

**RECORD OF PROCEEDINGS
MINUTES
of the
Board of Water Commissioners**

Denver Water Administration Building
1600 West 12th Avenue
Denver, CO
Board Room, Third Floor

Wednesday, May 22, 2019

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 22, 2019, beginning at 9:00 a.m. in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. Members of the Board present during the Regular Meeting were:

Paula Herzmark, President
John R. Lucero, First Vice President
H. Gregory Austin, Vice President
Craig Jones, Vice President
Gary Reiff, Vice President

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

J.S. Lochhead, CEO/Manager	J. Lorton, Accounting Manager
J.A. Anderson, Chief of Staff	J. Martin, Project Engineer
M. Aragon, <i>Acting</i> Chief External Affairs Officer	C. Mbakogu, Division Sr. Analyst
A.C. Bricmont, Chief Financial Officer	P. McCormick, Project Engineer
J. Brody, General Counsel	T. Moore, Finance Analyst
G. Cagle, Chief Human Resources Officer	M. Nealey, Engineer Sr.
C.R. Dermody, Chief Information Officer	U. Ngo, Finance Sr. Analyst
B.D. Good, Chief Administrative Officer	C. Page, Finance Sr. Analyst
R. Mahoney, Chief Engineering Officer	C. Piper, Government Relations Manager
T.J. Roode, Chief Operations and Maintenance Officer	K. Riegle, Attorney
	J. Ross, Ass't Director Engineering - Projects

Denver Water aspires to be the best water utility in the nation.

Integrity :: Vision :: Passion :: Excellence :: Respect



S. Abram, Budget Manager
A. Andrews, Finance Sr. Analyst
A. Aslamy, Finance Sr. Analyst
N. Babyak, Water Treatment Plant
Supervisor
M. Barela, Finance Supervisor
K. Bates, Attorney
M. Decker, Contract Specialist
K. Dudas, Public Affairs Manager
C. Easom, Law Clerk
P. Freeman, Finance Sr. Analyst
A. Ingram, Contract Supervisor
J. Light, Engineer Sr.

U. Sharma, Treasurer
K. Taft, Sustainability Manager
G. Thompson, Engineer
D. Walsh, Engineer Sr.
C. White, Finance Associate Analyst
J. Adams, Trammell Crow
J. Bushong, Clifton Larson Allen
J. Crockett, Jacobs
L. Ferguson, Trammell Crow
L. Suer, Jacobs
J. Walvoord, Intern
R. Witt, Stantek

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:35 a.m.

Public Comment and Communications

Commissioner Herzmark 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 public comment.

Legislative Update

Mr. Piper reported that even though the legislative session has ended, he and staff will continue building relationships with stakeholders and looking ahead to policy issues for the next session. Commissioner Herzmark thanked Mr. Piper for his work, which has resulted in much success.

ACTION ITEMS

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: PROFESSIONAL MARKETING AND ADVERTISING SERVICES – CONTRACT 503941

Approved Contract 503941 with Pure Brand for marketing and advertising services for the contract period of June 1, 2019 through May 31, 2020, for a total contract amount not to exceed \$1,300,000.

2. ITEM II-A-2: CONDUIT NO. 12 INTERNAL JOINT SEALS – CONTRACT 503800

Approved Contract 503800 with T. Lowell Construction, Inc. for the Conduit No. 12 Internal Joint Seals project for the contract period of May 22, 2019 through April 17, 2020, for a total contract amount not to exceed \$3,950,000.

3. ITEM II-A-3: DENVER INTERNATIONAL AIRPORT 2019 VAULT AND CATHODIC PROTECTION IMPROVEMENTS – CONTRACT 503649

Approved Contract 503649 with Flatiron Construction, Inc. for the Denver International Airport 2019 Vault and Cathodic Protection Improvements project for the contract period of May 22, 2019 through November 15, 2019, for a total contract amount not to exceed \$1,270,000.

4. ITEM II-A-4: INTERCONNECT AGREEMENT WITH MERIDIAN METROPOLITAN DISTRICT – CONTRACT 504033

Approved Contract 504033 to serve Meridian Metropolitan District with emergency water through Inverness Water and Sanitation District.

5. ITEM II-A-5: MARSTON AND MOFFAT TREATMENT PLANT CHEMICAL FEED AND SOLIDS HANDLING PROJECT – CONTRACT 503393

Approved Contract 503393 with Aslan Construction, Inc. for construction of the Marston and Moffat Treatment Plant Chemical Feed and Solids Handling project for the contract period of May 22, 2019 through May 5, 2020, for a total contract amount not to exceed \$4,898,500.

6. PROPERTY AND CASUALTY INSURANCE POLICY RENEWALS/PURCHASES

Approved the renewal of insurance policies for property and equipment, utility

excess liability and fiduciary coverage. The total amount of the renewal is \$584,136.

7. ITEM II-B-1: NORTHWATER TREATMENT PLANT CONSTRUCTION OVERSIGHT AMENDMENTS

Approved the following Amendments to Contracts for professional services for the Northwater Treatment Plant Construction project:

- A. The Sixth Amendment to Contract 501524 with AECOM, adding \$437,752, for a total amended contract amount not to exceed \$4,650,155;
- B. The Sixth Amendment to Contract 501559 with CH2M, adding \$2,028,450, for a total amended contract amount not to exceed \$10,480,647;
- C. The Sixth Amendment to Contract 501471 with Carollo, adding \$4,226,025, for a total amended contract amount not to exceed \$12,911,786;
- D. The Fifth Amendment to Contract 501682 with AECOM, adding \$9,917,250, for a total amended contract amount not to exceed \$14,454,055;
- E. The Seventh Amendment to Contract 501401 with Jacobs, adding \$28,680,115, for a total amended contract amount not to exceed \$43,620,530; and
- F. The Eighth Amendment to Contract 503212 with Lean Project Consulting, adding \$90,000, for a total amended contract amount not to exceed \$150,000.

Mr. McCormick presented the Board with a Northwater Treatment Plant update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. He noted that the project is nearing the 90% design milestone with no changes to the critical path and no foreseeable insurmountable risks. The amendments approved today will permit field and support staff to continue work over the next five years, with hourly rates locked in at 2016 prices.

8. ITEM II-B-2: 2018 AUDITED FINANCIAL STATEMENTS

Approved the 2018 Comprehensive Annual Financial Report (CAFR), a copy of which is attached to and incorporated in these Minutes as Exhibit B.

Ms. Lorton thanked the finance team for its efforts toward producing the 2018 report, and Mr. Lochhead congratulated the team, mentioning that Clifton Larson Allen (CLA) was very complimentary of Denver Water's information, clarity and response time. Ms. Bushong congratulated Denver Water for being awarded the Excellence in Financial Reporting Award from the Government Finance Officers Association.

Summarizing the audit findings, Ms. Bushong noted that the CAFR-audit scope encompassed Denver Water's financial statements and retirement plans, with a few new aspects to reflect GASB 75, GASB 84 and GASB 89 requirements to report OPEB liability, defined benefit plan liability and bond interest costs. CLA found no difficulties in performing the audit, no passed adjustments, no corrected misstatements and no disagreements with management. Although CLA staff had conversations with Denver Water management prior to the audit, CLA's engagement was not contingent upon those discussions. CLA did not consult with other independent accountants during the audit, found no significant issues to discuss with management and found no material weaknesses or significant deficiencies. The only matters of note involved approval of a timesheet and documentation of IT user access rights. These matters have already been addressed.

All of Denver Water's financial statements received unmodified opinions, which is the highest level of assurance.

Commissioner Austin commended the team for superior work done by in-house staff and for their positive working relationship with CLA. Commissioner Herzmark remarked that this audit is a tribute to the excellent work done by Denver Water's finance staff on a day to day basis. She said that the Board recognizes, appreciates and is proud of their efforts.

POLICY MATTERS

9. ITEM III-A: OCR UPDATE

The Board received an OCR Update presentation, a copy of which is attached to and incorporated in these Minutes as Exhibit C.

Mr. Ross thanked the Board for joining the OCR team on a tour of the new Administration Building. Commissioner Herzmark remarked that the beautiful building demonstrates respect for each of the employees and the public entering

it every day.

Mr. Ferguson shared recent project milestones, noting that the project has passed the one million contractor hours milestone. Recent inclement weather has caused some delays, which will be reconciled in June. Soil remediation has been necessary near the Three Stone Building renovation and teams are engaged in work on the visitor parking lot. MWBE design participating and construction participation continue to trend above targets, with additional MWBE opportunity in the demolition of the existing Administration Building.

EXECUTIVE UPDATE

10. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he, staff and some Board members attended a breakfast with distributors yesterday, and that the distributors really appreciate the partnership with Denver Water and working relationship with Julie Seagren.

He also reported that he recently attended a meeting organized by the U.S. Forest Service (USFS) that included attendees from various national foundations, the Department of Natural Resources, insurance companies, the wood product industry and others interested in expanding partnerships and leveraging resources to improve the condition of Colorado's watersheds. Colorado's efforts are receiving national attention as a model of stewardship and partnership with the USFS.

11. ITEM IV-B: CFO REPORT

The Board received a Monthly Financial Report, a copy of which is attached to and incorporated in these Minutes as Exhibit D.

12. ITEM IV-C: OPERATIONS REPORT

Ms. Anderson provided the Board with an update on the Third Party Capital Projects and Procurement Review, explaining that PMA Consultants will begin the first phase of the review beginning the week of May 27, 2019 and is due to complete stakeholder interviews by mid-June. These interviews will inform the analysis of Denver Water's processes and help inform the basis for PMA's observations and recommendations. In response to a question from Commissioner Austin, Ms. Anderson indicated that she would ensure the

consultants meet with the Gross Reservoir project team to review that project's processes, gain insight and make recommendations soon.

BRIEFING PAPERS & REPORTS

13.ITEM V-A-1: LEGISLATIVE UPDATE

The Board received a Legislative Update, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

14.ITEM IV-A-2: YEAR-TO-DATE SUSTAINABILITY UPDATE

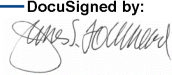
The Board received a Year-to-Date Sustainability Update, a copy of which is attached to and incorporated in these Minutes as Exhibit F.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee Meeting at approximately 10:40 a.m.

Trustee/Plan Sponsor 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, May 22, 2019, commencing at 10:40 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting/Plan Sponsor are maintained separately. The Trustee/Plan Sponsor Meeting concluded at 10:50 a.m., at which time the Board voted unanimously to adjourn into Executive Session.

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Secretary

DocuSigned by:

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President