

**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 23, 2018

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, May 23, 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
Gary M. Reiff, Vice President
Craig Jones, Vice President

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

S. Abram, <i>Acting</i> Chief Financial Officer	D. Hamm, Division Analyst
J.A. Anderson, Chief of Staff	A. Ingram, Contract Supervisor
D. Bennett, <i>Acting</i> Chief External Affairs Officer	L. Kaatz, Environmental Lead Scientist
G. Cagle, Chief Human Resources Officer	J. Kearns, Contract Specialist
C.R. Dermody, Chief Information Officer	J. Lorton, Accounting Manager
B.D. Good, Chief Administrative Services Officer	R. Marsicek, Planning Manager
M. King, Chief External Affairs Officer	A. Mays, Finance Supervisor
J.S. Lochhead, CEO/Manager	P. McCormick, Project Engineer
R.J. Mahoney, Chief Engineering Officer	R. Pence, Engineer
T.J. Roode, Chief Operations and Maintenance Officer	C. Proctor, Communication Specialist
G. Rosenschein, <i>Acting</i> General Counsel	B. Ransom, Recreation Manager
	A. Rettig, Finance Supervisor
	J. Ross, Engineer Sr.
	U. Sharma, Treasurer

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

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



A. Andrews, Finance Sr. Analyst
 J. Angel, Finance Sr. Analyst
 A. Aslamy, Finance Sr. Analyst
 M. Barela, Finance Supervisor
 K. Bates, Attorney
 S. Chesney, Director Stakeholder Relations
 A. Chotiner, Business Operations Manager
 P. Coleman, Chief Internal Auditor
 F. Davis, Rates Manager
 S. Dominick, Engineer Sr.
 K. Dudas, Public Affairs Manager
 J. Figurelli, Finance Sr. Analyst
 G. Fisher, Demand Planning Manager
 P. Galarneau, Finance Sr. Tech
 R. Gallen, Contract Specialist

S. Snyder, Communication Sr. Specialist
 K. Taft, Sustainability Manager
 R. Wirth, Finance Supervisor
 J. Adams, Trammell Crow
 J. Bushong, Clifton, Allen, Larson
 N. Church, Havey Pro Cinema
 J. Crockett, Jacobs
 J. Havey, Havey Pro Cinema
 D. Kuntz, Mortenson
 C. Lane, South Platte Water Sanitation
 District
 L. Suer, Jacobs
 M. Sullivan, Trammell Crow
 L. Thompson, GRS
 P. Wood, GRS
 L. Ferguson, Trammell Crow

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:17 a.m. Upon motion regularly made, seconded and unanimously carried, Commissioner Austin was found to be absent for substantial cause and was excused.

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.

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: DISPOSAL OF RESIDUALS – CONTRACT 503210

Approved Contract 503210 with Allied Waste Services of Colorado, LLC, d/b/a Tower LF, Inc. for disposals of residuals for the contract period of June 1, 2018 through May 31, 2021 for a total contract amount not to exceed \$1,080,000. Mr. Roode noted that although the Board item contained language regarding contractual engagement with Republic Services, Inc., that company was recently

purchased by Allied Waste Services of Colorado, LLC.

**2. ITEM II-A-2: TREE AND SHRUB TRIMMING AND REMOVAL –
CONTRACTS 503383 AND 503384**

Approved Contracts 503383 and 503384 with Splintered Forest, LLC and Root Tree Service, LLC for tree and shrub trimming and removal for the contract period of June 1, 2018 through May 31, 2021, for a total contract amount not to exceed \$400,000.

**3. ITEM II-A-3: THIRD AMENDMENT TO AGREEMENT FOR
PROFESSIONAL SERVICES WITH DAVIS, GRAHAM & STUBBS, LLP –
CONTRACT 15947A/501022**

Approved the Third Amendment to Contract 15947A/501022 with Davis, Graham & Stubbs, LLP for continued professional services regarding the retirement and benefit plans, extending the contract period through May 31, 2019 and adding \$200,000, for a total amended contract amount not to exceed \$1,100,000.

4. ITEM II-B-1: 2017 AUDITED FINANCIAL STATEMENTS

Accepted the 2017 CAFR and retirement plans' financial statements, as prepared by Clifton, Allen, Larson (CLA). Ms. Bushong explained that CLA is responsible for auditing Denver Water's financial statements and opining on financial disclosures, not internal controls. It has issued an unmodified opinion, which is the highest level opinion, reflecting that Denver Water's financial statements are materially correct and conform with generally accepted accounting principles. No material weaknesses or significant deficiencies were found. CLA encountered no difficulties or disagreements with management while performing the audit, and did not correct any misstatements or past adjustments.

Ms. Bushong noted that the Management Letter contained four minor communications: 1) some terminated employees were found to have active IT accounts, 2) vendor payment information change processes; 3) errors in payroll processing; and 4) internal controls of newly implemented functionality in J.D. Edwards. Management has responded to each and put corrective measures in place.

With regard to the retirement plans, CLA has issued unmodified opinions for all plans, the Employees' Retirement Plan, the 401(k) and the 457 Plans.

Ms. Bushong thanked Denver Water staff for all of their efforts on the audit. Commissioner Jones congratulated staff for doing a great job and spectacular audit results.

A copy of Ms. Bushong's presentation is attached to and incorporated in these Minutes as Exhibit A.

5. ITEM II-B-2: FINAL DESIGN SERVICES AMENDMENTS FOR NORTHWATER TREATMENT PLANT

Approved the following Contract and Amendments for continued design work for the Northwater Treatment Plant: Contract 503392 with Dewberry Engineers for Programming; Fifth Amendment to Contract 16811A/501524 with AECOM Technical Services, Fifth Amendment to Contract 16836A/501559 with CH2M Hill Engineers, Inc., Fifth Amendment to Contract 16851A/501471 with Carollo Engineers, Fourth Amendment to Contract 17101A/501682 with AECOM Technical Services, Inc., Third Amendment to Contract 17098A/501678 with Burns & McDonnell, Inc., Sixth Amendment to Contract 16192A/501515 with Kiewit Infrastructure Co., Sixth Amendment to Contract 16676A/501401 with Jacobs Engineering Group, Inc., and First Amendment to Contract 503212 with Kiewit Infrastructure, Inc. The Contract and Amendments add \$31,909,616.50 for a total amended Project amount not to exceed \$62,854,400.18.

Mr. McCormick presented the Board with a Project update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. He explained that the Project will now undergo a transition from preliminary to final design. He noted that a conflict of interest has been identified, as Jacobs Engineering, Denver Water's Owner Representative for the Project, recently acquired CH2M Hill. After consultation with legal counsel and an outside auditing firm, it was decided to install a firewall through contractual language, and to require the two to act as two separate teams. Each member of the teams signed a non-disclosure agreement, the violation of which may result in liquidated damages to Denver Water and removal from the Project. CDM Smith will perform the primary oversight of CH2M Hill's work.

Mr. McCormick remarked that working with these several design firms has worked tremendously well for Denver Water, in that it has diversified and mitigated Denver Water's risk, allowed for the best teams to perform the work,

created positive competition and complimentary work between the firms, and permitted Denver Water to leverage resources to achieve the best value at the best cost. Through the course of the design phase, the goal, and effect, has been to analyze alternatives, be creative, utilize many continuous improvement events, and develop an excellent result.

The Board and executive team are invited to the Project groundbreaking in August.

POLICY MATTERS

6. ITEM III-A: OCR UPDATE

Mr. Ferguson shared an OCR update with the Board, a copy of which is attached to and incorporated in these Minutes as Exhibit C. He noted that the Trades, Meter Shop, Fleet and Warehouse buildings all received their final certificates of occupancy and that the interior renovation of Building J is almost complete. Phase Two construction is progressing on schedule, with slab on grade for the new Administration Building and parking garage complete. Fifty-eight percent of the budget has been spent to date, with overall actual expenditures of \$114 million, including all the Owner Unallocated Contingency, and additional money for installation of the Conduit No. 18 slip line that was done in conjunction with the shutdown for the Conduit No. 18 relocation. Mr. Lochhead remarked that the Project team will return to the Board in June to request additional funds to cover additional contingency needs and re-establish the one percent budget for public art.

7. ITEM III-B: SUSTAINABILITY UPDATE

Ms. Taft presented the Board with a sustainability update, a copy of which is attached to and incorporated in these Minutes as Exhibit D. She noted that her team has been working to set baseline energy usage and set goals for improving efficiency and reducing consumption, as well as assisting teams at the Marston, Moffat and Recycle Treatment Plants with energy efficient projects. Going forward, the team will try to measure Denver Water's water consumption, reduce electronic and solid waste through waste diversion efforts and new waste-measurement efforts, and incorporate sustainability into Denver Water's Operating Standards, Engineering Standards, and other operational processes.

EXECUTIVE UPDATE

8. ITEM IV:B: CFO UPDATE

The Board received a Financial Report dated April 30, 2018, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

9. ITEM IV-C: OPERATIONS REPORT

Mr. Roode reported that the High Line Canal is running water to the Buell Mansion area.

Ms. Dudas invited the Board to a tasting of beer made with Denver Water's recycled water, to be held June 1, 2018.

BRIEFING PAPERS & REPORTS

10. ITEM V-A-B: REVIEW OF PROPERTY BURDENS AND DISPOSALS – 1ST QUARTER 2018

The Board received a Review of Property Burdens and Disposals for the 1st Quarter of 2018, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

ADJOURNMENT

No further business appearing, the Board voted unanimously to adjourn into a Trustee meeting at approximately 11:05 a.m.

Trustee Meeting

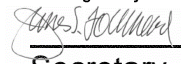
The Board of Water Commissioners, serving in their capacity as Trustees of the Employees' Retirement Plan Trust Fund and as Sponsor of the Supplemental Retirement Savings Plan of the Board of Water Commissioners of the City and County of Denver, met on Wednesday, May 23, 2018, commencing at 11:12 a.m., in the Board Room, Room 309, 1600 West 12th Avenue, Denver, Colorado. The Minutes of the Trustee Meeting are maintained separately. The Trustee Meeting concluded at 11:40 a.m., at which time the Board voted unanimously to adjourn into Executive Session.

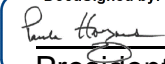
Executive Session

On Wednesday, May 23, 2018 , commencing approximately at 11:40 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. Security § 24-6-402(4)(d)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:57 a.m.

DocuSigned by:

Secretary

DocuSigned by:

President