

**MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
October 14, 2015**

The regular meeting of the Public Service Board was held Wednesday, October 14, 2015, at the El Paso Water Utilities Public Service Board Meeting Room located at 1154 Hawkins Boulevard, El Paso, Texas.

PSB MEMBERS PRESENT

Dr. Richard T. Schoephoerster, Chair
Ruth Katherine Brennand, Vice Chair
Terri Garcia, Secretary-Treasurer
Mayor Oscar Leeser, Ex-Officio Member
Henry Gallardo, Member
Christopher Antcliff, Member
Bradley Roe, Member

PSB MEMBERS ABSENT

None

PSB EMPLOYEES PRESENT

John E. Balliew, P.E., President and Chief Executive Officer
Lupe Cuellar, General Counsel

EPWU EMPLOYEES PRESENT

Matthew Behrens, Assistant General Counsel
Daniel Ortiz, Assistant General Counsel
Marcela Navarrete, Vice President
Alan Shubert, Vice President
Lisa Rosendorf, Chief Communications & Government Affairs Officer
Art Duran, Chief Financial Officer
Gilbert Trejo, Chief Technical Officer
Armando Renteria, Chief Information Officer
Warren Marquette, Utility Engineer
Gretchen Byram, Computer Media Specialist
Javier Camacho, Public Information Specialist
Christina Montoya, Marketing & Communications Manager
Cynthia Osborn, Real Estate Manager/Counsel
Lidia Carranco, Treasury & Property Control Manager
Jeff Tepsick, Fiscal Operations Manager
Severo Borrego, Instrumentation Control Manager
Mike Fahy, Contract Employee
Kiko Martinez, Utility Engineer
Georgette Webber, Executive Secretary

GUESTS

Sam Irrinki, AECOM
Maria Urbina, First Southwest
Sanaan Villalobos, ArcadisUS
Steve Ainsa, CDM Smith
Pam Farone, Citizen
Randy Wright, R.M. Wright Construction

Wayne Faulkner, R.M. Wright Construction
Mike McLean, Gordan, Davis, Johnson & Shane
Paul Braden, Fulbright & Jaworsky
Raymond Telles, Camino Real Regional Mobility Authority
Brett Smith, SmithCo
Trinidad Cruz, Prime Controls
Stephanie Maltby, AECOM
Roque Agnon, City of El Paso Water Utilities
Richard de la Torre, CCELP
Baltazar Lucero, CCELP

MEDIA

None

The Public Service Board meeting was called to order by Dr. Schoephoerster at 8:15 a.m. A quorum of its members was present. After a moment of silence, those in attendance joined Ms. Lisa Rosendorf, Chief Communications and Government Affairs Officer, in reciting the Pledge of Allegiance.

CONSENT AGENDA

On a motion made by Mr. Roe, seconded by Ms. Brennand and unanimously carried, the Board moved item 2 to the Regular Agenda and took action on the following agenda items:

APPROVED THE MINUTES OF THE REGULARLY SCHEDULED MEETING HELD ON SEPTEMBER 9, 2015.

The Board approved the minutes of the regularly scheduled meeting held on September 9, 2015.

AWARDED A PROFESSIONAL SERVICES CONTRACT TO EMA, INCORPORATED, TO PERFORM AN ASSESSMENT OF THE CAPITAL PROJECT MANAGEMENT WORKFLOWS UTILIZED BY THE ENGINEERING PROJECT MANAGEMENT DEPARTMENT IN THE ESTIMATED AMOUNT OF \$74,955.

The Board awarded a professional services contract to EMA, Incorporated, to perform an assessment of the capital project management workflows utilized by the Engineering Project Management Department in the estimated amount of \$74,955.

APPROVED THE PURCHASE OF FURNITURE TO FACILITIES CONNECTION, INCORPORATED UTILIZING THE HAWORTH TXMAS CONTRACT NUMBER 3-711050 IN THE AMOUNT OF \$78,846.25.

The Board approved the purchase of furniture to Facilities Connection, Incorporated utilizing the Haworth TXMAS Contract Number 3-711050 in the amount of \$78,846.25.

AUTHORIZED THE PRESIDENT/CEO TO SIGN AN AGREEMENT WITH THE EL PASO COUNTY WATER IMPROVEMENT DISTRICT FOR THE CONSTRUCTION OF A GRADE CONTROL AND FLOW MEASUREMENT FLUME IN THE RIVERSIDE CANAL AND AUTHORIZE THE PRESIDENT/CEO TO SIGN ANY NECESSARY AMENDMENTS TO THE AGREEMENT.

The Board authorized the President/CEO to sign an agreement with the El Paso County Water Improvement District for construction of a grade control and flow measurement flume in the Riverside Canal and authorized the President/CEO to sign any necessary amendments to the agreement.

REGULAR AGENDA

APPROVED THE PURCHASE OF THREE RETURN ACTIVATED SLUDGE (RAS) PUMPS THROUGH THE USE OF REGION 19 CONTRACT NO. 13-6924 INDUSTRIAL PUMPS, MOTORS, FILTERS, FLOW METERS, SALES, SERVICE, AND REPAIRS, TO CLOWE & COWAN OF EL PASO, INCORPORATED IN THE AMOUNT OF \$155,238.27.

On a motion made by Mr. Gallardo, seconded by Mr. Antcliff and unanimously carried with Ms. Garcia abstaining from the vote, the Board approved the purchase of three Return Activated Sludge (RAS) Pumps through the use of Region 19 Contract No. 13-6924 Industrial Pumps, Motors, Filters, Flow Meters, Sales, Services, and Repairs, to Clowe & Cowan of El Paso, Incorporated in the amount of \$155,238.27.

AUTHORIZE THE PRESIDENT/CEO TO TERMINATE THE CONTRACT WITH SAAB SITE CONTRACTORS, L.P. FOR BID NUMBER 30-15, PARTELLO STREET 30-INCH WATER TRANSMISSION MAIN PHASE 2 FROM HAYES AVENUE TO POLLARD STREET.

Mr. Alan Shubert, Vice President made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). This is a two phase project that will extend along Dyer Street and Partello Drive. Phase 1 included the construction of a water main from Hayes Avenue to Porter Street. Phase 2 consists of the installation of the 30-inch water main within Fort Bliss property fronting Dyer Street, from Hayes Avenue to Fred Wilson Boulevard. This Contract was awarded by the Public Service Board on June 10, 2015 to SAAB Site Contractors ("Contractor"). The Contractor did not provide acceptable insurance documents in a timely manner so the Notice to Proceed could not be issued until September 2015. El Paso Water Utilities (EPWU) has not received acceptable submittals for the pipe, and hence, this project cannot be finished on time. In addition, the Contractor is proposing unacceptable alternative construction materials and methods to attempt to complete the project on schedule. Section 15.03 of the "EJCDC C-700 Standard General Conditions of the Construction Contract (2007 Edition)" allows EPWU to terminate this contract for convenience. Re-bidding the project and awarding a contract by December 2015 would schedule the project to be completed by peak demand season - summer 2016.

EXECUTIVE SESSION

On a motion made by Mr. Gallardo, seconded by Mr. Antcliff and unanimously carried, the Board retired into Executive Session at 8:19 a.m., October 14, 2015, pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Sections 551.071 through 551.076, for consultation with its attorney.

On a motion made by Mr. Antcliff seconded by Ms. Brennand, and unanimously carried, the Board reconvened in open session at 8:33 a.m., October 14, 2015.

On a motion made by Mr. Antcliff, seconded by Ms. Garcia and unanimously carried, the Board authorized the President/CEO to terminate the contract for convenience with SAAB Site Contractors, L.P. for Bid Number 30-15, Partello Street 30-Inch Water Transmission Main Phase 2 from Hayes Avenue to Pollard Street.

AWARDED BID NUMBER 45-15, CANAL WATER TREATMENT PLANT GEAR REPLACEMENT, TO THE LOWEST, RESPONSIVE, RESPONSIBLE BIDDER, R.M. WRIGHT CONSTRUCTION COMPANY IN THE AMOUNT OF \$1,663,992.

Mr. Shubert, made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). This project involves replacement of the gear reducers on the Secondary Sedimentation Basins built in 1949 and the Grit Separators and Primary and Secondary Sedimentation Basins built in 1965. These gear reducers are original to the plant and are of obsolete design. Replacement of the gear reducers requires installing a single gear and motor unit for each of the output shafts originally in service. Additional electrical and controls required for the additional gear-motor sets is also included. A monitoring system will be added to each sedimentation basin to alert operations personnel in case the equipment fails. The project is scheduled to install replacement

gear reducers during the seasonal plant outage of October 2015 through April 2016.

EPWU received two bids for this project on September 18, 2015. The bidders were Smithco Texas Construction and R.M. Wright Construction. The bids ranged from \$1,586,000 to \$1,663,992 and the Engineer's Estimate was \$1,596,003. SmithCo Texas Construction is a nonresident bidder, and its bid of \$1,586,000 was increased by 5% to account for New Mexico's reciprocity rule. Thus, for evaluation purposes only, their bid totaled \$1,665,300. The project consulting engineer, CDM Smith, evaluated the qualifications of the apparent low bidder and determined that R.M. Wright Construction meets the minimum general requirements as well as the minimum project specific criteria as specified on the bid documents. EPWU staff evaluated the Engineer's evaluation matrix and recommended award of Bid Number 45-15, Canal Water Treatment Plant Gear Replacement to RM Wright Construction Company as the lowest, responsive, responsible bidder, in the amount of \$1,663,992.

Ms. Lupe Cuellar, General Counsel and Mr. Matthew Behrens, Assistant General Counsel addressed questions from the Board regarding this item. The Board also heard comments from Mr. Brett Smith of SmithCo Texas Construction and Mr. Mike McLean, attorney with Gordan, Davis, Johnson & Shane and counsel for R.M. Wright Construction.

On a motion made by Ms. Garcia, seconded by Ms. Brennand and unanimously carried, the Board awarded Bid Number 45-15, Canal Water Treatment Plant Gear Replacement, to the lowest, responsive, responsible bidder, R.M. Wright Construction Company in the amount of \$1,663,992.

AWARD A SOLE SOURCE CONTRACT TO KING LEE TECHNOLOGIES FOR PRETREAT PLUS Y2K ANTISCALANT FOR FEEDWATER TREATMENT AT THE KAY BAILEY HUTCHISON DESALINATION PLANT IN THE ESTIMATED ANNUAL AMOUNT OF \$180,000.

Mr. Art Duran, Chief Financial Officer, presented information to the Board regarding this item. Antiscalant removes grit and silica deposits preventing costly damage to filters and housing tubes for feedwater source desalination production. A consulting engineering firm performed a comprehensive pilot study citing competitor tested antiscalants that failed during the initial plant startup. The closest competitor to the King Lee Technologies' antiscalant only ran for 40 hours of operation at 75% operating recovery. King Lee Technologies' antiscalant ran over 3,600 operating hours with operating recovery rates up to 92%. EPWU recommended an annual purchase of antiscalant in the estimated annual usage of 18,000 gallons at a price of \$9.99 per gallon for an estimated annual amount of \$180,000, to supply the desalination plant with required antiscalant through 2016.

On a motion made by Ms. Brennand, seconded by Ms. Garcia and unanimously carried, the Board awarded a sole source contract to King Lee Technologies for Pretreat Plus Y2K Antiscalant for feedwater treatment at the Kay Bailey Hutchison Desalination Plant in the estimated annual amount of \$180,000.

APPROVED A CONTRACT WITH PRIME CONTROLS TO PERFORM THE DCU-5 AND SCADA SYSTEM UPGRADE AT THE ROBERTO R. BUSTAMANTE WASTEWATER TREATMENT PLANT IN THE AMOUNT OF \$799,880 OFFERED WITH BUY BOARD PRICING THROUGH U.S. GENERAL ADMINISTRATION SERVICES (GSA) SCHEDULE CONTRACT NUMBER: GS-35F-0455W.

Mr. Armando Renteria, Chief Information Officer, presented the Board with information regarding this item. The automated process control for the Bustamante Plant headworks equipment is monitored by an ABB DCU-5 system that was installed in 2004. As a means of addressing equipment corrosion, low availability of replacement parts and improving the SCADA system, EPWU recommended a DCU-5 and SCADA system upgrade. Having successfully completed the Haskell Street Wastewater Treatment Plant DCU's and SCADA system upgrade, a proposal for the Roberto R. Bustamante Wastewater Treatment Plant project was requested

from Prime Controls. Quote number EPWU072914TGC Rev. 4 was received with buy board pricing through U.S. General Administration Services (GSA) Schedule Contract Number: GS-35F-0455W. The price offered through the GSA contract was reviewed and determined to be reasonable. Mr. Renteria addressed questions from the Board regarding this item.

On a motion made by Mr. Roe, seconded by Ms. Brennand and unanimously carried, the Board approved a contract with Prime Controls to perform the DCU-5 and SCADA System Upgrade at the Roberto R. Bustamante Wastewater Treatment Plant in the amount of \$799,880 offered with buy board pricing through U.S. General Administration Services (GSA) Schedule Contract Number: GS-35F-0455W.

AWARDED BID NUMBER 53-15, SALES OF REAL ESTATE – APPROXIMATELY 9.240 ACRES, TO THE HIGHEST, RESPONSIVE, RESPONSIBLE BIDDER, ROSE ROCK/PARTNERS FOURTH QUARTER CAPITAL II, LLC, IN THE AMOUNT OF \$4,500,000.

Ms. Cynthia Osborn made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). The sale is for approximately 9.240 acres, being described as portion of Tracts 7A and 8C, Block 55, Ysleta Grant, City of El Paso, El Paso County, Texas, located at the corner of I-10 and Zaragoza. On August 8, 2012, the Board declared the land as inexpedient to the system. The bid opening was held on September 30, 2015. One bid was received from Rose Rock/Partners Fourth Quarter Capital II, LLC. Based on an appraisal, the PSB set the minimum acceptable bid for this real estate at \$4,025,000. Approximately 108 potential bidders were notified and one bid was received. The bid was evaluated and it was determined that the bid from Rose Rock/Partners Fourth Quarter Capital II, LLC met the specifications. Staff recommended awarding to Rose Rock/Partners Fourth Quarter Capital II, LLC in the amount of \$4,500,000. As required, the successful bidder included a cashier's check totaling five percent of the bid submitted. Ms. Osborn addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Mr. Antcliff and unanimously carried, the Board awarded Bid Number 53-15, Sales of Real Estate – Approximately 9.240 Acres, to the highest, responsive, responsible bidder, RoseRock/Partners Fourth Quarter Capital II, LLC, in the amount of \$4,500,000.

AUTHORIZED THE PRESIDENT/CEO TO SIGN AN AGREEMENT WITH THE CAMINO REAL REGIONAL MOBILITY AUTHORITY SPECIFYING THE TERMS AND CONDITIONS, TO INCLUDE REIMBURSEMENT OF COSTS, FOR THE RELOCATION OF WATER AND WASTEWATER INFRASTRUCTURE IN THE EL PASO STREET CAR PROJECT AREA.

Mr. Balliew provided the Board with background information regarding this item. The Camino Real Regional Mobility Authority (CRRMA) received funding from the Texas Transportation Department for the El Paso Street Car Project. El Paso Water Utilities has water and wastewater lines located within the project boundary that will require relocation. The City of El Paso hired an engineer to work with El Paso Water Utilities staff concerning the relocation of the lines. An engineer's cost estimate was provided to the CRRMA. In August, the CRRMA put the bid out and the bid was awarded by the CRRMA Board in September. El Paso Water Utilities staff determined that it would be of benefit to have the CRRMA's contractor relocate the existing water and wastewater lines rather than leave the lines in place, assuming the project is constructed. Future repairs or replacement of the lines could eventually prove more costly once the rails are in-place. Furthermore, the rail construction itself may damage underground water and wastewater infrastructure. The CRRMA's bid line item for the relocation is \$4,589,036.25. El Paso Water Utilities contribution would be that amount plus an additional eight percent allocated for any change orders. This amount would be divided between fiscal years and paid on March 1, 2016, March 1, 2017 and March 1, 2018. Several comments were made by members of the Board. Mr. Balliew, Mr. Shubert and Mr. Raymond Telles of the Camino Real Regional Mobility Authority made comments and addressed questions from the Board regarding this project.

A motion was made by Mayor Leeser and seconded by Mr. Antcliff, not to authorize the President/CEO to sign an agreement with the Camino Real Regional Mobility Authority specifying the terms and conditions, to

include reimbursement of costs, for the relocation of water and wastewater infrastructure in the El Paso Street Car Project area. **MOTION FAILED (Ayes: Mayor Leeser, Dr. Schoephoerster and Mr. Roe; Nays: Ms. Brennand, Ms. Garcia, Mr. Gallardo Mr. Antcliff)**

A motion was made by Mr. Roe and seconded by Mayor Leeser, to table this item to receive additional information regarding this project and allow staff time to modify the agreement. **MOTION FAILED (Ayes: Mayor Leeser, Dr. Schoephoerster and Mr. Roe; Nays: Ms. Brennand, Ms. Garcia, Mr. Gallardo Mr. Antcliff)**

On a motion made by Ms. Garcia, seconded by Mr. Gallardo and carried with Mayor Leeser opposing, the Board authorized the President/CEO to sign an agreement with the Camino Real Regional Mobility Authority, specifying the terms and conditions for the relocation of water and wastewater infrastructure in the El Paso Street Car Project area to include, reimbursement of costs in an amount not to exceed \$4,589,036.25 which would be paid over a period of three fiscal years, to include fiscal years 2016, 2017 and 2018; omitting the eight percent change order allocation; and reimbursement to El Paso Water Utilities for any remaining contingency funds not to exceed \$750,000.

RATIFIED A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD AND TEXAS A&M UNIVERSITY-KINGSVILLE FOR A RESEARCH PROJECT ON REDUCING ENERGY USE IN THE WASTEWATER TREATMENT PROCESS AT THE ROBERTO BUSTAMANTE WASTEWATER TREATMENT PLANT IN THE AMOUNT OF \$54,295.94 AND AUTHORIZED THE PRESIDENT/CEO TO APPROVE AMENDMENTS TO THE MOU, PROVIDED SUCH AMENDMENTS DO NOT INCREASE THE MOU AMOUNT BY MORE THAN \$20,000.

Mr. Balliew presented information to the Board regarding this item. The Roberto R. Bustamante Wastewater Treatment Plant uses four primary clarifiers to settle out solids prior to the secondary aeration treatment process. Aeration is supplied by energy intensive blowers. The amount of aeration required depends partly on the removal of solids by the primary clarifiers. This research project consists of developing a computer model to simulate the various solids removal scenarios and the impact on energy consumption for aeration. The project will include sampling events, model calibration, model simulations, and energy and cost saving determinations and recommendations. The procurement of these services as a professional services contract is exempt from competitive bidding requirements per Local Government Code section 252.022(a)(4). Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Mr. Antcliff and unanimously carried, the Board ratified a Memorandum of Understanding (MOU) between the El Paso Water Utilities Public Service Board and Texas A&M University-Kingsville for a research project on reducing energy use in the wastewater treatment process at the Roberto Bustamante Wastewater Treatment Plant in the amount of \$54,295.94 and authorized the President/CEO to approve amendments to the MOU, provided such amendments do not increase the MOU amount by more than \$20,000.

RECESS

On a motion made by Mr. Antcliff, seconded by Ms. Garcia and unanimously carried, the Board retired into recess at 10:28 a.m., October 14, 2015.

On a motion made by Mr. Gallardo, seconded by Ms. Brennand and unanimously carried with the Mayor absent from the vote, the Board reconvened in open session at 10:39 a.m., October 14, 2015.

ADOPTED A RESOLUTION AUTHORIZING THE PRESIDENT/CEO TO SUBMIT A GRANT FUNDING APPLICATION WITH THE TEXAS WATER DEVELOPMENT BOARD (TWDB) FOR THE PLANNING AND DESIGN OF THE MONTANA VISTA WASTEWATER

INFRASTRUCTURE PROJECT AND SUBMIT AN APPLICATION FOR ECONOMICALLY DISTRESSED (AREAS) PROGRAM (EDAP) FUNDING IN THE AMOUNT OF \$2,840,000.

Mr. Balliew made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). El Paso Water Utilities is managing a project that will provide Montana Vista with first time sanitary sewer service. The Texas Department of State Health Services (TDSHS) conducted surveys according to TWDB's guidelines and determined that a 20% nuisance exists in the area (failing septic tanks, odors, health concerns); as such, this project qualifies for TWDB's EDAP funds for up to 100% grant funding. This application is for the wastewater planning and design of eligible areas within Montana Vista. TWDB requires a PSB resolution authorizing the President/CEO to sign and submit the EDAP funding grant application. The application will be reviewed and evaluated by TWDB for a possible grant commitment. EPWU is requesting \$2,840,000 in grant funding for the planning and design portions of this project. The total EDAP project cost is estimated at \$34,000,000. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Ms. Garcia, seconded by Ms. Brennan and unanimously carried, the Board adopted a resolution authorizing the President/CEO to submit a grant funding application with the Texas Water Development Board (TWDB) for the planning and design of the Montana Vista Wastewater Infrastructure project and submit an application for Economically Distressed (Areas) Program (EDAP) funding in the amount of \$2,840,000.

ADOPTED A RESOLUTION ASKING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF \$50,000,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE BONDS SERIES 2015B THROUGH THE TEXAS WATER DEVELOPMENT BOARD'S STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS.

Ms. Marcela Navarrete, Vice President, made introductory comments and stated Item 15 would be presented in conjunction with this item. Both items were read into the record prior to the PowerPoint presentation made by Ms. Maria Urbina of First Southwest (copy on file in Central Files). On July 23, 2015, The Texas Water Development Board (TWDB) approved the Public Service Board's assistance request of \$50,000,000 from the State Water Implementation Revenue Fund for Texas (SWIRFT). The loan proceeds will be used for the acquisition of approximately 26,000 acres of ranch and farm land with water rights in Hudspeth County. This land acquisition will assist in providing a portion of the water rights identified in the Far West Texas Region Water Plan (Region E). Different financing alternatives were evaluated and the funding offered through the TWDB's SWIRFT was selected due to the low interest cost. Interest rates for a 20-year loan are subsidized at 35.5% below the TWDB's cost of funds. Ms. Urbina addressed questions from the Board regarding this item.

On a motion by Ms. Garcia, seconded by Mr. Roe and unanimously carried, adopted a resolution asking City Council to authorize the issuance of \$50,000,000 of City of El Paso Water and Sewer System Revenue Bonds Series 2015B through the Texas Water Development Board's State Water Implementation Revenue Fund for Texas.

ADOPTED A RESOLUTION ASKING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$55,300,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS SERIES 2015C TO CURRENT AND ADVANCE REFUND EXISTING BONDS AND PAY OFF \$40,000,000 IN COMMERCIAL PAPER NOTES AND FUND RELATED TRANSACTION COSTS.

This item was presented in conjunction with Item 15. Due to current market conditions, the Utility can current and advance refund the 2006 and 2008 bonds in order to realize interest cost savings, in addition to paying off \$40,000,000 in Commercial Paper Notes outstanding. The Finance Committee met on September 30, 2015 to review First Southwest's current and advance refunding proposal and paying off of \$40,000,000 in Commercial Paper Notes outstanding. The Finance Committee approved moving forward based upon the following parameters:

Maximum Aggregate Principal:	\$55,300,000
Minimum Present Value Savings Target:	3.00%
Maximum True Interest Cost:	4.50%
Final Maturity Date:	December 2035
Recommended Underwriters:	Ramirez & Co., Incorporated (Senior Manager) Piper Jaffray & Co. (Co-Manager) Hutchison, Shockey, Erley & Co. (Co-Manager)

During her presentation, Ms. Urbina reviewed the economic refunding summary, overall debt service requirements, open market parameter authorization and timeframe for the refunding. She also addressed questions from the Board.

On a motion made by Mr. Gallardo, seconded by Ms. Garcia, and unanimously carried, the Board adopted a resolution asking City Council to authorize the issuance of up to \$55,300,000 of City of El Paso Water and Sewer System Revenue Refunding Bonds Series 2015C to current and advance refund existing bonds and pay off \$40,000,000 in Commercial Paper Notes and fund related transaction costs.

APPROVED THE 2ND QUARTER FINANCIAL AND PERFORMANCE MEASURES REPORT FOR PERIOD ENDING AUGUST 31, 2015.

Mr. Duran made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). The Public Service Board requires regular financial reporting from the President/CEO and staff on the financial condition of El Paso Water Utilities. During the second quarter of FY 2015-2016, Mr. Duran said water and wastewater revenues increased by 4.9%. Operating expenses decreased by 1.1% and the Utility obtained 2.64 times the coverage for debt service. The amount of water billed during the second quarter also decreased by 3.4%. He also said stormwater revenues increase by 9.6% as a result of the 8% rate increase. Capital expenditures increased by \$11.54 million while operating expenses decreased by \$507,000. Debt service coverage was obtained at 1.77 times the coverage for stormwater debt service. Mr. Duran addressed questions from the Board regarding this report.

On a motion made by Ms. Brennand, seconded by Ms. Garcia, and unanimously carried, the Board approved the 2nd Quarter Financial and Performance Measures Report for period ending August 31, 2015.

APPROVED THE 2ND QUARTER INVESTMENT REPORT FOR PERIOD ENDING AUGUST 31, 2015.

Mr. Duran made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). The Public Funds Investment Act and the Public Service Board's Investment Policy require that a quarterly report be submitted to the Public Service Board. During the second quarter of FY 2015-16, the portfolio par value was \$215.7 million. The weighted average maturity was 95 days. Mr. Duran said 33 bids were awarded for a total of \$35.15 million. The overall yield for the quarter was 0.27%. Mr. Duran addressed questions from the Board regarding the investment report.

On a motion made by Mr. Roe, seconded by Ms. Brennand, and unanimously carried, the Board approved the 2nd Quarter Investment Report for period ending August 31, 2015.

STAFF REPORT ON THE FORENSICS OF THE JULY 10, 2015 STORM EVENT.

Mr. Balliew made a PowerPoint presentation to the Board regarding this item. Bear Ridge Channel, High Ridge Channel and Swede Johnson Drive were subjected to four separate hail/rainfall events within a short time period. Radar calculated the rain rate at an estimated 2.52 inches per hours which is higher than a one percent storm. The path of heaviest rain moved directly over Swede Johnson Drive and into the upstream basins of the Bear and High Ridge Channel entrances. Mr. Balliew presented the Board with pictures, maps and a video showing the flow path of the heaviest rain. Mr. Balliew addressed questions from the Board.

STAFF REPORT ON THE STORMS FOR MONSOON 2015, OPERATIONS RESPONSE, PROGRESS OF PROJECTS, AND ACTIONS GOING FORWARD FOR THE STORMWATER UTILITY.

Mr. Shubert made a PowerPoint presentation to the Board regarding this item (copy on file in Central Files). He reviewed historic data pertaining to average annual rainfall in El Paso and said the average annual rainfall is 9.69 inches. A total of 17 storm events took place from March 2015 to October 7, 2015. Mr. Shubert presented a map pinpointing the areas of El Paso which received 1 inch or more of rainfall in 2015. He then provided a brief overview of the stormwater operations during the monsoon season to include benchmarks, service requests received and sandbag distribution. Mr. Shubert also gave an update on the stormwater capital projects. He discussed the status of stormwater projects in the central El Paso System; completed stormwater masterplan projects; and stormwater masterplan projects that are in the construction, design or study phases. A total of six open space projects were reviewed for 2015. Comments were made by Mr. Roe.

PUBLIC COMMENT: THE PSB WILL PERMIT PUBLIC COMMENT ON ANY ITEM NOT ON THE AGENDA. THE CHAIR MAY IMPOSE REASONABLE TIME LIMITS FOR EACH SPEAKER.

There were no additional comments from the public.

EXECUTIVE SESSION

The Public Service Board may retire into Executive Session, pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Sections 551.071 through 551.076 to discuss any of the following:

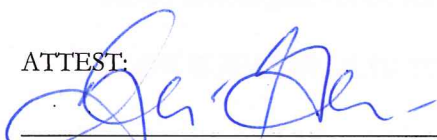
Section 551.071	Consultation with Attorney
Section 551.072	Deliberation Regarding Real Property
Section 551.074	Personnel Matters

There were no items posted for Executive Session.

ADJOURNMENT

The meeting was adjourned at 11:39 a.m., October 14, 2015.

ATTEST:



Secretary-Treasurer



Chair

RESOLUTION

A RESOLUTION ASKING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$55,300,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS SERIES 2015C; REFUND OUTSTANDING SERIES 2006 AND 2008 BONDS; AND REFUND CERTAIN OF THE OUTSTANDING COMMERCIAL PAPER NOTES, PROVIDED THAT CERTAIN PARAMETERS ARE MET.

WHEREAS, the El Paso Water Utilities Public Service Board (EPWU), was established on May 22, 1952, by Ordinance No. 752 of the City of El Paso for the purpose of providing potable water and wastewater collection and treatment for the City of El Paso; and,

WHEREAS, there have been filed with the City Council one or more resolutions adopted and approved by the Public Service Board requesting the City Council to approve the issuance and sale of the City's revenue bonds for the purpose of refunding certain outstanding obligations secured by revenues of the System; and

WHEREAS, the City Council has heretofore authorized and issued City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2006, dated February 15, 2006 and City of El Paso, Texas, Water and Sewer Revenue Refunding Bonds, Series 2008, dated January 15, 2008 (Refunded Bonds) and outstanding commercial paper notes; and

WHEREAS, the Board hereby finds and determines that it is in the best interests of the City to refund the Refunded Bonds in order to achieve a present value debt service savings; and,

WHEREAS, the Board hereby finds and determines that the refunding of the Refunded Commercial Paper Notes for the purposes of making such debt long-term fixed rate debt of the City and restructuring the debt payable from the revenues of the System is in the best interest of the City; and,

WHEREAS, in order to seize the opportunity for such savings, the Board needs to issue \$55,300,000 of City of El Paso Water and Sewer System Revenue Refunding Bonds Series 2015C;

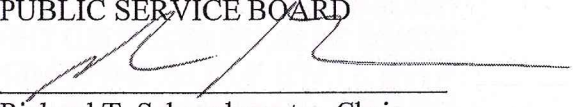
NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

Section 1. That the findings and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by the Public Service Board and made a part of this Resolution for all purposes.


Section 2. That the El Paso Water Utilities Public Service Board hereby adopts a resolution asking City Council to authorize the issuance of up to \$55,300,000 of City of El Paso Water and Sewer System Revenue Refunding Bonds Series 2015C; refund outstanding Series 2006 and 2008 Bonds; and refund certain of the outstanding Commercial Paper Notes, provided that certain parameters are met.

PASSED AND APPROVED at the regular meeting of the Public Service Board, this 14th day of October, 2015, at which meeting a quorum was present and which was held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.

EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD


Richard T. Schoephoerster, Chair

ATTEST:


Terry Garcia
Secretary/Treasurer

APPROVED AS TO FORM:


Lupe Cuellar
General Counsel

RESOLUTION

A RESOLUTION REQUESTING THE EL PASO CITY COUNCIL APPROVE THE ISSUANCE AND SALE OF UP TO FIFTY MILLION AND NO/100 DOLLARS (\$50,000,000.00) OF EL PASO, TEXAS WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2015B, TO BE ISSUED THROUGH THE TEXAS WATER DEVELOPMENT BOARD WITH STATE WATER IMPLEMENTATION REVENUE FUND FOR TEXAS ("SWIRFT") FUNDING TO FINANCE THE PURCHASE OF WATER RIGHTS LAND IN HUDSPETH COUNTY, TEXAS.

WHEREAS, the City Council of the City of El Paso, Texas established the El Paso Texas Water and Sewer Utilities System by Ordinance Number 752, May 22, 1952;

WHEREAS, the City Council as authorized by State law vested the complete management and control of the El Paso Texas Water Utilities System in a board of trustees, said board being the El Paso Water Utilities Public Service Board ("PSB");

WHEREAS, EPWU has historically worked with funding agencies to obtain the necessary resources to invest in sustainable, long-term water solutions for the City of El Paso;

WHEREAS, on September 30, 2014, the City Council adopted a resolution delegating authority to apply for funding from the State Water Implementation Fund of Texas on behalf of the City of El Paso to the El Paso Water Utilities Public Service Board of Trustees, President/CEO;

WHEREAS, the PSB passed a resolution on July 8, 2015, to authorize the President/CEO to request financial assistance from the Texas Water Development Board in an amount not to exceed \$50,000,000.00 in loans from Texas Water Development Board for land and water rights acquisition under the SWIRFT program;

WHEREAS, on July 23, 2015, the Texas Water Development Board approved the El Paso Water Utilities request for assistance in the amount of \$50,000,000.00 to purchase water rights land in Hudspeth County, Texas;

WHEREAS, the sale and issuance of up to \$50,000,000.00 in City of El Paso Texas Water and Sewer System Revenue Bonds, Series 2015B, issued through the Texas Water Development Board is necessary to receive SWIRFT funding; and

WHEREAS, the PSB finds that it is in the best interest of the water and sewer system utility ratepayers for this funding and financing to take place;

NOW, THEREFORE, BE IT RESOLVED BY THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

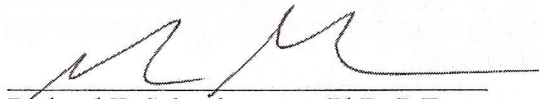
Section 1. That the findings and recitations set out in the preamble to this Resolution are true and correct and are hereby adopted by the El Paso Water Utilities Public Service Board, which has been vested with the complete management and control of the El Paso Texas Water and Sewer System, and made a part of this Resolution by this reference for all purposes.

Section 2. That the El Paso Water Utilities Public Service Board requests the El Paso City Council to approve the issuance and sale of up to FIFTY MILLION AND NO/100 DOLLARS (\$50,000,000.00) in City of El Paso, Texas Water and Sewer System Revenue Bonds, Series 2015B, to be issued through the Texas Water Development Board with State Water Implementation Revenue Fund for Texas funding to finance the purchase of water rights land in Hudspeth County, Texas.

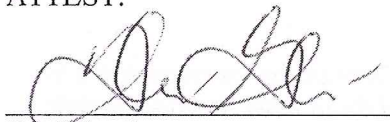
Section 3. That all actions heretofore taken by the PSB's President/CEO, the City's Financial Advisor and the PSB's Bond Counsel with respect to this matter are hereby ratified and approved.

PASSED AND APPROVED at a regular meeting of the El Paso Water Utilities Public Service Board of the City of El Paso, Texas, this, 14th day of October, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.


EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD


Richard T. Schophoerster, PhD, P.E.
Chair

ATTEST:


Terri Garcia
Secretary/Treasurer

APPROVED AS TO FORM:


Lupe Cuellar
General Counsel

RESOLUTION

A RESOLUTION OF THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD (EPWU/PSB) TO RECOMMEND THE SALE OF APPROXIMATELY 9.240 ACRES OF LAND, LEGALLY DESCRIBED A PORTION OF TRACTS 7A AND 8C, BLOCK 55, YSLETA GRANT, CITY OF EL PASO, EL PASO COUNTY, TEXAS, TO ROSE ROCK/PARTNERS FOURTH QUARTER CAPITAL II, LLC, THE HIGHEST RESPONSIVE RESPONSIBLE BIDDER, AND AUTHORIZING THE PRESIDENT/CEO TO FORWARD THE RECOMMENDATION TO THE CITY AND SIGN ANY AND ALL DOCUMENTS NECESSARY TO COMPLETE THE SALE

WHEREAS, the El Paso Water Utilities Public Service Board (EPWU/PSB) holds certain real properties in its land inventory that are owned by the City, but are under the management and control of the (EPWU/PSB); and,

WHEREAS, the EPWU/PSB determined approximately 9.240 acres of land located at Interstate Highway 10 and Zaragoza in east El Paso, to be inexpedient to the water system and should be sold in accordance with state law;

NOW, THEREFORE, BE IT RESOLVED BY THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD OF THE CITY OF EL PASO, TEXAS:

Section 1. The recitations as set out in the preamble above are found to be true and correct, and are hereby adopted by the El Paso Water Utilities Public Service Board and made a part of this Resolution for all purposes.


Section 2. That the El Paso Water Utilities Public Service Board (EPWU/PSB) recommends that the land described below be sold to Rose Rock/Partners Fourth Quarter Capital II, LLC, the highest, responsive responsible bidder for a total bid amount for \$4,500,000.00.

Approximately 9.240 acres of land, legally described as a portion of Tracts 7A and 8C, Block 55, Ysleta Grant, City of El Paso, El Paso County, Texas.


Section 3. That the EPWU/PSB authorize the President/CEO to forward the recommendation to the City and sign any and all documents necessary to complete the sale of the property to Arturo Ambriz Rodriguez.

PASSED, ADOPTED and APPROVED at a Regular Meeting of the El Paso Water Utilities Public Service Board of the City of El Paso, Texas, this 14th day of October, 2015, at which meeting a quorum was present and which meeting was held in accordance with the provisions of V.T.C.A. Government Code, Sections 551.001, et. seq.


EL PASO WATER UTILITIES
PUBLIC SERVICE BOARD


Richard T. Schoephoerster, PhD., P.E.
Chair

ATTEST:


Secretary/Treasurer

APPROVED AS TO FORM:


Lupe Cuellar
General Counsel