



DES MOINES WATER WORKS
Board of Water Works Trustees

Agenda Item No. III-E
Meeting Date: September 22, 2015
Chairperson's Signature Yes No

AGENDA ITEM FORM

SUBJECT: Amendment to CEO and General Manager Agreement

SUMMARY:

Des Moines Water Works' contract with CEO and General Manager William Stowe provides for an annual review and evaluation of performance and salary.

Chairman Gillette has met with Mr. Stowe to discuss the existing terms of the contract and possible changes. He recommends that the Board adopt the following changes to the existing agreement as a Third Amendment in view of other prevailing circumstances affecting the CEO and General Manager position:

1. The contract is extended from a September 24, 2017 expiration to a December 31, 2020 expiration.
2. The CEO's annual salary is increased for 2016 and each subsequent year by the same percentage as the average increase in bargaining unit wages for each year.
3. A new deferred compensation provision to be vested upon completion of the extended term is added as a retention incentive. Payment will be 200% of annual salary at the time of termination.

Legal counsel has prepared the form of Third Amendment attached to implement these changes, which has been approved by Mr. Stowe.

FISCAL IMPACT:

These changes will, or may, result in additional compensation expense.

RECOMMENDED ACTION:

Motion to approve the Third Amendment to the Employment Agreement with William Stowe and to authorize the Chair or Vice-Chair to execute the Third Amendment on behalf of DMWW.

_____/____	_____/____	_____/____ William G. Stowe CEO and General Manager
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Attachment: Form of Third Amendment to Employment Agreement

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (“Agreement”) by and between the Board of Water Works Trustees of the City of Des Moines, Iowa (“DMWW”), and William Stowe, 3731 Southern Hills Drive, Des Moines, Iowa 50321 (“Stowe”).

WHEREAS, DMWW and Stowe are parties to an Employment Agreement executed by Stowe on August 26, 2012, and by DMWW on August 28, 2012 as amended by a First Amendment on September 24, 2013 and by a Second Amendment on August 27, 2014 (the “Employment Agreement”); and

WHEREAS, the parties desire to further amend the Employment Agreement as provided herein,

NOW, THEREFORE, in consideration of the mutual promises as set forth in the Employment Agreement, and herein, and the continued service of Stowe as an employee of DMWW, the parties agree as follows:

1. The initial term under Section 2(A) is extended to December 31, 2020.
2. Section 5(A) is amended by the following additional language to such section

Stowe’s salary for the year beginning January 1, 2016 and each subsequent year shall be increased effective as of January of each year by the same percentage as the average increase in the wages of the DMWW’s collective bargaining unit for such year.

3. The following new Section 23 is added to the Agreement:

Section 23. Deferred Compensation.

If Stowe shall be employed by DMWW as CEO and General Manager as of December 31, 2020, then upon the termination of his employment after such date for any reason other than involuntary termination for just cause as defined under Section 15 of this Agreement, he shall be paid as additional compensation an amount equal to 200% of his annual salary as in effect on the date of termination. Such payment shall be made at the election of Stowe either in a single lump payment or a periodic payment over a period not to exceed one year from the date of termination. Payment of such compensation shall not vest until December 31, 2020, but shall be fully vested as of December 31, 2020, subject only to forfeiture in the event of termination for cause. Any such payment shall be in lieu of any other severance payment under Section 15(C) or Section 16 of this Agreement, but shall be in addition to any other benefit plans in which Stow participates.

4. Except as amended hereby, the Employment Agreement shall remain in full force and effect.

Executed by the DMWW this _____ day of _____, 2014.

BOARD OF WATER WORKS, TRUSTEES OF
THE CITY OF DES MOINES, IOWA

By: _____
Vice Chair

Executed by William Stowe this _____ day of _____, 2014.

William Stowe

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