

**CALLED MEETING OF THE BOARD OF WATER WORKS TRUSTEES  
HELD AT THE OFFICE OF THE DES MOINES WATER WORKS  
PURSUANT TO NOTICE, TUESDAY,  
May 24, 2016**

Present: Mr. Graham R. Gillette, presiding; David A. Carlson; Ms. Leslie A. Gearhart and Ms. Susan R. Huppert and Mr. Marc R. Wallace. Staff members attending were: Pat Bruner, Ted Corrigan, Peggy Freese, Doug Garnett, Amy Kahler, Mike McCurnin, Laura Sarcone, Bill Stowe and Jennifer Terry. Also in attendance were Rick Malm and Colleen MacRae, legal counsel.

Mr. Gillette called the meeting to order at 3:31 p.m.

Consent Agenda – A motion was made by Mr. Wallace, seconded by Ms. Huppert, to approve Consent Items A, B, C, D and E (approval of the minutes, April 26, 2016, Board of Water Works Trustees meeting; minutes, May 3, 2016, Planning Committee meeting; minutes, May 17, 2016, Finance and Audit Committee meeting; filing of the financial statements for audit purposes; approval of payments for April 2016; summary of CEO-Approved Expenditures in Excess of \$20,000; and approval of June 28, 2016, as the next meeting of the Board of Water Works Trustees). Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Public Comment Period – No comments presented.

Closed Session – At 3:33 p.m., Mr. Wallace made a motion, seconded by Ms. Gearhart, for the Board to go into closed session, pursuant to Section 21.5(1)(c), Code of Iowa, to discuss litigation strategy with counsel in the pending federal and state cases concerning nitrate pollution to avoid disclosure likely to prejudice or disadvantage the position of the Des Moines Water Works. A roll call vote was conducted. Mr. David Carlson, Ms. Leslie Gearhart, Mr. Graham Gillette, Ms. Susan Huppert, and Mr. Marc Wallace each voted “Aye.” A closed session was then conducted.

At approximately 5:14 p.m., the meeting returned to open session.

Nitrate Litigation Cost Reauthorization – Mr. Gillette noted the Board discussed the budget to date for the clean water litigation. In comparison, \$675,000 has spent by opponents in advertisement campaigns to undermine the legitimacy of this case. Mr. Gillette stated our state policy makers have not taken serious action, and our rate payers have no other option to continue with litigation. Concurrently, it is incumbent on Des Moines Water Works to continue to seek opportunities for success outside litigation. A motion was made by Mr. Wallace, and seconded by Ms. Gearhart to approve the additional expenditure not to exceed \$650,000 for attorney fees and expenses for case preparation, case prosecution and trial of its claims pending in the United States District Court for the Northern District of Iowa concerning nitrate pollution by named Drainage Districts and the related Iowa Supreme Court certification proceeding. Upon vote, the

motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Ms. Huppert asked Ms. Terry to report on the recent Greater Des Moines Partnership's Washington D.C. trip, as it relates to seeking opportunities outside litigation. Ms. Terry stated Des Moines Water Works met privately with U.S. Secretary Agriculture Tom Vilsack and noted that he wants Iowa legislators to do more, and he also wants Iowa to step up and take leadership in water quality.

Receive and File Nitrate Management Plan – Mr. Stowe noted that each of the Board members have viewed a presentation from staff during committee meetings concerning the CH2MHill report setting forth a Nitrate Management Plan. The full report is available on our website. The analysis shows that Des Moines Water Works will need to invest in nitrate management projects, which the Five Year CIP previously presented has estimated will cost \$70 million over the next six years. The report concludes that expected nitrate concentrations in Des Moines Water Works water sources will seriously impede Des Moines Water Works' mission of providing safe, affordable and abundant drinking water, without significant investment. A motion was made by Mr. Carlson, and seconded by Ms. Huppert to receive and file the Nitrate Management Plan for Des Moines Water Works. Mr. Gillette recognized the staff's excellent presentation. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Approve Amendment and Agreement for Termination of 28E Agreement between the City of Des Moines and the Board of Water Works Trustees Respecting the Des Moines Agribusiness Park – Mr. Stowe provided background on the Des Moines Agribusiness Park property purchased in partnership with City of Des Moines in 1999, in order to attract a large-water user customer(s). The investment was made pursuant to a 28E Agreement with the city of Des Moines. Since the proposed objective is not being met it is proposed to terminate existing agreement with City of Des Moines and cash out of our investment under terms as set forth in the form of Amendment and Agreement for Termination of 28E Agreement between the City of Des Moines and the Board of Water Works Trustees Respecting the Des Moines Agribusiness Park, which include a quit claim of the Des Moines Water Works interest in the subject properties to the City of Des Moines in exchange for a payment of \$655,789.75. Chairperson Gillette opened A Public Hearing on the Amendment and Agreement for Termination of the 28E Agreement. Receiving no oral or written public comments, the Public Hearing was closed. A motion was made by Ms. Gearhart, and seconded by Mr. Carlson to approve the Amendment and Agreement for Termination of the 28E Agreement Between the City of Des Moines and the Board of Water Works Trustees Respecting the Des Moines Agribusiness Park. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

2016 Asphaltic Concrete Surface Patch Contract – Mr. Stowe noted the 2016 Asphaltic Concrete Surface Patch Contract and next agenda item (2016-2017 Concrete Contract) are related to materials for street repairs after main break work. A motion was made by Mr. Wallace, and seconded by Ms. Huppert to award the 2016 Asphaltic Concrete Surface Patch Contract to the low responsible bidder, Hill Brothers Asphalt, in the amount of \$210,380.00. Upon vote, the

motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

2016-2017 Concrete Contract – A motion was made by Ms. Gearhart, and seconded by Mr. Carlson to award the 2016-2017 Concrete Contract to American Concrete, and authorize CEO and General Manager to execute the contract in the amount of \$205,872.50. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Request Authorization to Solicit Bids for 2016 Army Post Road Aquifer Storage and Recovery Well – Well House and Piping and Establish the Date of the Public Hearing as the Date of the June 2016 Board Meeting – The item relates to a part of the work required for the Army Post Road Aquifer Storage and Recovery Well project being constructed pursuant to 28E Agreement with the City of West Des Moines and West Des Moines Water Works in support of a new Microsoft facility in West Des Moines. Mr. Stowe noted the extensive work of Engineering staff on the project, as well as significant coordination and communication with City of West Des Moines and West Des Moines Water Works.. Mr. Stowe noted this project underscores Des Moines Water Works' regionalization efforts. A motion was made by Mr. Carlson, and seconded by Ms. Gearhart to authorize staff to solicit bids for 2016 Army Post Road Aquifer Storage and Recovery Well – Well House and Piping contract and establish the date of the Public Hearing as the date of the June 2016 Board meeting, and direct staff to publish notice as provided by law. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Request Authorization to Reimburse the City of Windsor Heights for Water Main Replacement within the City of Windsor Heights Phase 4 Paving Project – Sunset Terrace – A motion was made by Ms. Huppert, and seconded by Ms. Gearhart to authorize staff to reimburse the City of Windsor Heights for water main replacement work within the City of Windsor Heights Phase 4 Paving Project – Sunset Terrace. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

Approve Cooperative Agreement between Des Moines Water Works and the Iowa Department of Transportation for Bridge Reconstruction at Delaware Avenue and I-35/80 – A motion was made by Ms. Gearhart, and seconded by Mr. Carlson to approve and authorize the CEO and General Manager to execute the Iowa Department of Transportation Cooperative Agreement for Bridge Reconstruction at Delaware Avenue and I-35/80. Upon vote, the motion was adopted, with each member of the Board, who is identified above as present, voting in favor of the motion.

#### Board Committee Reports –

The following reports were provided:

- Mr. Carlson noted that the Planning Committee met on May 3, 2016, and discussed the Nitrate Removal Report.

- Ms. Huppert reported that the Finance and Audit Committee met on May 17, 2016, and also discussed the Nitrate Removal Report.
- Ms. Gearhart reported on great improvement in attendance, sales and room rentals at the Greater Des Moines Botanical Garden.
- Mr. Wallace reported that the Des Moines Water Works Park Foundation now has \$4.1 million in commitments. Mr. Carlson reported that naming rights for amenities are being subscribed. Mr. Stowe stated the Board will be provided information and opportunity to approve grants of naming rights at the appropriate time.
- Ms. Huppert reported the Greater Des Moines Partnership's Iowa Soil and Water Future Task Force will meet again in June.

CEO and General Manager's Comments –

- Mr. Stowe referred the Board to the quarterly update on the staff's 2016 utility goals in the Board's packet.
- Mr. Stowe provided an update on lead sampling relating to customer service lines and plumbing fixtures. Staff continues to meet and coordinate with Des Moines Public Schools, as well as communicate with customers, on lead issues, but it appears that Des Moines Water Works' corrosion control efforts are being effective in mitigating customer facility lead issues. .

Mr. Gillette noted the Contract Status Spreadsheet, April 2016 Lien Certification and Reversals, and Environmental Outreach Summary in the Board's packet.

Adjournment – Adjourn by unanimous consent. Meeting adjourned at 6:02 p.m.

**PLANNING COMMITTEE  
OF THE BOARD OF WATER WORKS TRUSTEES  
HELD AT THE OFFICE OF DES MOINES WATER WORKS  
PURSUANT TO NOTICE**

Tuesday, June 7, 2016  
3:40 p.m.

Present:

Board Members: Dave Carlson, Marc Wallace

Staff Members: Ted Corrigan, Peggy Freese, Doug Oscarson, Laura Sarcone, Bill Stowe and Jennifer Terry

1. Energy Management – Mr. Stowe noted that when we discuss energy at a water utility, we are including the use of electricity, fuel and natural gas. A lot of energy is consumed to treat and pump water. Mr. Oscarson briefly explained the history of energy management at Des Moines Water Works, including a relationship with MidAmerican Energy, which provides substantial industrial rebates. In 2014, DMWW engaged with a Department of Energy pilot program for water and waste water utilities to implement ISO 50001 and Superior Energy Performance Certification, which provide an internationally recognized framework for implementing an energy management system. Currently, there are no ISO 50001 certified water utilities. Des Moines Water Works will likely be one of the first, after successfully passing a third party audit. Electricity is the largest energy use across DMWW's three water treatment plants. Mr. Oscarson demonstrated data available in the DMWW Enterprise Assess Management that provide information to staff to make appropriate energy and operation decisions. Des Moines Water Works' ISO 50001 objectives are to reduce energy consumption by 10% at all three treatment plants; to involve employees, suppliers, contractors, and customers; to develop a systematic approach to energy management that will carry on well into the future; and to continue to be good stewards of our natural resources. Mr. Stowe remarked on alternative energy opportunities; however, we will leave new technologies to the experts at this time.
2. CEO and General Manager's Comments – Mr. Stowe noted we're seeing an uptick in customer demand. In addition, there has been an uptick in source water nitrate concentrations, and we're current operating five nitrate removal vessels.
3. Public Comments – None

Meeting adjourned at 4:42 p.m.

**FINANCE AND AUDIT COMMITTEE  
OF THE BOARD OF WATER WORKS TRUSTEES  
HELD AT THE OFFICE OF DES MOINES WATER WORKS  
PURSUANT TO NOTICE**

Tuesday, June 14, 2016  
3:30 p.m.

Present:

Board Members: Susan Huppert

Staff Members: Ted Corrigan, Peggy Freese, Michelle Holland, Dan Klopfer, Laura Sarcone  
and Bill Stowe

Also in attendance: Kristen Hughes and Andrew Steckel, from RSM US, LLP

1. DMWW Financial Statement Audit – Mr. Stowe introduced Ms. Hughes and Mr. Steckel from RSM US, LLP (formally McGladery & Pullen), who presented draft audit results of Des Moines Water Works’ financials for the year ended December 31, 2015, in accordance with generally accepted accounting principles. Mr. Steckel recognized staff and management preparation prior to the audit. Ms. Hughes reviewed audit reports for Des Moines Water Works’ financials and pension plan, as well as audit reports for solid waste, sewer and storm water collection charges for which Des Moines Water Works is the billing and collection agent for the City of Des Moines. Each of the audits will include an unqualified, clean opinion, which is the highest level of assurance provided by CPA firms. Ms. Hughes summarized the differences found from previous year’s audits, specifically the implementation of GASB Statement No. 68, which now requires recognizing a net pension liability and deferred outflows/inflows of resources. Ms. Huppert noted RSM (formally McGladery) is the same firm that the City of Des Moines uses, and she appreciates the annual call from the auditors prior to the audit. The Board will receive and file the audit reports at the June Board meeting, with Finance and Audit Committee’s support.
2. CEO and General Manager’s Comments – Mr. Stowe noted that we are seeing increased customer demand and we continue to run the nitrate removal facility in order to meet the nitrate MCL standard.
3. Public Comments – None.

Meeting adjourned at 4:15 p.m.