

DENVER BOARD OF WATER COMMISSIONERS
Acting as Trustee of Retirement Plan or Sponsor of 401(k) Plan

Meeting Date: June 27, 2012

Board Item: 2-A-2

**Adoption of Restated 401(k) Plan Document; Ratification of Contract
Amendment; and Amendment of the Investment Policy Statement for the
Denver Water 401(k) Plan**

Action by Consent

Action

Information

This Board item proposes approval of amendments to three separate documents related to the Denver Water Supplemental Retirement Savings Plan (401(k) Plan).

1. Adoption of Restated 401(k) Plan Document. All the changes made since the last restatement in 2008 have been accumulated in the attached Plan Document. The details of the changes are described in the memorandum prepared by Mary Brauer of Reinhardt Boerner and Van Dueren, Special Counsel to the Board for the Retirement Program, dated 06/22/2012. Almost all the changes fall into the same three categories described in Board Item 2-A-1; that discussion will not be repeated here.

- a. IRS changes. The IRS issued a favorable determination letter for the Plan on May 24, 2012.
- b. Changes adopted since 2009.
- c. Plan reference to Personnel Policies.
- d. Changes to reflect new fee arrangement. The new method for payment of fees for recordkeeping is discussed below. Changes to the Plan Document are necessary to reflect the new arrangement.

2. Ratification of Amendment to Recordkeeping Contract. At the April 11, 2012 Trustee Meeting, Sean Waters of Cook Street Consulting, Inc., the Board's Investment Consultant for the defined contribution plans, discussed a change in fee structure to institute "wrap fees" to pay recordkeeping costs, rather than continued reliance on revenue sharing. The new recordkeeping fee arrangement ensures more equitable distribution of recordkeeping fees among participants by offering share classes with the lowest available management fees and adding a 0.09% wrap fee to all investment alternatives that do not share revenue back with the recordkeeper. In order to institute the wrap fee arrangement, the December 29, 2010 recordkeeping agreement with Great-West Retirement Services has been amended. The amendment was signed by the CEO/Manager.

3. Investment Policy Statement. The October 2007 Investment Policy Statement (IPS) for the defined contribution plans must be amended to accommodate the move away from revenue sharing for recordkeeping fees. The proposed change to Item 6 under "Policy Objectives and Constraints" retains a directive to monitor administration costs to ensure that they remain reasonable, but removes the language about selecting investment options that do not result in the imposition of explicit participant fees. This proposed change is recommended by both Cook Street and Reinhardt Boerner. The IPS

will be part of the fiduciary review of Denver Water's retirement plans, to be conducted by Rienhardt Boerner later in the year, but this proposed amendment is needed now.

Attached to this Trustee item are the following documents:

1. *Proposed restated Denver Water Supplemental Retirement Savings Plan Document (401(k) Plan)*
2. *Amended Record Keeping Agreement with Great West Retirement Services. (Contract # 13411A)*
3. *The Investment Policy Statement for the Denver Water supplemental Retirement Savings 401(k) Plan dated June 13, 2012- redlined version*

Recommendation:

It is recommended that the Board, as a sponsor of the 401(k) plan, adopt the restated 401(k) Plan Document effective June 27, 2012; ratify action taken by the Manager/CEO in approving the First Amendment to the Record Keeping Agreement with Great West Retirement Services; and approve the amendment to 401(k) IPS.

Approvals:

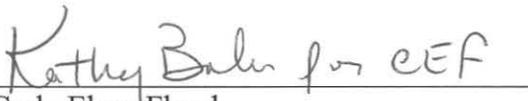


Angela Brimont
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Respectfully submitted,



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