

**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, March 28, 2018

Open Session/Plan Sponsor Meeting

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, March 28, 2018, 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
Gary M. Reiff, Vice President
Craig Jones, Vice President

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

J.A. Anderson, Chief of Staff	N. Elder, Planning Manager
G. Cagle, Chief Human Resources Officer	J. Finehout, Community Relations Sr. Specialist
C.R. Dermody, Chief Information Officer	G. Fisher, Demand Planning Manager
C. Funk, <i>Acting</i> General Counsel	Y. Her, Procurement Manager
B.D. Good, Chief Administrative Services Officer	A. Ingram, Contract Supervisor
M. King, Chief External Affairs Officer	J. Martin, Project Engineer
J.S. Lochhead, CEO/Manager	B. Maulis, Contract Specialist
K. Petrik, <i>Acting</i> Chief Engineering Officer	J. Nolte, GIS Manager
T.J. Roode, Chief Operations and Maintenance Officer	M. Price, Director Support Operations
U. Sharma, <i>Acting</i> Chief Financial Officer	V. Roberts, Director Business Technology
S. Abram, Budget Manager	J. Ross, Engineer Sr.
	J. Seagren, Distribution Relations Manager

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

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



R. Angle, Finance Sr. Analyst
M. Aragon, Director Customer Relations
K. Bates, Attorney
D. Bennett, Director Water Resource
Strategy
J. Bogner, Finance Analyst
T. Bray, Environmental Scientist Supervisor
S. Chesney, Public Affairs Manager
A. Chotiner, Business Operations Manager
P. Coleman, Chief Internal Auditor
P. Daukas, Planning Manager
F. Davis, Rates Manager

C. Shaw, Executive Assistant
S. Snyder, Communication Sr. Specialist
H. Stauffer, Community Relations Specialist
K. Taft, Sustainability Program Manager
J. Tejral, Public Affairs Manager
T. Thompson, Media Relations Sr.
Coordinator
C. Ward, Division Sr. Analyst
L. Weber, Planner Sr.
J. Adams, Trammell Crow
L. Ferguson, Trammell Crow
D. Kuntz, Mortenson
C. Lane, South Platte Water & Sanitation
District

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:22 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 response.

Introductions, Awards, and Ceremonies

Mr. King introduced Ms. Chesney as Denver Water's new Public Affairs Manager.

Mr. Good introduced Mr. Nolte as Denver Water's new GIS Manager.

Legislative Update

Ms. Stauffer presented the Board with a Legislative Update, a copy of which is attached to and incorporated in these Minutes as Exhibit A. In response to a question from Commr. Lucero, she stated that HB18-1069 passed in the House, 47 to 14, and was heard in the Senate Agricultural Committee meeting this morning.

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: ASPHALT AND CONCRETE PAVING – CONTRACT 503109

Approved Contract 503109 with Colorado Asphalt Services, Inc. for asphalt and concrete paving for the contract period of April 1, 2018 through March 31, 2021, for a total contract amount not to exceed \$24,000,000. The Board discussed the contractor's responsibility to engage in good faith efforts to subcontract with MWBE firms for 25% of the work, as well as staff's responsibility for monitoring the progress toward this goal. Mr. Roode explained that this contract contains steeper penalties for delays in work, discount pricing for work performed more quickly than the stated target goals, and that the contract price reflects paving trends over an 18 month period.

POLICY MATTERS

2. ITEM III-A: OCR UPDATE

Mr. Ferguson provided the Board with an OCR Project Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He noted that the Trades and Fleet buildings have received their Certificates of Occupancy, the Administration Building sub-grade is being prepared for slab-on-grade concrete placement, placement of the second level of the parking garage is underway, and pricing for the Three Stone Building renovation will be received by the end of March. While discussing the project budget, Commrs. Reiff and Austin expressed concern about the adequacy of disclosure of actual costs and proposed money-saving changes in the scope of the process. Mr. Ferguson stated that Trammell Crow will reorganize its budget forecast presentations to more accurately reflect real-time expenditures compared to the budgeted amounts, especially with regard to contingency funds, and that the Board will be notified in advance of any recommended scope changes.

Mr. Ferguson explained that all of the allocated and the majority of the unallocated contingency funds have been spent on environmental remediation related to the OCR project's Beneficial Use Determination. He said that asbestos pipe and additional ash have been found on the project site, and that the remainder of the contingency funds will be utilized soon. In an effort to stay within

budget, the team has identified value engineering savings by making design changes that did not materially affect scope. Operational efficiencies allowed removal of a level in the parking garage, removal of the Wash Building and Fuel Station from the scope of work. Additional cost savings are expected for the Three Stone Building renovations. The team has also reallocated budgeted amounts from other portions of the project where savings were realized.

Going forward, Trammell Crow will report any budget reallocations on a monthly basis, along with its monthly project update.

3. ITEM III-B: BUSINESS TECHNOLOGY TRANSITION

Ms. Roberts presented the Board with an update of IT Governance Review, a copy of which is attached to and incorporated in these Minutes as Exhibit C. She referred to section 4.5 of the Grant Thornton Recommendation, a copy of which is attached to and incorporated in these Minutes as part of Exhibit G, and explained that any request for IT projects over \$10,000 will be subject to a Value Management cycle, which will include identification of expected benefits, a plan to measure the benefits, a business case, a comparison against other IT investments, a selection process, management of scope, schedule and costs, and a verification of the benefits realized after delivery. The Board can expect to see quarterly reports about current IT projects, the results of value verifications, and will be asked to approve annual IT strategies.

4. ITEM III-C: DROUGHT WATCH REPORT

Mr. Bennett presented the Board with a Water Supply Update, a copy of which is attached to and incorporated as Exhibit D. He said that despite the recent, and upcoming snowstorms, state-wide snowpack is 71% of average, with the southern parts of the state prepared to declare drought conditions soon. Streamflow forecasts from the National Resources Conservation Service all predict below average streamflow runoff. In anticipation of such runoff, Denver Water has moved water amongst the basins to optimize the water supply and take advantage of the system's flexibility. Staff will continue to monitor the water supply forecasts and build messaging and outreach efforts to coordinate conservation amongst distributors, other water providers and the state, and to inform the public about the circumstances at Lakes Powell and Mead.

EXECUTIVE UPDATE

5. ITEM IV-A: CEO REPORT

Mr. Lochhead reported that he and Mayor Hancock participated in signing a partnership with the town of San Luis Rio Colorado in Mexico. Both Denver and San Luis Rio Colorado rely on water from the Colorado River, and have committed to a partnership of research and developing innovative water restoration projects.

Mr. Lochhead reported that he was recently in Washington D.C. attending a Board meeting for the Association of Municipal Water Agencies, where members of congress and staff spoke about various infrastructure proposals, as well as the Lead Copper Rule and lead service lines.

Finally, Mr. Lochhead remarked that he met with Senators Gardner and Bennet to inform them of the state of Colorado River, Lakes Mead and Powell, and to express a sense of urgency for having an open dialogue with interests in the basin to develop equitable solutions in the event that drought conditions persist in the Colorado River Basin states.

6. ITEM IV-B: CFO REPORT

The Board received a Financial Report dated February 28, 2018, a copy of which is attached to and incorporated in these Minutes as Exhibit E. In response to a request from Commr Reiff, staff will present the Board with cash-balance and debt-policy discussions simultaneously.

BRIEFING PAPERS & REPORTS

7. 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 F.

8. ITEM V-A-2: IT GOVERNANCE

The Board received an IT Governance Briefing Paper, a copy of which is

attached to and incorporated in these Minutes as Exhibit G.

9. ITEM V-A-3: FINANCIAL POLICIES

The Board received a Briefing Paper of Financial Policies, a copy of which is attached to and incorporated in these Minutes as Exhibit H.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a concurrent Trustee and Open Session/Plan Sponsor Meeting at approximately 10:35 a.m.

Trustee Meeting/Plan Sponsor Meeting


The Board of Water Commissioners, serving in their capacity as Trustees and Plan Sponsor of the Employees' Retirement Plan Trust Fund and Plan met on Wednesday, March 28, 2018 commencing at 10:35 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee/ Plan Sponsor Meeting are maintained separately. The Trustee/Plan Sponsor Meeting concluded at 10:37 a.m., at which time the Board voted unanimously to adjourn into Executive Session.

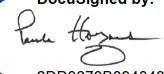
Executive Session

On Wednesday, March 28, 2018 , commencing approximately at 10:37 a.m. in the Board Room, Room 309, 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. Litigation § 24-6-402(4)(b)
2. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:45 a.m.

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 Secretary

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 President