS and/or CSFS for a total value of the Partnership of over \$33,000,000.

Every year under the MOU, the USFS submits a collection agreement for the proposed forest health projects. This collection agreement (Contract 504420) for \$755,400 is from the MOU's committed funds as part of the partnership. The focus of this agreement is to conduct wildfire risk reduction, watershed restoration and improvements, and maintenance of past and current treatments on approximately 5,551 acres on National Forest System lands within priority watersheds.

### **Budget and Schedule:**

In the year 2020, it is anticipated we will spend the budgeted amount of \$2,500,000 for From Forests to Faucets, which includes the \$755,400 from this agreement. Funds for this contract will come from the 2020 budget for From Forests to Faucets business unit, which has sufficient funds. Any variances to the spending against this budget will be reported as an exception on the Quarterly Performance Reports.

### **S/MWBE Information:**

S/MWBE is not applicable for this item.

### **Recommendation:**

It is recommended that the Board approve Contract 504420 for \$755,400 with USFS for forest health and wildfire risk reduction for the contract period April 8, 2020 to March 31, 2025.

### **Approvals:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager              | <input type="checkbox"/> Christopher R. Dermody, Chief Information Officer    |
| <input type="checkbox"/> Julie Anderson, Chief of Staff                         | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer          |
| <input type="checkbox"/> Jessica R. Brody, General Counsel                      | <input checked="" type="checkbox"/> Mike King, Chief External Affairs Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer         |
| <input type="checkbox"/> Gail Cagle, Chief Human Resources Officer              | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer            |

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# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 8, 2020

Board Item: II-A-4

## Third Amendment for Printing Services Contract 501292

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Action by Consent

Individual Action

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### **Purpose and Background:**

The purpose of this amendment is to add funds to Contract 501292 to ensure we can print and mail Lead Reduction Program materials, the annual summer watering rules, the monthly WaterNews bill insert and other customer communications until a new print contract is secured. The additional funds are needed because contract funds have been depleted due to increased paper rates and the increase in printed materials needed for the Lead Reduction Program, beginning in 2019.

The original contract was competitively bid and awarded to three print vendors in April 2016. The three vendors were OneTouch Mountain States, Fuse Printing and Beacon Printing. The original contract amount was \$638,212.

This contract expires September 2020 and is in Request For Proposal (RFP) development now. The first amendment in September 2016 consolidated two of the contracted vendors, because OneTouch Mountain States purchased Fuse Printing, and added \$52,000 in funds. The second amendment in October 2019 extended the contract for time and additional funds of \$52,000 to allow us to bid the work as part of the billing vendor contract, which will create efficiencies in printing WaterNews.

### **Budget and Schedule:**

The total amount of this contract is \$942,212 and the term of the contract is April 3, 2016, to September 30, 2020. Funds for this contract will come from the 2020 budget in the Lead Reduction Program and Organizational Communications business units, which have sufficient funds to pay the \$200,000 estimated to be needed in 2020.

### **Selection of Business Partner:**

This contract was originally put out for bid December of 2015 through RFP. Denver Water posted the RFP publicly on BidNet and on its Denver Water website. After reviewing eleven proposals, Denver Water decided to award three companies: One Touch Mountain States, Beacon, and Fuse Printing. Fuse Printing was later bought by One Touch Mountain States. The original end date of each of these contracts was February 28, 2020. The contract end dates were extended to September 2020 to align their end dates with the end date for the billing vendor contract so all the printing and billing contracts can be bid out together under one RFP.

### **S/MWBE Information:**

Beacon Printing is a certified MWBE.

### **Recommendation:**

It is recommended that the Board approve this third amendment to Contract 501292 for printing and mail fulfillment services for an additional \$200,000 for a total amended contract amount not to exceed \$942,212.

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**Approvals:**

- James S. Lochhead, CEO/Manager
- Julie Anderson, Chief of Staff
- Jessica R. Brody, General Counsel
- Angela C. Bricmont, Chief Financial Officer

- Brian D. Good, Chief Administrative Officer
- Mike King, Chief External Affairs Officer
- Robert J. Mahoney, Chief Engineering Officer
- Thomas J. Roode, Chief Operations Officer

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 8, 2020

Board Item: II-B-1

## Series 2020A-B Supplemental Bond Resolution

Action by Consent

Individual Action

### **Purpose and Background:**

Staff is requesting the Board adopt the Series 2020A-B Supplemental Bond Resolution authorizing the sale of a maximum of \$160 million of capital improvement bonds (Series 2020A Water Revenue Bonds) and a maximum of \$145 million of refunding bonds (Series 2020B Water Revenue Refunding Bonds) and delegating authority to the Chief Finance Officer and/or the Treasurer to complete the sale currently planned for May 6, 2020. The amended budget anticipates \$155 million in proceeds from the issuance of Series 2020A, which is \$5 million lower than the maximum amount allowed in this Resolution. While staff does not anticipate the proceeds for Series 2020A Bonds to exceed \$155 million, the amount authorized by the Resolution provides flexibility at the time of the sale.

Staff is recommending approval of the Resolution now so that it is clear to the ratings agencies and the market that the Board supports this offering of securities. While the Resolution authorizes the Chief Finance Officer and the Treasurer to proceed with the sale, it specifies terms of the sale that cannot be exceeded. Additionally, it does not require the issuance of bonds. It simply authorizes the issuance, subject to the stated parameters. Those parameters include the maximum issuance amount, the maximum true interest cost allowed for each bond series and details on payment, redemption, and registration. The current plan is to hold a competitive sale. This Resolution, however, authorizes the Chief Finance Officer and the Treasurer to proceed with either a competitive or negotiated sale, depending on what is in the best interest of Denver Water.

The Board adopted a reimbursement resolution on February 27, 2019, authorizing the financing of certain capital projects and preserving the Board's ability to finance projects in 2019 and future years on a tax-exempt basis. The Series 2020A Bonds will fund a portion of capital expenditures for 2020 and reimburse a portion of capital expenditures incurred in 2019. The Series 2020B Bonds will refinance certain series of currently outstanding bonds at a lower interest rate.

Stifel, Nicolaus & Company, Inc., the Board's financial advisor, assisted staff in developing a financing plan. Butler Snow LLP and Stradling Yocca Carlson & Rauth, P.C. are providing legal services to the Board (bond counsel and disclosure counsel, respectively) in the preparation of the documents listed below and the legal opinions relating to the bond issuance.

Staff is closely monitoring the municipal bond market and will provide updates at subsequent Board meetings.

### **Action item:**

The 2020A-B Supplemental Bond Resolution authorizes the sale of water revenue bonds in maximum amounts of \$160 million of capital improvement bonds and \$145 million of refunding bonds. This resolution delegates to the Chief Finance Officer and/or Treasurer the authority needed to accomplish everything necessary to sell and deliver the Series 2020A-B Water Revenue Bonds. The provisions outlining the extent of the delegation appear in Section 1.04 of the 2020A-B Supplemental Bond Resolution.

### **Information items:**

The Preliminary Official Statement contains a description of the Series 2020A-B Bonds and a description of Denver Water, its operations and its finances. All material information is included as of today's date. Particularly given the turbulent nature of the current market, staff will continue to update the Official Statement to ensure that Denver Water meets its disclosure obligations as of the date the preliminary and final Official Statement is posted.

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The Notices of Public Sale will be used if we hold a competitive sale. They provide notice to potential investors of the upcoming sale of the Series 2020A-B Bonds.

The Bond Purchase Agreement will be used if there is a negotiated sale. This agreement will be refined based on negotiations with the underwriter.

The Paying Agent and Registrar Agreement is between the Board and US Bank ("USB"). It sets forth the terms under which USB will serve as registrar and paying agent for the Bonds.

The Escrow Agreement is between USB and the Board. It sets forth the terms under which USB, as escrow agent, will pay the Board's outstanding Taxable Direct Pay Build America Bonds, Series 2010B, on December 15, 2020, using a portion of the proceeds of the Series 2020B Bonds.

The Continuing Disclosure Undertaking sets forth the Board's obligations to provide annual updates for the benefit of the Series 2020A-B bondholders. It enables the purchasers to comply with Securities and Exchange Commission Rule 15c2-12.

The Omnibus Certificate contains representations of Denver Water and the Board regarding the due authorization and execution of the Series 2020A-B Supplemental Bond Resolution, the Bonds, and related financing documents, the appointment of the Commissioners, the absence of litigation impacting the Bonds and payment thereof, and other customary closing representations.

**Budget and Schedule:**

The original 2020 budget plan included \$140 million in new debt issuance for capital improvements. The 2020 Amended Budget includes \$155 million in debt issuance for capital improvements.

**Recommendation:**

It is recommended that the Board adopt the attached Series 2020A-B Supplemental Bond Resolution to authorize the Chief Finance Officer and/or the Treasurer to complete the planned sale of a maximum of \$305 million of Water Revenue Bonds, Series 2020A-B.

**Approvals:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> James S. Lochhead, CEO/Manager              | <input type="checkbox"/> Brian D. Good, Chief Administrative Officer  |
| <input type="checkbox"/> Julie Anderson, Chief of Staff                         | <input type="checkbox"/> Mike King, Chief External Affairs Officer    |
| <input checked="" type="checkbox"/> Jessica R. Brody, General Counsel           | <input type="checkbox"/> Robert J. Mahoney, Chief Engineering Officer |
| <input checked="" type="checkbox"/> Angela C. Bricmont, Chief Financial Officer | <input type="checkbox"/> Thomas J. Roode, Chief Operations Officer    |

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: April 8, 2020

Board Item: V-A-1

## Briefing Paper for Legislative Update

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### Strategic Plan Alignment

Lenses:  Customer Centric  Industry Leader  Long-Term View  
Denver Water's Strategic Plan calls for an organization with satisfied and supportive customers and strategically effective relationships to enhance our trusted reputation. Part of that effort is fostering strong relationships with community leaders as well as government officials at local, regional, state, and national levels. Our work at the Colorado Legislature supports our role as a thought leader and allows us to impact policy and regulatory matters that affect the organization.

### Summary

Given the current environment with the COVID-19 virus, the Colorado General Assembly has paused its session until March 30, 2020. In addition, it has asked the Colorado Supreme Court whether this pause counts as part of the 120-day constitutional limitation on the session. If the Court says that the pause does count as part of the 120 days, then the session must end at midnight May 6, 2020. Otherwise, the legislature will have 53 days left when session resumes. Many of our partners believe the Court will grant the 53-day extension.

On March 30, 2020, the minimum number of legislators needed to act will meet at the state Capitol to extend their pause and give the executive committee of the legislature the power to call themselves back at any time before May 6, 2020. If the Court denies an extension to the session, this will allow them to meet at the end of April, if it is safe, to pass a balanced budget. If it is not safe to return in late April, the legislature will need a special session to pass a balanced budget by June 30, 2020.

If session resumes in some form, there are several bills pending that Denver Water has positions on. Legislators and lobbyists have communicated there will be some effort to complete the remaining bills. This could happen as part of the regular session if the Court allows the 53-day extension, or the legislature has the authority to call themselves into a special session with a two-thirds vote for any topic no matter how broad. The Governor could also call a special session.

Regardless of any of these scenarios, the landscape for the legislature has significantly changed with the most recent revenue forecast predicting revenues of just \$27 million down from the previous forecast of \$833 million. The Joint Budget Committee announced that committee action will not resume until April 7, 2020 at the earliest. Any work done by the legislature will prioritize passing a budget along with possible cuts to programs and economic relief packages, if possible.

Last, our partners at the Denver Metro Chamber of Commerce continue to follow the FAMLII medical leave concept. The proponents are moving forward as though they will be able to introduce a bill this year. They have reverted their discussion back to the social insurance model as opposed to a market-based model and it would apply to all employers, including local governments.

### Background

N/A



**Budget** N/A

**Alternatives** N/A

**Approach** N/A

**Owner(s)** External Affairs

**Attachments** N/A

Respectfully submitted,

Chris Piper, State Affairs Manager

Mike King, Division Chief