

MINUTES
PUBLIC SERVICE BOARD
CITY OF EL PASO
July 10, 2019

The regular meeting of the Public Service Board was held Wednesday, July 10, 2019, at the El Paso Water Utilities Public Service Board Meeting Room, 1154 Hawkins Blvd., El Paso, Texas.

PSB MEMBERS PRESENT

Dee Margo, Ex-Officio Member
Christopher A. Antcliff, Chair
Henry Gallardo, Member
Dr. Ivonne Santiago, Member
Dr. Kristina D. Mena, Member
Bryan Morris, Member

PSB MEMBERS ABSENT

Terri Garcia, Vice-Chair

PSB EMPLOYEES PRESENT

John E. Balliew, P.E., President and Chief Executive Officer
Lee Ann Koehler, General Counsel

EPWATER EMPLOYEES PRESENT

Alan Shubert, Vice President
Marcela Navarrete, Vice President
Juan S. Gonzalez, Assistant General Counsel
Art Duran, Chief Financial Officer
Gretchen Byram, Computer Media Specialist
Lisa Rosendorf, Chief Communications and Government Affairs Officer
Jillian Shipp, Executive Assistant
Levi Chacon, Purchasing Agent
Israel Chavez, Senior Network Administrator
Gilbert Trejo, Chief Technical Officer
Melissa Bell, Lead Public Affairs Coordinator
Carlos Briano, Lead Public Affairs Coordinator
Jeanette Cordero, Assistant Chief Financial Officer
Jeff Tepsick, Assistant Chief Financial Officer
Amy Castner, Engineering Division Manager
Paul Rivas, Utility Chief Operations Officer
Yesenia Castro, Utility Engineer Associate
Ruben Rodriguez, Water Supply Manager
Francisco Martinez, Utility Engineer
David Ornelas, Wastewater Systems Division Manager
Alyssa Hernandez, Engineer Intern
Daniel Rivera, Engineer Intern

GUESTS

Pam Faraone, Citizen
Susan Melendez, Borderplex Alliance
John Barela, Borderplex Alliance

Craig Gibson, GRP
Joanna Gil, GRP,
Marlene Strickler, GRP
Karen Perez, FNI
Phil Rothstein, Bath Engineering
Serene Harper, Citizen
Alberto Mata, Walter P. Moore
Alex Acosta, Bickerstaff
George Williferd, Hilltop Securities

MEDIA
KVIA

The Public Service Board meeting was called to order by Mr. Antcliff at 8:07 a.m. A quorum of its members was present. After a moment of silence, those in attendance joined Ms. Lisa Rosendorf, in reciting the Pledge of Allegiance.

CONSENT AGENDA

Mr. Morris requested to have item 5 moved from consent agenda to regular agenda. On a motion made by Mr. Morris, seconded by Dr. Santiago and unanimously carried, the Board moved item 5 to regular agenda.

On a motion made by Mr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board took action on the following agenda items:

1. CONSIDERED AND APPROVED THE MINUTES OF THE REGULARLY SCHEDULED MEETING HELD ON JUNE 12, 2019.

The Board approved the minutes of the regularly scheduled meeting held on June 12, 2019.

2. CONSIDERED AND APPROVED A THREE-YEAR MAINTENANCE AND SUPPORT RENEWAL CONTRACT FOR THE RELAY UTILITY IVR SYSTEM FROM SELECTRON TECHNOLOGIES INC., THROUGH GSA CONTRACT NUMBER GS-35F-0315X, IN THE AMOUNT OF \$225,675.

The Board approved a three-year maintenance and support renewal contract for the Relay Utility IVR System from Selectron Technologies Inc., through GSA Contract Number GS-35F-0315X, in the amount of \$225,675.

3. CONSIDERED AND APPROVED THE PURCHASE OF THREE TOWABLE DIAPHRAGM PUMPS FROM UNITED RENTALS, THROUGH SOURCEWELL COOPERATIVE CONTRACT NUMBER 091615-URI, IN THE AMOUNT OF \$93,774.42.

The Board approved the purchase of three towable diaphragm pumps from United Rentals, through Sourcewell Cooperative Contract Number 091615-URI, in the amount of \$93,774.42.

4. CONSIDERED AND APPROVED THE PURCHASE OF NEW HVAC CONTROLS, EQUIPMENT AND REPAIRS FOR THE HAWKINS OFFICE BUILDING AND INTERNATIONAL WATER QUALITY LABORATORY FROM TRANE U.S. INC. (DBA TRANE), THROUGH ESC REGION 19 ALLIED STATES COOPERATIVE CONTRACT NUMBER 18-7293, IN THE AMOUNT OF \$67,006.86.

The Board approved the purchase of new HVAC controls, equipment and repairs for the Hawkins Office Building and International Water Quality Laboratory from Trane U.S. Inc. (dba Trane), through ESC Region 19 Allied States Cooperative Contract Number 18-7293, in the amount of \$67,006.86.

REGULAR AGENDA

5. CONSIDERED AND APPROVED A CONTRACT FOR THE MODERNIZATION OF ELEVATORS AT THE HAWKINS OFFICE BUILDING TO KONE INC. THROUGH U.S. COMMUNITIES GOVERNMENT PURCHASING ALLIANCE CONTRACT NUMBER EV2516, IN THE AMOUNT OF \$158,500.

Mr. Levi Chacon, Purchasing Agent, provided information to the Board regarding this item. The existing elevators at the Hawkins Office Building are 41 years old and have reached their operating life expectancy. Through extensive preventative maintenance programs their operating life has been extended significantly beyond the normal expectancy. Parts are no longer readily available because of the age of the units and in various instances have to be manufactured when required. Two quotes were solicited by staff for this procurement. One quote was received from Thyssenkrupp Elevator Corporation in the amount of \$188,697 utilizing Sourcewell Cooperative. An additional quote was received from KONE Inc. in the amount of \$158,500 utilizing the U.S. Communities Government Purchasing Alliance. Staff evaluated the quote from KONE Inc. and determined that it met all the requirements for this procurement. Staff recommends this purchase be made through KONE Inc., in the amount of \$158,500. Mr. Chacon addressed questions from the Board regarding this item, and Mr. Shubert made additional comments.

On a motion made by Mr. Morris, seconded by Dr. Santiago and unanimously carried, the Board approved a contract for the modernization of elevators at the Hawkins Office Building to KONE Inc. through U.S. Communities Government Purchasing Alliance Contract Number EV2516, in the amount of \$158,500.

6. PRESENTATION BY BORDERPLEX ALLIANCE.

Ms. Marcela Navarrete, Vice President, introduced John Barela, Chief Executive Officer for the Borderplex Alliance. Mr. Barela began his presentation by thanking the Board for the opportunity to provide them with an update. He introduced his assistant Susan Melendez, and thanked her for all her hard work. Mr. Barela also thanked Ms. Navarrete for serving on the executive committee and thanked Mr. John Balliew for his past service on the board. The Borderplex Alliance was established almost five years ago with the focus being solely on economic development activities. Things have changed over the years, and now they support advocacy for the business community in the tristate region. Some of the border issues that Mr. Barela addresses are: border crossing wait time, White House United States-Mexico-Canada Agreement meeting, tariffs on Mexico and immigrant health care. Dr. Mena invited Mr. Barela to be part of a teleconference in regards to border health-care issues. By opening that discussion, the Borderplex will begin the Healthcare Alliance Council. Some of the advocacy that El Paso Water is part of is the border adjustment tax, rural water issues, US-Mexico Border Water Summit, and PSB Lobbyist Coordination in Washington D.C. Mr. Barela shared a clip of live broadcast on C-SPAN in regards to the Sixth Annual Building a Competitive U.S. Mexico Border Conference, in which he participated. He was sure to mention the good work of El Paso Water/PSB. He went on to mention that EPWater is ensuring that there is a sustainable and viable amount of water, with conservation, to last several more decades. Mr. Barela next showed a slide with several business media outlets that Borderplex is engaged with, some of them being CNN, The Wall Street Journal, The Washington Post and USA Today. The key point is to ensure we are all on the same page when discussing our story. Mr. Barela went on to discuss complete projects with UPS, Foster and Fivestars to name a few. Total investment is \$163 million, new and retained jobs are 3,318, and there have been 67 site visits and four projects in the final stage in the past 12 months. Some projects in collaboration with El Paso Water are Project Tollway, Project Buckshot, Project 78 and the TXDOT's Northeast Parkway, in addition to being a member of Borderplex Economic Council. Mr. Barela informed the Board that Borderplex is now focusing on strategic planning stage for Borderplex 2025. Mr. Barela gave thanks to the Board for their support as well as the staff of El Paso Water. Mayor Margo made additional comments regarding this item.

7. CONSIDERED AND ACCEPTED THE EL PASO WATER UTILITIES/PUBLIC SERVICE BOARD COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING FEB. 28, 2019.

Mr. Art Duran, Chief Financial Officer, began his presentation by informing the Board the reason why we have the Comprehensive Annual Financial Report, otherwise known as the CAFR. This is to provide the Board and the public with transparent, informative and easy-to-read information and financial statements for the utility. Mr. Duran introduced Craig Gibson from our auditing firm with GRB. Mr. Gibson introduced co-workers Joanna Gil and Marlene Strickler, who were part of the auditing process. Mr. Gibson said the audit went very smoothly this year. The only change was a new pronouncement that had to be implemented: Gatsby 75 as requested by the Government Accounting Standards Board. Mr. Gibson asked the Board to refer to the CAFR report Page 32, where it shows prior period adjustments for \$6 million. This is related to the new pronouncement. No findings were reported to executive staff, which is great news. In addition to the report, a management letter was included. At the end of the letter, the firm included a few comments on recommendations for improvement, which are very immaterial. Management is open for all suggestions and recommendations, which is why they are included. Mr. Gibson ended his presentation by commenting on how well EPWater runs. Mr. Duran then took over the presentation and began by informing the Board that Jeff Tepsick, Assistant CFO, led the audit this year. They are training Lidia Carranco, Fiscal Operations Manager, as she is taking over the Accounting Department. Mr. Duran also thanked the accounting staff for their hard work, as well as Ms. Navarrete for her leadership. Mr. Duran went on share a slide on Water and Wastewater Utility Fund Trend Analysis of Capital Assets, net position and bonds payable 2010 thru 2019. From 2010-2015, there was a steady tread, and in 2016 both position and assets increased annually. Mr. Duran went on to speak about the same topic for Municipal Drainage. There was more of fluctuation from 2010-2015, but it continued to increase from 2016 to now. The next slide went over Water and Sewer Fund Debt Service Coverage. From FY2015 to now, the Debt Service Coverage Target per Bond Ordinance was 1.5. EPWater has exceeded that annually since 2015, with 2019 coming in at 2.22. This is wonderful news because potential investors and rating agencies check to see if we generate enough revenue to pay off our debt, and the answer is yes. As far as the Stormwater Utility Fund Debt Service Coverage, the Debt Service Target per Bond Ordinance was a little over 1.0, with 2019 coming in at 2.88. For Water and Wastewater Revenues, the budget for FY18-19 was \$2.4 million. The actual came in at \$2.4 million compared to the \$2.2 million in FY17-18. Mr. Duran went on to discuss the Water and Wastewater Utility Operating & Maintenance Expenses. The budgeted amount for FY18-19 was \$1.1 million, and the actual was \$1 million, compared to the \$94,339 million for FY17-18. Next, the Water and Wastewater Capital Project Expenditures was discussed. The budgeted amount for FY18-19 was \$2.8 million; and the actual was \$1.8 million, compared to \$117,115 million in FY17-18. This includes a \$52 million land transaction in Dell City. For Stormwater Utility Operating Revenues, the budgeted amount for FY18-19 was \$2.4 million, with the actual coming in at \$2.4 million compared to the \$2.3 million for FY17-18. Mr. Duran then discussed Stormwater Operating Expenses. The budgeted amount was \$6.7 million for FY18-19, with the actual coming in at \$6.6 million, compared to \$6.3 million in FY17-18. As for the Stormwater Capital Expenditures, the budgeted amount was \$3.4 million for FY18-19; the actual was \$2.4 million, compared to the \$3 million for FY17-18. Mr. Duran ended his presentation by thanking the auditing firm for their work and engagement with the audit.

On a motion made by Mr. Gallardo, seconded by Dr. Mena and unanimously carried, the Board accepted the El Paso Water Utilities/Public Service Board Comprehensive Annual Financial Report for Fiscal Year ending Feb. 28, 2019.

8. CONSIDERED AND AWARDED A PROFESSIONAL SERVICES CONTRACTS FOR ON-CALL PROFESSIONAL ENGINEERING SERVICES FOR WATER, WASTEWATER, RECLAIMED WATER AND STORMWATER INFRASTRUCTURE ON TXDOT AND VARIOUS REGIONAL TRANSPORTATION PROJECTS TO CDM SMITH INC.; CEA ENGINEERING GROUP INC.; HUITT-ZOLLARS INC.; AND MORENO CARDENAS INC.; EACH IN THE MAXIMUM AMOUNT OF \$300,000 OVER A TWO-YEAR TERM AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Gilbert Trejo, Chief Technical Officer, provided a presentation to the Board regarding this item (copy on file in Central Files). The On-Call service contracts are used to reduce the time in which the Utility can contract for projects identified in the Texas Department of Transportation (TXDOT) and Camino Real Regional Mobility Authority (CRRMA) Capital Improvement Plans. These On-Call Contracts include the design and/or rehabilitation of water, wastewater, reclaimed or stormwater pipelines, lift stations, force mains and related infrastructure; trenchless installations and design trench safety plans; coordination with TXDOT, CRRMA, and other entities; evaluation and routing studies of existing water, wastewater, reclaimed or stormwater pipelines; and construction administration and management services, cost estimating and resident project representative services. The Architectural/Engineering Selection Advisory Committee met on June 12, 2019, to review and recommend selection of the engineering firms for these services. The committee consisted of Ms. Ivonne Santiago, Ms. Kristina Mena, Mr. Bryan Morris, Ms. Marcela Navarrete and Gilbert Trejo. Proposals were scored in the areas of technical competence, project approach, team organization and availability, and project management and quality control. CDM Smith Inc., CEA Engineering Group Inc., Huitt-Zollars Inc., and Moreno Cardenas Inc. were selected as the most qualified firms. Each firm will be issued a professional services contract for a maximum amount of \$300,000 over a two-year term. Mr. John Balliew made additional comments regarding this item, while Mr. Trejo addressed questions from the Board.

On a motion made by Mr. Gallardo, seconded by Mr. Morris and unanimously carried, the Board awarded Professional Services Contracts for On-Call Professional Engineering Services for Water, Wastewater, Reclaimed Water and Stormwater Infrastructure on TXDOT and Various Regional Transportation Projects to CDM Smith Inc.; CEA Engineering Group Inc.; Huitt-Zollars, Inc.; and Moreno Cardenas Inc.; each in the maximum amount of \$300,000 over a two-year term, and authorized the use of commercial paper.

9. CONSIDERED AND AWARDED A PROFESSIONAL ENGINEERING SERVICES CONTRACT FOR THE DESIGN AND BID PHASE SERVICES OF FLOW PATH 39A DETENTION TO CSA DESIGN GROUP INC. IN THE AMOUNT OF \$353,562; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT TO FOR ADDITIONAL DESIGN AND CONSTRUCTION PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$100,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS.

Mr. Trejo provided a presentation to the Board regarding this item (copy on file in Central Files). This project is identified in the El Paso Stormwater Master Plan as Flow Paths Systems-Flow Path No. 39A (NW5). Flow Path 39A is located in northwest El Paso, and subject to frequent flooding from storm events. Situated east of Resler Drive and south of Transmountain Road, the flow path diverges from Flow Path 39, carrying significant runoff and sedimentation. This project will consist of the design of a diversion levee at Flow Path 39A, detention dam at Resler Channel and storage pond. The Engineering Selection Committee met on March 13, 2019, to review and recommend selection of the engineering firm for these services. The committee consisted of Ms. Kristina Mena, Ms. Ivonne Santiago, Mr. Bryan Morris, Mr. R. Alan Shubert, Ms. Marcela Navarrete, Mr. Fernando Rico,

and Mr. Gilbert Trejo. Proposals were scored in the areas of technical competence, project approach, team organization and availability, and project management and quality control. CSA Design Group Inc. was selected as the firm most qualified. Staff worked with CSA Design Group Inc. to develop the scope of services required for this project. A fee proposal associated with the scope of services was submitted, reviewed and negotiated with the consultant for the defined scope of work. The negotiated fees are in line with the level of effort required to complete the task and consistent with similar work completed. Mr. John Balliew made additional comments regarding this item, while Mr. Trejo addressed questions from the Board.

On a motion made by Dr. Mena, seconded by Dr. Santiago and unanimously carried, the Board awarded a Professional Engineering Services Contract for the design and bid phase services of Flow Path 39A Detention to CSA Design Group Inc. in the amount of \$353,562; authorized future task orders or amendments to be issued under this contract for additional design and construction phase services in an estimated amount of \$100,000, provided that funding is available in the approved budget for the task orders or amendments.

10. CONSIDERED AND APPROVED TASK ORDER NUMBER 1 - CONSTRUCTION ADMINISTRATION SERVICES FOR THE KAY BAILEY HUTCHISON INTERSTAGE BOOSTER PUMPS - KBH DESALINATION PLANT MISCELLANEOUS IMPROVEMENTS PHASE II PROJECT TO CDM SMITH INC. IN THE AMOUNT OF \$200,000; AUTHORIZED FUTURE TASK ORDERS OR AMENDMENTS TO BE ISSUED UNDER THIS CONTRACT TO PROVIDE ADDITIONAL CONSTRUCTION ADMINISTRATION AND DESIGN PHASE SERVICES IN AN ESTIMATED AMOUNT OF \$300,000, PROVIDED THAT FUNDING IS AVAILABLE IN THE APPROVED BUDGET FOR THE TASK ORDERS OR AMENDMENTS, AND AUTHORIZED THE USE OF COMMERCIAL PAPER.

Mr. Trejo provided a presentation to the Board regarding this item (copy on file in Central Files). On Aug. 10, 2016, CDM Smith Inc. was selected to provide engineering services for the membrane replacement project and installation of interstage booster pumps. The membrane replacement project is currently in progress. This project consists of installing a booster pump on each of the five reverse osmosis skid units to boost the production capacity. The project was awarded to Smithco Construction on May 8, 2019, and is currently in construction. A fee proposal for Construction Administration Services submitted by CDM Smith Inc. was reviewed and negotiated with the consultant. The negotiated fees are in line with the level of effort required to complete the tasks.

On a motion made by Dr. Gallardo, seconded by Dr. Santiago and unanimously carried, the Board approved Task Order Number 1 - Construction Administration Services for the Kay Bailey Hutchison Interstage Booster Pumps - KBH Desalination Plant Miscellaneous Improvements Phase II Project to CDM Smith Inc. in the amount of \$200,000; authorized future task orders or amendments to be issued under this contract to provide additional construction administration and design phase services in an estimated amount of \$300,000, provided that funding is available in the approved budget for the task orders or amendments, and authorized the use of commercial paper.

11. CONSIDERED AND AWARDED BID NUMBER 32-19, MONTOYA II AND NAVARRETTE LIFT STATIONS REHABILITATION IMPROVEMENTS TO THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER CUBIC WATER LLC IN THE AMOUNT OF \$1,813,325.94.

Mr. Trejo provided a presentation to the Board regarding this item (copy on file in Central Files). The Montoya II and Navarrette Lift Stations are in need of repairs. These lift stations have pipeline and concrete corrosion protection systems that have failed; odor control systems that need to be upgraded; and site access that will be improved. The evaluation of the existing conditions of the lift stations has been completed, and the consulting engineer's assessment recommended rehabilitating the Montoya II Lift Station and the removal and replacement of the Navarrette Lift Station. EPWater received five bids for this project on May 22, 2019. The bidders were

Cubic Water LLC; Smithco Construction Inc.; Spiess Construction Co. Inc.; Danny Sander Construction Inc.; and RMC Inc. of Texas. The bids ranged from \$1,813,325.94 to \$3,143,915.00 or 10% to 91% above the engineer's estimate of \$1,643,234.25. The project consulting engineer evaluated the qualifications of the apparent low bidder and determined that Cubic Water LLC meets the minimum general requirements as well as the minimum project specific criteria as specified in the bid documents. Staff reviewed the engineer's evaluation and recommends award of Bid Number 32-19, Montoya II and Navarrette Lift Stations Rehabilitation Improvements, to Cubic Water LLC, as the lowest responsive, responsible bidder in the amount of \$1,813,325.94. Mr. Trejo addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago, seconded by Mr. Morris and unanimously carried, the Board awarded Bid Number 32-19, Montoya II and Navarrette Lift Stations Rehabilitation Improvements to the lowest responsive, responsible bidder Cubic Water LLC in the amount of \$1,813,325.94.

12. CONSIDERED AND AWARDED BID NUMBER 67-19, LIQUID OXYGEN FOR WATER TREATMENT TO THE SOLE RESPONSIVE, RESPONSIBLE BIDDER, MATHESON TRI-GAS INC., IN THE ESTIMATED ANNUAL AMOUNT OF \$586,520, WITH THE OPTION FOR TWO, ONE-YEAR EXTENSIONS.

Mr. Levi Chacon, Purchasing Agent, provided information to the Board regarding this item. Liquid oxygen for water treatment is the chemical used to generate ozone to disinfect the water that is produced at the Jonathan Rogers Water Treatment Plant. There is no previous bid information as this is the first time this bid was separated from the wastewater bid. One bid and a no bid were received. Staff evaluated the bid and determined that Matheson Tri-Gas Inc. met all the requirements as outlined within the bid proposal. Staff recommends award of Bid Number 67-19, Liquid Oxygen for Water Treatment to Matheson Tri-Gas Inc., in the estimated annual amount of \$586,520. Mr. Balliew addressed questions from the Board regarding this item.

On a motion made by Dr. Santiago, seconded by Dr. Mena and unanimously carried, the Board awarded 67-19, Liquid Oxygen for Water Treatment, to the sole responsive, responsible bidder, Matheson Tri-Gas Inc., in the estimated annual amount of \$586,520, with the option for two, one-year extensions.

13. CONSIDERED AND ADOPTED A RESOLUTION REQUESTING CITY COUNCIL TO AUTHORIZE THE ISSUANCE OF UP TO \$40,525,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS SERIES 2019A TO PAY OFF \$40,000,000 IN COMMERCIAL PAPER NOTES, AND UP TO \$35,400,000 OF CITY OF EL PASO WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS SERIES 2019B TO REFUND \$34,720,000 OF EXISTING BONDS AND FUND RELATED TRANSACTION COSTS; PROVIDED THAT CERTAIN PARAMETERS APPROVED BY THE BOARD ARE MET.

Mr. Duran introduced George Williferd with Hilltop Securities. Mr. Williferd provided a presentation to the Board regarding this item (copy on file in Central Files). EPWater currently has a Revolving Credit Agreement with Bank of America N.A. for the Water and Sewer Commercial Paper Notes Program in the amount of \$40,000,000. The Commercial Paper Program is a short-term variable rate financing tool utilized by the Utility to finance a portion of its Capital Improvement Program. Series 2019A will pay off \$40,000,000 of Commercial Paper Notes. In addition, because of favorable market conditions the Utility is requesting to issue bonds Series 2019B up to \$35,400,000 to do a forward or current refunding of Series 2010, 2010A and 2011 bonds in the par amount of \$34,720,000. This transaction will create an estimated present value interest savings of \$3,500,000. EPWater's Audit, Finance and Investment Committee met on July 5, 2019, to review the bond issues proposals and request City Council to approve the following parameters as recommended. Series 2019A (Commercial Paper Refunding) Maximum True Interest Cost – 4.00%, Aggregate Principal Amount of Issue - \$40,525,000, Final Maturity Date – Dec. 31, 2039, Expiration of Delegated Authority – 6 months; Series 2019B (Economic Refunding) Maximum True Interest Cost – 4.00%, Aggregate Principal Amount of Issue - \$35,400,000, Final Maturity Date – Dec. 31, 2039, Expiration of Delegated Authority – 6 months.

On a motion made by Mr. Gallardo, seconded by Mr. Morris and unanimously carried, the Board adopted a Resolution requesting City Council to authorize the issuance of up to \$40,525,000 of City of El Paso Water and Sewer System Revenue Refunding Bonds Series 2019A to pay off \$40,000,000 in commercial paper notes, and up to \$35,400,000 of City of El Paso Water and Sewer System Revenue Refunding Bonds Series 2019B to refund \$34,720,000 of existing bonds and fund related transaction costs; provided that certain parameters approved by the Board are met.

14. CONSIDERED AND ACCEPTED THE EL PASO WATER'S FIRST QUARTER FINANCIAL AND PERFORMANCE MEASURES REPORT FOR THE PERIOD ENDING MAY 31, 2019.

Mr. Jeff Tepsick, Assistant Chief Financial Officer, provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Tepsick began his presentation by thanking his staff for their hard work and efforts, in addition to Mr. Duran and Ms. Navarrete for their guidance and support in their day-to-day operations. Mr. Tepsick discussed the comparison of FY18-19 to 19-20 with 3.0 billions of gallons billed this first quarter. Next, Mr. Tepsick discussed Water and Wastewater Operating Revenues with the budgeted amount for first quarter FY19-20 at \$2.7 million and the actual coming in at \$6 million compared to FY18-19 at \$5.9 million. Water and Wastewater Utility Operating expenses was budgeted at \$1 million, with the actual coming in at \$1.9 million first quarter FY19-20 vs. first quarter FY18-19. This has to do with the late start in the surface water coming from Elephant Butte in June, whereas it typically begins in March. Chemical and electricity cost decreased by \$700,000. The next slide was in regards to Water and Wastewater Capital Projects Expenditures. The budgeted annual amount was \$1.9 million, with the actual amount coming in at \$2.6 million for first quarter FY19-20, compared to the first quarter FY18-19 at \$1.9 million. Mr. Tepsick also discussed Water and Wastewater Debt Service Coverage, with budgeted based points of 2.26 for FY 19-20. The actual coming in at 2.40 first quarter of FY19-20, compared to FY18-19 first quarter at 2.30. The bond ordinance was at 1.50. Next, the Stormwater Utility Operating Revenues was budgeted annually at \$2.4 million for FY19-20. The actual cost came in at \$6.1 million for first quarter FY19-20, compared to first quarter FY18-19 at \$5.9 million. This has to do in part with customer growth, with an additional 1,900 customers last quarter. Mr. Tepsick also discussed Stormwater Operating Expenses, the annual amount budgeted was \$6.9 million for FY19-20, with the actual first quarter FY19-20 coming in at \$1.4 million compared to first quarter FY18-19 at \$1.3 million. Also discussed was Stormwater Capital Expenditures, annual budgeted amount was \$3.1 million, with \$1.3 million as actual for first quarter FY19-20 compared to the \$5.5 million in FY18-19. Debt Service Coverage for Stormwater was budgeted at 1.90 for 19-20. Actual for first quarter FY19-20 was 2.07, compared to 2.06 first quarter FY18-19.

On a motion made by Dr. Santiago, seconded by Mr. Morris and unanimously carried, the Board accepted the El Paso Water's First Quarter Financial and Performance Measures Report for the period ending May 31, 2019.

15. CONSIDERED AND ACCEPTED THE AUDIT, FINANCE & INVESTMENT COMMITTEE'S FIRST QUARTER INVESTMENT REPORT FOR THE PERIOD ENDING MAY 31, 2019.

Mr. Duran provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Duran began his presentation with a chart showing the increase of the U.S. Fed Funds Rate. There has been a steady increase since September 2016 until recently where we are at 2.50%. Next, Mr. Duran went to discuss Portfolio Composition as of May 31, 2019. Securities coming in at 44%, Texpool Prime at 31%, Texpool at 3%, Money Market Funds at 0%, and finally TexStar at 22%. The First Quarter Portfolio Comparison shows in FY2019 the portfolio value was \$243,102,289, purchases were \$82.6 million, weighted average maturity was 27 days, and weighted yield was 1.86%. For FY2020, the value is \$210,792,566, the purchases are \$51.5 million, the weighted average maturity is 39 days and the weighted yield is 2.49%. Mr. Duran went on to discuss first quarter yield comparison with increase in all areas in FY19-20 compared to FY18-19. Mr. Duran discussed Benchmark Analysis, showing 1 month T-Bill, 3 month and 6 month coming in at 2.35%. The 1-year T-Bill came in at 2.21%, 2-year T-Bill came in at 1.95%, and EPWater came in at 2.49%, which has to do with an inverted rate bill. Mr. Duran discussed the 1st quarter interest earned comparison. For FY2019, it was at \$1 million and for FY2020 it came in at a little over \$1,200,000.

On a motion made by Dr. Santiago, seconded by Dr. Mena and unanimously carried, the Board accepted the Audit, Finance & Investment Committee's First Quarter Investment Report for the period ending May 31, 2019.

16. PRESENTATION AND UPDATE ON WASTEWATER TREATMENT PLANT OVERLOADING AND CAPACITY ANALYSIS AND INTRODUCTION OF PROPOSED CHANGES TO RULES AND REGULATIONS NO. 6, SEWER SERVICE RATES AND RULES AND REGULATIONS NO. 9, WASTEWATER DISCHARGE.

Mr. Shubert provided a presentation to the Board regarding this item (copy on file in Central Files). Mr. Shubert provided background on Wastewater Treatment Plants. In the March 2019 PSB meeting, initial briefing on wastewater plant capacity was provided. In addition, water conservation over the years has increased the wastewater concentration (BOD). Biochemical Oxygen Demand (BOD) is a measurement of the strength of a wastewater. Mr. Shubert also informed the Board the treatment capacity of three out of four plants is limited by BOD loading and not flow. EPWater existing rules and regulations allow for industrial customers to discharge any amount of BOD. Currently, for BOD concentrations over 300mg/L the customer has to pay a surcharge fee. BOD strength will continue to rise and conservation efforts continue. Mr. Shubert explained to the Board the introduction of rules and regulations change will effect Rules and Regulations No. 6, Sewer Service Rates, and Rules and Regulation No. 9, Wastewater Discharge. With the proposed change, EPWater will no longer allow discharge concentrations to be past the level of 300mg/L. Enforcement action as dictated by TCEQ and EPWater rules and regulations. The implementation schedule for the revised rules and regulations are July 2019 outreach to industrial customers; August 2019 and March 2020, PSB consideration to proposed changes to Rules and Regulations No. 6 and No. 9; August 2020, BOD limit takes effect. Mr. Shubert addressed questions from the Board regarding this item, while Mr. Balliew made additional comments.

17. PRESENTATION OF STATE LEGISLATIVE UPDATE BY HILLCO PARTNERS LLC.

Staff requested to have this item removed from the agenda.

On a motion made by Mr. Morris, seconded by Dr. Mena and unanimously carried, the Board approved to remove this item from the agenda.

18. MANAGEMENT REPORT:

- Pico Norte Letter of Map Revision (LOMR) Application - Mr. Shubert provided some background regarding this item, which began with the flood of 2014 that caused major damage to Pico Norte retention pond. Mr. Shubert showed the Board a map of where the pond is located. In addition, he showed a slide to what the pond looked like before and what it looked like after. On May 21, 2019, the LOMR application was submitted to FEMA. There is a 90-day review period, and upon FEMA approval, notifications will be sent out to residents in current flood areas by EPWater on behalf of the City. Mr. Shubert informed the Board that 1,110+ properties will be removed from the flood zone. Mr. Shubert also expressed that this helps our ratepayer see where the extra \$5 in the stormwater fee on their bill goes. Mr. Balliew made additional comments regarding this item.
- AguaCares Video - Lisa Rosendorf, Chief Communications and Government Affairs Officer gave some background regarding the video. The video was first shown at an El Paso Chihuahuas baseball game to boost fundraising and garner some attention for the AguaCares program. The program has been in place for six months, with low numbers is the beginning. They have steadily increased since then. The video was then shared with the Board.

19. 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.

No comments were made.

EXECUTIVE SESSION

On a motion made by Mr. Gallardo, seconded by Mr. Morris, and unanimously carried, the Board retired into Executive Session at 9:36 a.m., July 10, 2019, pursuant to Section 3.5A of the El Paso City Charter and the Texas Government Code, Section 551.071 through 551.076 to discuss the following:

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

a. **Section 551.072 Deliberation Regarding Real Property**

The Board will deliberate regarding a potential land purchase legally described as Lot 7, Block 6, Stone Ridge Unit Four, an addition to the City of El Paso, El Paso County, Texas, for a future tank site.

b. **Section 551.072 Deliberation Regarding Real Property**

The Board will deliberate regarding a potential land purchase legally described as a portion of Tract 2, Section 20, and a portion of Tract 7-B, now known as Tract 7-B-1, Section 29, both in Block 80, Township 1, Texas and Pacific Railway Company Surveys, in the City of El Paso, El Paso County, Texas.

c. **Section 551.072 Deliberation Regarding Real Property**

The Board will receive an update regarding land in its inventory, including the Northwest TIRZ 12 land (totaling @1107 acres) and Northeast TIRZ 13 land (totaling @6880 acres).

d. **Section 551.071 Consultation with Attorney**

Consultation with its attorneys regarding Cause No. 2017DCV1101, Mesa Executive Park, L.P. v. The City of El Paso, through the El Paso Water Utilities Public Service Board, and Ana Ruelas dba Ruga Trucking.

e. **Section 551.071 Consultation with Attorney**

Consultation with its attorneys regarding Cause No. 2017DCV1076, ROP Artcraft, LLC v. The City of El Paso.

On a motion made by Mr. Gallardo, seconded by Mr. Morris and unanimously carried, the Board reconvened in open session at 10:35 a.m., July 10, 2019.

DELIBERATED REGARDING A POTENTIAL LAND PURCHASE LEGALLY DESCRIBED AS LOT 7, BLOCK 6, STONE RIDGE UNIT FOUR, AN ADDITION TO THE CITY OF EL PASO, EL PASO COUNTY, TEXAS, FOR A FUTURE TANK SITE.

On a motion made by Dr. Mena, seconded by Mr. Gallardo, and carried that the President/CEO be authorized to proceed with the acquisition of the property in the manner approved by the Board, and in accordance with the terms and conditions specified by the Board, and sign any and all documents necessary to complete the purchase.

DELIBERATED REGARDING A POTENTIAL LAND PURCHASE LEGALLY DESCRIBED AS A PORTION OF TRACT 2, SECTION 20, AND A PORTION OF TRACT 7-B, NOW KNOWN AS TRACT 7-B-1, SECTION 29, BOTH IN BLOCK 80, TOWNSHIP 1, TEXAS AND PACIFIC

RAILWAY COMPANY SURVEYS, IN THE CITY OF EL PASO, EL PASO COUNTY, TEXAS.

On a motion made by Dr. Mena, seconded by Dr. Santiago, and carried that the President/CEO be authorized to proceed with the acquisition of the property in the manner approved by the Board, and in accordance with the terms and conditions specified by the Board, and sign any and all documents necessary to complete the purchase.

RECEIVED UPDATE REGARDING LAND IN ITS INVENTORY, INCLUDING THE NORTHWEST TIRZ 12 LAND (TOTALING @1107 ACRES) AND NORTHEAST TIRZ 13 LAND (TOTALING @6880 ACRES.)

On a motion made by Dr. Mena, seconded by Dr. Santiago and carried that the EL Paso Water Utility Public Service Board (Board) hereby states its position that: 1) the land which is managed and controlled by the Board and contained within the Northwest TIRZ 12 (totaling @1,107 acres) should be preserved as "Open Space/Dual Purpose" land (also referred to as "Green Projects") in accordance with the City of El Paso Ordinance 016668, establishing the Municipal Drainage Utility System (MDUS), and as previously recommended by the Open Space Advisory Board at its meeting of May 23, 2018; and 2) the Board should be compensated from the MDUS funds for the fair market value of the TIRZ 12 land in accordance with the bond covenants established in the City of El Paso Bond Ordinances adopted on October 30, 2018 and March 19, 2019; and the Board further authorizes the President/CEO to take all appropriate action to effectuate this direction of the Board.

CONSULTED WITH ITS ATTORNEYS REGARDING CAUSE NO. 2017DCV1101, MESA EXECUTIVE PARK, L.P. V. THE CITY OF EL PASO, THROUGH THE EL PASO WATER UTILITIES PUBLIC SERVICE BOARD, AND ANA RUELAS DBA RUGA TRUCKING.

On a motion made by Dr. Mena, seconded by Dr. Santiago, and carried that the General Counsel's Office and the Utility's Outside Counsel, Bickerstaff, Heath, Delgado & Acosta LLP be authorized to participate in the settlement negotiations in connection with Cause No. 2017DCV1101, Mesa Executive Park, L.P. v. The City of El Paso, through the El Paso Water Utilities Public Service Board, and Ana Ruelas dba Ruga Trucking, to the extent and in accordance with the direction of the Board, and defend the interests of the Utility in connection with this matter.

CONSULTED WITH ITS ATTORNEYS REGARDING CAUSE NO. 2017DCV1076, ROP ARTCRAFT, LLC V. THE CITY OF EL PASO.

On a motion made by Dr. Mena, seconded by Dr. Santiago, and carried that the General Counsel's Office and the Utility's Outside Counsel, Bickerstaff, Heath, Delgado & Acosta LLP be authorized to participate in the mediation of Cause No. 2017DCV1076, ROP Artcraft, LLC v. The City of El Paso, in accordance with the settlement authority authorized by the Board, and further defend the interests of the Utility in connection with this matter.

ADJOURNMENT

On a motion made by Mayor Margo seconded by Mr. Morris and unanimously carried, the meeting adjourned at 10:38 a.m., July 10, 2019.

ATTEST:



Secretary-Treasurer



Christopher Antcliff-Chair

