

**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, September 27, 2017

Open Session

A duly called Regular Meeting of the Board of Water Commissioners was held Wednesday, September 27, 2017 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
Penfield W. Tate, III, Vice President

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

J.A. Anderson, Chief of Staff	D. Engleman, Total Rewards Administrator
A.C. Bricmont, Chief Financial Officer	M. Faulkner, Director HR - Talent
G. Cagle, Chief Human Resources Officer	M. Garfield, Customer Relations Manager
C.R. Dermody, Chief Information Officer	D. Hamm, Division Analyst
B.D. Good, Chief Administrative Services Officer	Y. Her, Procurement Manager
M. King, Chief External Affairs Officer	A. Ingram, Contract Supervisor
R.J. Mahoney, Chief Engineering Officer	J. Martin, Project Engineer
T.J. Roode, Chief Operations and Maintenance Officer	B. Maulis, Contract Specialist
P.L. Wells, General Counsel	M Price, Director Business Operations
S. Abram,	J. Ross, Engineer Sr.
K. Bates, Attorney	J. Seagren, Distribution Relations Manager
T. Bryant, Controller	J. Baile, Willows Water District
P. Coleman, Chief Internal Auditor	M. Cowan, Citizens' Advisory Committee
	L. Ferguson, Trammell Crow
	D. Kuntz, Mortenson

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

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



R. DeCoursey, Finance Sr. Analyst

A. Stevens, Gallagher
M. Sullivan, Trammell Crow

INTRODUCTORY BUSINESS

Commissioner Herzmark called the meeting to order at 9:17 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

Commissioner Herzmark introduced Mr. Reiff, newly appointed Commissioner to the Board of Water Commissioners. Mr. Reiff, a Denver native, and attorney by training, is the Chief Administrative Legal Officer of the private equity firm, Black Creek Group. He served on Governor Romer's senior staff for two years, as chair of the Colorado Transportation Commission, Chair of the Trustees of the University of Northern Colorado, chair of the Board of Trustees of the State Colleges of Colorado, and was recently appointed to the Colorado Independent Ethics Commission. Commissioner Reiff thanked Commissioner Herzmark and said that he looks forward to his tenure at Denver Water.

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: CONTRACT 17145A LIQUID ALUMINUM SULFATE

Approved Contract 17145A with Chemtrade for liquid aluminum sulfate for the contract period of January 1, 2018 through December 31, 2020, for a total contract amount not to exceed \$4,500,000.

Commissioner Reiff recused himself from voting on Item II-A-2, to avoid any appearance of impropriety, as he sits on the Colorado Independent Ethics Commission, which is the body that could potentially review Denver Water's Code of Ethics.

2. ITEM II-A-2: RECOMMENDED REVISIONS TO PERSONNEL POLICIES REGARDING EMPLOYEE CODE OF ETHICS

Approved revisions to Denver Water's Personnel Policies, section 2-12, a copy of which is attached to and incorporated in these Minutes as Exhibit A.

POLICY MATTERS

3. ITEM III-A: OCR UPDATE

The Board received a copy of an OCR Update, a copy of which is attached to and incorporated in these Minutes as Exhibit B. Mr. Ferguson noted that the Phase I operations buildings have all been turned over to Denver Water with Phase II design and GMP development underway. Mr. Kuntz said that in the last 30 days, Mortenson has been able to contract with Gilmore Construction and RhinoTrax to provide MWBE construction services. MWBE participation in construction has exceeded the 18% goal.

4. ITEM III-B: BENEFIT PLAN ADMINISTRATION RFP PARTNERSHIP

The Board received a copy of a presentation on a Benefit Plan Administration RFP Partnership with Gallagher Benefit Services, a copy of which is attached to and incorporated in these Minutes as Exhibit C. Ms. Cagle explained that in its continuous effort to reduce costs and inefficiencies and improve employee services, the Human Resources Division will explore an RFP process for outsourcing employee benefits administration. Presently, administration of the seven benefit plans occurs in-house and manually. It is possible that a third party administrator could help streamline the growth of benefit plan offerings, provide more flexibility, improve compliance, improve communication and provide a better user experience. In response to a question from Commissioner Austin, Ms. Cagle said that staff will provide the Board with a comparison of costs for continuing administration in-house, and a return-on-investment analysis when presenting the Board with any options for third-party administration in February, 2018.

5. ITEM III-C: EXTENSION OF SERVICE CONTRACT WITH UNUM

The Board received a copy of a presentation regarding extension of Contract 15956A with Unum, to allow for third party administration of Family and Medical Leave, a copy of which is attached to and incorporated in these Minutes as Exhibit D. Ms. Cagle explained that Denver Water engaged Unum to provide life, accidental death and dismemberment, and short-term and long-term

disability insurance to employees. She said that it is necessary to amend and extend the time on the agreement to allow for further time to evaluate experience, as well as to engage with Unum to administer Denver Water's Family and Medical Leave program. Currently, the program is administered in-house and manually. Outsourcing the administration would provide for better oversight, mitigate risk of error, would integrate the FMLA and disability functions for seamless disability management process and not require additional FTE staff. In response to questions from the Commissioners, Ms. Cagle explained that Unum would follow Denver Water's Personnel Policies to administer the program and that although fewer Denver Water employees would be involved in the process, Unum would engage with both the affected employee and Human Resources to evaluate situations and make decisions. Ms. Wells commented that Denver Water should retain discretion for certain situations, and that Human Resources should take this into consideration when working with Unum to set the terms of the contract amendment.

The Board received an updated 2017 Denver Water Peer Comparison for benefits, a copy of which is attached to and incorporated in these Minutes as Exhibit E.

6. ITEM III-D: DRAFT 2018 PRIORITIES AND WORK PLAN

The Board received a copy of the Draft Denver Water 2018-2019 Work Plan, a copy of which is attached to and incorporated in these Minutes as Exhibit F. Ms. Anderson explained that the Plan reflects strategic planning process undergone by the organization earlier in 2017, and contains high level descriptions of the top organizational priorities, strategic goals and objectives. This Plan, which directly informs the 2018 Budget, recognizes that many priorities from 2017 carry over into the 2018 organizational priorities. Certain projects have been combined into themes for 2018. For example, the IRP and Gross Reservoir Enlargement projects are combined with other projects on the north end of Denver Water's system into a priority themed the north system renewal.

In anticipation of Phase II of the OCR project, there will be several 6S and 2P projects across the organization to evaluate efficient methods for utilizing work spaces and workflows. The 2018 Audit Plan will be discussed with the Board Audit Committee, and is expected to focus on Human Resources, Finance and follow-up reviews of previous years' audit findings.

EXECUTIVE UPDATE

7. ITEM IV-B: CFO UPDATE

The Board received a Financial Report for the period of January 1, 2017 through August 31, 2017, a copy of which is attached to and incorporated in these Minutes as Exhibit G. Ms. Abram noted that the category of Professional Services is running above budget, due in part to contracts relating to the Forest to Faucets Partnerships, unanticipated legal costs associated with the Gross Reservoir Enlargement project and the Pension Plan change project, and unanticipated claims experience.

8. ITEM IV-C: OPERATIONS UPDATE

Mr. Roode reported that the High Line Canal came into priority this week. Staff decided to run water through the Canal, in an effort to have it reach as far north as possible.

BRIEFING PAPERS & REPORTS

9. ITEM V-A: BRIEFING PAPER REGARDING REQUEST FOR INFORMATION FOR EXTENSION OF SERVICE CONTRACT WITH UNUM

The Board received a copy of a Briefing Paper for the Request for Information for an Extension of Service Contract with Unum, a copy of which is attached to and incorporated in these Minutes as Exhibit H.

10. ITEM V-B: BRIEFING PAPER REGARDING BENEFIT PLAN ADMINISTRATION RFP PARTNERSHIP

The Board received a copy of a Briefing Paper for Benefit Plan Administration RFP Partnership, a copy of which is attached to and incorporated in these Minutes as Exhibit I.

ADJOURNMENT


No further business appearing, the Board voted unanimously to adjourn into an Executive Session at approximately 10:30 a.m.

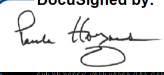
EXECUTIVE SESSION

On Wednesday, September 27, 2017 , commencing approximately at 10:35 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 matter, which is authorized by C.R.S. § 24-6-402 or D.R.M.C. § 2-34, was discussed during the Executive Session:

1. Attorney-Client Matters § 24-6-402(4)(b)

There being nothing further for the Board to consider, the Executive Session concluded at approximately 11:20 a.m.

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Secretary

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President