

2022 ANNUAL POPULAR REPORT

Denver Board of Water Commissioners Employees' Retirement Program

Employees' Retirement Plan

Denver Water 401(k) Supplemental Retirement Savings Plan

Denver Water 457 Deferred Compensation Plan

Trust Funds of the Denver Board of Water Commissioners

For Fiscal Year Ended December 31, 2022

DENVER BOARD OF WATER COMMISSIONERS

Craig Jones, President

Dominique Gómez, First Vice President

Gary Reiff, Vice President

Stephanie Donner, Vice President

Tyrone Gant, Vice President

CEO/MANAGER

James S. Lochhead

RETIREMENT PROGRAM COMMITTEE

Angela C. Bricmont, Chief Finance Officer

Julie Anderson, Chief of Staff

Kim Forbes, Director of Human Resources

Paula Jensen, Total Rewards Manager

Deb B. Engleman, Total Rewards Sr. Administrator

Usha Sharma, Treasurer

Aneta M. Rettig, Treasury

Jeff Bogner, Treasury

Kris Bates, Office of General Counsel

ACTUARY

Gabriel, Roeder, Smith & Company

INVESTMENT ADVISORS

Segal Marco (Defined Benefit Plan)

CAPTRUST (Defined Contribution Plans)*

ASSET CUSTODIANS

The Northern Trust Company (Defined Benefit Plan)

Empower Retirement (Defined Contribution Plans)

INDEPENDENT AUDITOR

CliftonLarsonAllen LLP

** Portfolio Evaluations, Inc. was purchased by CAPTRUST in March of 2022*

INVESTMENT MANAGERS – DEFINED BENEFIT PLAN

Aberdeen Asset Management Inc.
Alliance Bernstein L.P.
Barings, LLC
Blackrock Alternative Investors
Blackrock Institutional Trust Company, N.A.
Centerbridge Special Credit Partners IV
Dimensional Fund Advisors LP
Harbert Management Corporation
Harding Loevner Funds, Inc.
Horsley Bridge Partners
Northern Trust Investments, N. A.
Pantheon Ventures, LLC
Principal Global Investors, LLC
RiverBridge CIT
RREEF America, LLC
UBS Realty Investors, LLC

INVESTMENT OPTIONS – DEFINED CONTRIBUTION PLANS

American Beacon Small Cap Value Institutional
American Funds Washington Mutual R6
Arrowstreet INTL Equity ACWI Ex US Class A
Baird Aggregate Bond Institutional
Baron Growth Institutional
Cohen & Streers Institutional Global Realty
Fidelity Global Ex US Index Premium
Fidelity Total Market Index
Fidelity US Bond Index Premium
Galliard Retirement Income
Northern Global Sustainability Index
PIMCO High Yield Institutional
T. Rowe Price Growth Stock Fund I
Vanguard Inflation-Protected Sec Admin
Vanguard Target Retirement 2015 Inv
Vanguard Target Retirement 2020 Inv
Vanguard Target Retirement 2025 Inv
Vanguard Target Retirement 2030 Inv
Vanguard Target Retirement 2035 Inv
Vanguard Target Retirement 2040 Inv
Vanguard Target Retirement 2045 Inv
Vanguard Target Retirement 2050 Inv
Vanguard Target Retirement 2055 Inv
Vanguard Target Retirement 2060 Inv
Vanguard Target Retirement 2065 Inv
Vanguard Target Retirement 2070 Inv
Vanguard Target Retirement Income Inv
Vanguard Total Intl BD Idx Admiral
Vanguard Treasury Money Market Inv

To the Participants in the Plans of the Denver Water Retirement Program:

It is a pleasure to present the Annual Popular Report for the Denver Water Retirement Program for the fiscal year ended December 31, 2022. The Retirement Program includes three separate funds (plans) and two additional, unfunded benefits. The trusted funds are the Employees' Retirement Plan of the Denver Board of Water Commissioners (Defined Benefit Plan), the Denver Water Supplemental Retirement Savings Plan (401(k) Plan) and the Denver Water 457 Deferred Compensation Plan (457 Plan). The 401(k) Plan and the 457 Plan are collectively referred to as the "Defined Contribution Plans" or "DC Plans." The two unfunded benefits are a Retiree Medical Coverage Program and a Retirement Financial Planning Reimbursement Program. This report provides an overview of financial, investment and statistical information about the program in a simple, easy to understand format. The information herein is derived from the Annual Report for the Retirement Program. This Popular Report is intended to supplement the Annual Report, not replace it.

Major Actions in 2022

- **Manager changes in Defined Benefit Plan**
 - Investment Consultant for the Pension Plan, Segal Marco, recommended and CFO consented to the following actions for the Pension Plan.
 - Elimination of the Hedge Fund of Funds allocation by termination of the BlackRock Appreciation Fund.
 - Hiring two private credit managers Oaktree Direct Lending Fund and Centerbridge Special Credit Partners Fund IV.
 - Termination of UBS Trumbull Property Fund (TPF) and reallocation of the proceeds to a value-add manager Harbert VIII.
- **Manager Changes in DC Plan**
 - DC Plan Investment Consultant, CAPTRUST recommended that both the 401(k) and 457 Plans move to a lower expense share class in the American Beacon Small Cap Value Fund.
 - Vanguard 2015 target date fund was closed, and investors were moved to the Vanguard Retirement Income fund.
 - The 2070 Vanguard target date fund was added to the lineup.
 - Vanguard Inflation Protected Securities Fund was replaced by a lower-cost share class.
 - The T. Rowe Price Growth Stock Fund I was terminated due to underperformance in favor of the JPMorgan Large Growth Fund, R6 class.
- **Plan changes**
 - Retirement Program Delegation Resolution was revised on February 23, 2022, to better align the delegated administrative and financial responsibilities with Denver Water's current Retirement Program operational structure.
 - The Investment Policy Statement (IPS) for the Supplemental Retirement Plans was accepted by the Board on February 22, 2022. Major changes included: combining policy documents for 401(k) and 457 Plans due to identical investment lineups, expanding performance standards, updating conditions warranting in-depth investment manager review, moving certain appendices to the procedures document, and updating professional titles to reflect Delegation Resolution changes.
- **Vendor Changes**
 - The Board received and approved the First Amendment of the John Hancock Retirement Plan Services, LLC, a third-party benefits administrator for the DB Plan.

Market Environment

Financial markets in 2022 were marked by a significant pullback in the markets, as both domestic equities and fixed income segments finished the year in negative territory. The S&P 500 Index returned -19.44%, while the Bloomberg U.S. Treasury Index returned -12.5%. As inflation rose to 40-year highs, the Federal Reserve implemented seven rate hikes to tamp down inflationary forces and bring price stability to the economy. The rate hikes began in March with the Federal Funds Rate at 0.25%-0.50% and ended the year at 4.25%-4.50%. Despite the dual headwinds of inflation and rising interest rates, the U.S. labor market continued to improve with unemployment ending the year at a fifty year low of 3.5% and an economic growth forecast of 1.9% as

measured by GDP. The price of Brent crude began the year at \$78 per barrel and ended the year at \$85. In March prices reached as high as \$140 per barrel as the war in Ukraine impacted the global supply chain. This increase was temporary and mitigated by global recessionary fears due to rising interest rates putting downward pressure on oil demand.

Investments

Denver Water's Retirement Plan (the Plan) delivered a loss of -10.1% (-10.2% net of fees) for the year, compared to the target benchmark return of -12.6% and the actuarial assumed rate of return of 6.5%.

A summary of the current investment objectives and guidelines for each fund, additional information concerning allocation of the Defined Benefit Plan's assets, and more detailed information about investment performance is included in the Investment Section of this report.

Funding

As of January 1, 2023, the most recent data available, the funded ratio of the DB Plan was 92.0%, in line with the year before. Over the past 10 years the funded ratio ranged from a low of 79.9% (01/01/17) to a high of 92.0% (01/01/22). The Defined Benefit Plan is funded through employer and employee contributions, in addition to investment gains.

The Defined Contribution Plans are primarily funded by employee contributions. Denver Water currently matches 100% of employee contributions to the 401(k) plan up to 3% of published base pay.

Employee Retirements

As of December 31, 2022, there were 2,226 participants in the DB Plan, including 1,106 active members, 731 retirees and beneficiaries, 203 terminated employees entitled to benefits, but not receiving them yet, 177 members who are not yet vested but due refund of contributions, and nine members on long-term disability.

Sincerely,



James S. Lochhead, CEO/Manager



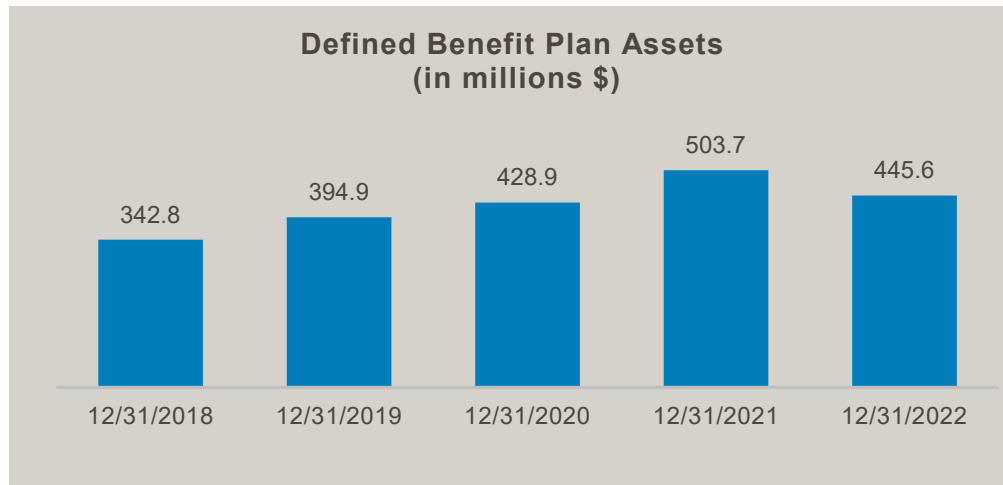
Angela Bricmont, Chief Finance Officer, RPC Co-Chair



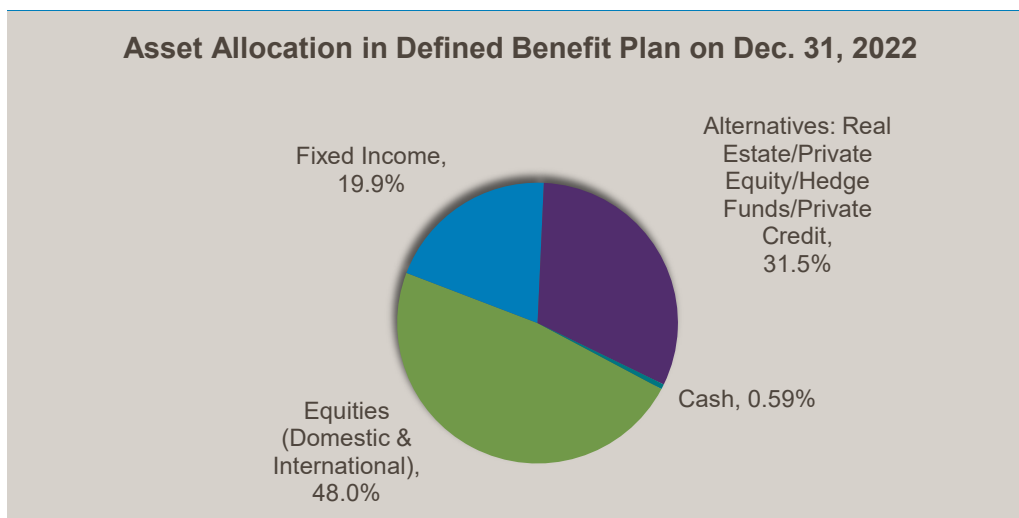
Julie Anderson, Chief of Staff

DEFINED BENEFIT PLAN

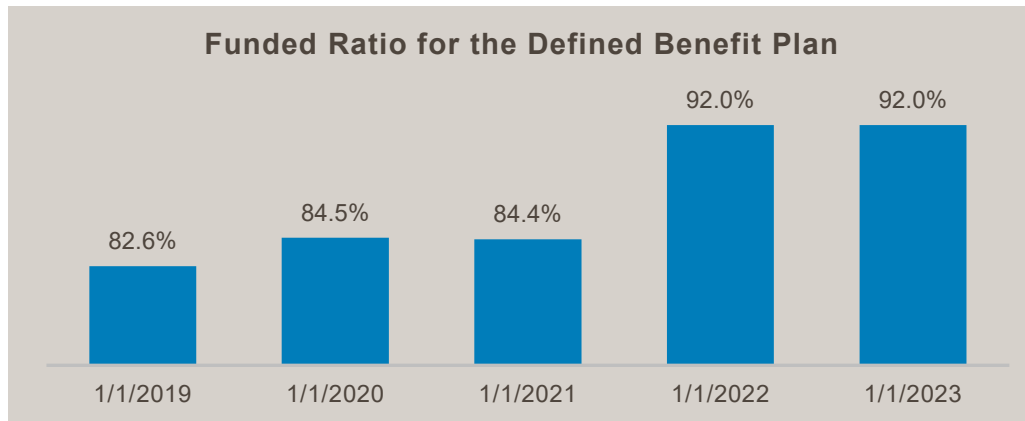
Plan assets: The fiduciary net position restricted for pension was \$445.6 million on December 31, 2022 – This represents a \$58.1 million decrease from the prior year.



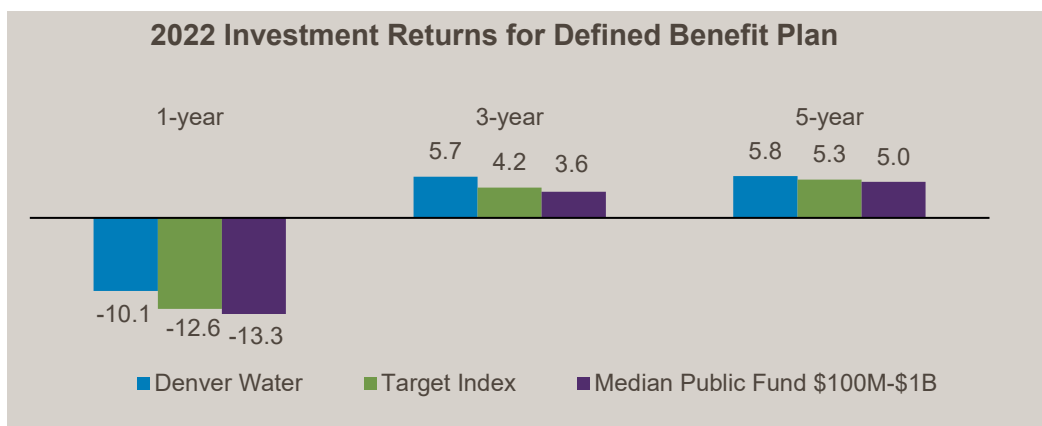
Change in Defined Benefit Plan Net Assets					
<i>(in millions)</i>	2018	2019	2020	2021	2022
Board Contributions	\$18.0	16.7	\$17.5	\$17.5	\$17.5
Employee Contributions	0.6	1.7	2.6	2.8	2.9
Investment Gains	(16.4)	58.6	39.0	80.7	(48.5)
Total Additions	3.7	77.1	59.1	100.9	(30.3)
Benefit Payments & Refunds	(22.2)	(24.7)	(24.9)	(27.0)	(27.6)
Administrative Fees	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Net Increase/(Decrease)	(\$17.9)	\$52.1	\$34.0	\$74.8	(58.1)
Net Position Restricted for Pension					
Beginning of Year	\$360.7	\$342.8	\$394.9	\$428.9	\$503.7
End of Year	\$342.8	\$394.9	\$428.9	\$503.7	\$445.6



Funded ratio: The Defined Benefit Plan was 92.0% funded at January 1, 2023. The higher the funded ratio, the greater assurance that funds will be available to pay retirement benefits.

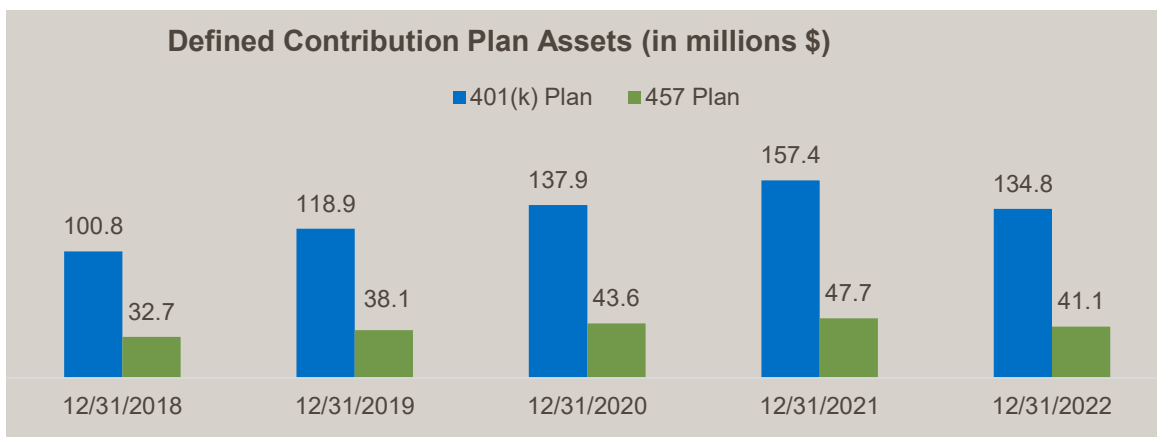


Investment performance: The Defined Benefit Plan’s assumed rate of return is 6.5%; actual return for 2022 was -10.1%.



DEFINED CONTRIBUTION PLANS

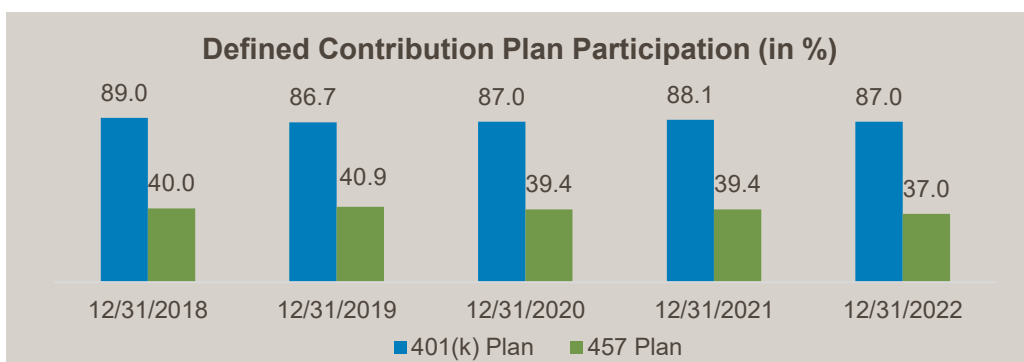
Plan assets: The fiduciary net position for the 401(k) Plan assets was \$134.8 million and the fiduciary net position for the 457 Plan assets was \$41.1 million at December 31, 2022.



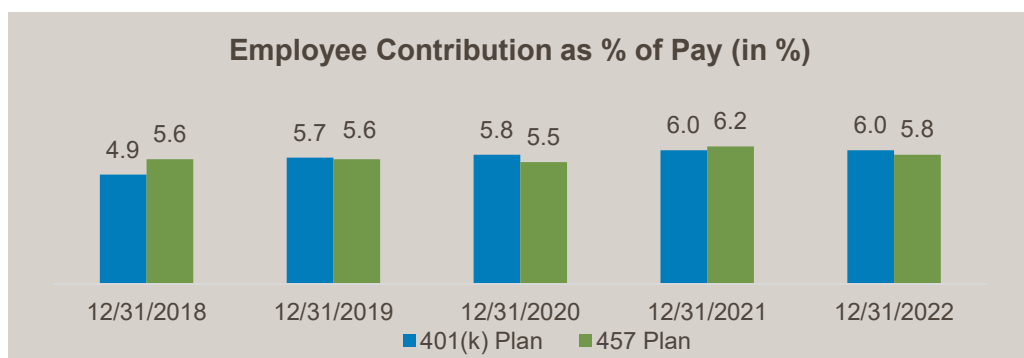
Change in Defined Contribution Plan Net Assets in 2022		
(in millions)	401(k)	457
Participant Contributions	\$5.4	\$2.6
Participant Rollovers	0.7	0.04
Other Additions	0.1	0.01
Employer Contributions	2.4	0.03
Investment Gains/(Losses)	(24.1)	(7.0)
Total Additions	(15.5)	(4.3)
Benefits Paid to Participants	(6.9)	(2.3)
Administrative Fees & Participant Investment Advisory Fees	(0.15)	(0.02)
Net Increase/(Decrease)	(\$22.5)	(\$6.6)
Net Assets Available for Benefits*		
Beginning of 2022	\$157.4	\$47.7
End of 2022	\$134.8	\$41.1

Performance: As of year-end, participants had access to 24 funds across all asset classes. Most funds in the lineup had rates of return above the median for their peer group over one-, three-, and five-year periods. Returns in Defined Contribution Plans vary depending on the choices made by each participant and timing of contributions.

Employee participation: Eighty-seven percent of the eligible Denver Water employees participated in the 401(k) Plan at year-end, compared to 88% participation in 2021. Thirty-seven percent of the eligible Denver Water employees participated in the 457 Plan at year-end.



Employee contributions: Average year-end employee contribution as a percentage of pay was 6.0% in the 401(k) Plan and 5.8% in the 457 Plan. Denver Water matches 100% of employee contributions to the 401(k) plan up to 3% of published base pay.



Plan fees and expenses: Expense ratios for all funds in the lineup, as well as the revenue sharing amounts received by the plan administrator, Empower Retirement are disclosed to participants on Empower's website, in the enrollment package and through the Human Resources page on Inflow, and disclosed to the general public in the audited financial statements.

Empower Retirement is the custodian/trustee and the administrator for the Denver Water 401(k) and 457 Plans. The total fee for recordkeeping and communication services is 0.035% annually. The fee is being calculated and withdrawn from all participant

accounts on a monthly basis and any revenue sharing is credited to participants with account balances in a revenue-paying fund which generated the revenue, based on the average daily balance of the participant's investment in such fund(s) for the prior month.

Revenue generated from the funds which had revenue sharing arrangements with the recordkeeper (Baron Growth Institutional, Cohen & Steers Institutional, and Northern Global Sustainability Index) were credited to participants with account balances in the revenue-paying fund, based on the average daily balance of the participant's investment in such fund(s) for the month.

This Popular Report summarizes financial information from the Annual Report for the Retirement Program. The Annual Report contains audited financial statements. The report is available at inflow.denverwater.org under the Human Resources tab.

For questions about the report, contact Jeff Bogner at 303-628-6018 or jeff.bogner@denverwater.org.

For benefit-related questions, call Deb Engleman at 303-628-6387.