

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, April 22, 2020

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

The Board of Directors of Paseo del Este Municipal Utility District No. 1 (the "District") held a regular meeting, open to the public, by free telephone conference call only, at 11:30 a.m. on Wednesday, April 22, 2020, and the roll was called of the directors of the Board, to-wit:

Jack Holford	President
Dan Roark	Vice President
Ken Mills	Secretary
Sid Covington	Assistant Secretary
Larry Mellenbruch	Assistant Secretary

and all of said persons were present, thus constituting a quorum.

Also present at the meeting were Ronald J. Freeman and Cyndi Ferris of the Law Offices of Ronald J. Freeman; Kristi Hester and Lourdes González of Inframark; Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; John Jansing, Adrian Rosas and Nadia Ganer of TRE & Associates, LLC; Bob West of West, Davis & Company, LLP; Joel Guzman and Franklin Stubbs of Hunt Communities; and Ray Baca of M1EP Property Management (on behalf of Chapel Hill Apartments).

1. The Board first considered approval of the minutes of the Board's March 25, 2020, meeting. Director Holford made a motion to approve the minutes with one spelling correction. Director Covington seconded the motion, which the Board passed unanimously.

2. As its next item of business, the Board considered the General Manager's and Operator's Reports. Ms. González presented a report on the status of development in the District and other districts. Mr. Freeman also discussed an appeal by homebuilder Tropicana Homes regarding water penalties and related enforcement. He advised the Board that the matter had been resolved and that no Board action was required.

Upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved expenses over \$2,000 as shown in the General Manager's Summary Report.

Ms. González then discussed continuing concerns about possibly inaccurate wholesale water meter readings at Master Meters A & B which did not register any consumption during the February billing cycle. Inframark's Operation Department is working on a plan to test meters with El Paso Water. Mr. Holford requested that Inframark work with TRE & Associates to resolve the issue.

Last, Ms. González reviewed the 2019 Drinking Water Quality Report.

3. The Board then considered approving the payment of bills and invoices. Ms. Kolmodin presented the financial reports for the District along with bills and invoices. Upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 6556-6577). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

4. As its next item of business, the Board considered amending the District's Budget for Fiscal Year 2020, as well as amending District rates. Director Holford recommended that the Board hear a report from the District's consultants today but hold a special meeting on Thursday, April 30, 2020, at 11:00 a.m. to discuss these items further and take action. Mr. Holford then asked Mr. West to provide the Board with a brief report. Mr. West described proposed budget amendments for FY 2020 that had been prepared by Ms. Kolmodin (with assistance and input from Mr. West and Mr. Freeman). These proposed adjustments included increased wholesale water and wastewater charges from EPWU and other appropriate increases to certain other expense items in the budget. Mr. West then presented two different scenarios for increasing revenues to the District, one being a ten percent (10%) rate increase and the other a fifteen percent (15%) rate increase. He noted that even with such rate increases in the annual budget the District should still look for ways to reduce capital expenditures from cash on hand and continue with its goal to fully replenish the 90-day O&M Reserve. Mr. West then presented a comparison of the two possible increased District rate scenarios with current EPWU rates. Director Covington requested that a comparison also be made with Horizon Municipal Utility District ("Horizon"). Mr. Freeman noted that neither EPWU nor Horizon provides exactly the same level of services that the District provides. But, Mr. Holford emphasized that the District needs to be sensitive to what customers are paying in the City of El Paso and Horizon. No action was taken by the Board other than to set a special meeting for Thursday, April 30, 2020, at 11:00 a.m. to discuss these items further and take action.

5. The Board then considered the following related to the novel coronavirus ("COVID-19") epidemic:

- a. Resolution Authorizing Payments During a Disaster Declaration; and
- b. Resolution Acknowledging Declaration of Disaster and Establishing Procedures for Continuity of District Operations and Management.

Mr. Freeman noted that actions taken at the March 25, 2020, Board meeting relating to the epidemic are sufficient unless new issues arise. No action was taken by the Board.

6. The Board next considered amending or approving a new contract with the District Manager/Operator. Mr. Freeman acknowledged receipt of Inframark's draft contract and the Board agreed to discuss the contract at its next regular meeting on May 27, 2020.

7. The Board then considered a landscape maintenance contract with Accent Maintenance Company, Inc. Director Holford stated that he had not reviewed the contract. Mr. Freeman reminded the Board that they had given Mr. Holdford authority to review and approve the contract at the March 25, 2020, Board meeting. Mr. Jansing noted that tax had been added in

error to the original monthly quote and that the monthly amount had been reduced to \$26,361.85, plus the cost of irrigation water. Mr. Jansing indicated that irrigation water had been calculated at the retail rate, not the wholesale rate, so the District would pay less for irrigation water. Director Covington inquired about requests and response times for a la carte items. Director Holford requested Mr. Freeman draft language regarding a la carte requests, response times and chain of command to include in the contract, and indicated he would work with Mr. Freeman and Mr. Jansing to finalize the contract. Ms. Gonzalez stated that Inframark needed a 30-day notice to terminate the contract with the current landscape company. Director Mills left the meeting during discussion of this item.

8. As its next item of business, the Board considered the Developer's Report. Mr. Guzman gave a brief report on development in the Paseo del Este MUDs. Mr. Holford asked Mr. Baca if he had any comments. Mr. Baca discussed his concerns regarding excessively high water bills for his company which owns an apartment complex known as Chapel Hill Apartment complex. Ms. González noted that the engineer for the Chapel Hill Apartment complex had requested an 8-inch meter for service and that the apartment complex did not have a separate irrigation meter nor were the apartment units separately metered. Mr. Freeman explained that as meter size increases, the minimum monthly charge increases. Mr. Holford instructed Mr. Baca to check with the project engineer to determine the meter size he had requested. Mr. Freeman suggested the District consider reviewing its rate for possible rate adjustments for businesses and/or apartment projects. No action was taken by the Board.

9. As its final act of business, the Board considered the Engineer's Report. Mr. Jansing presented the following items for approval:

Americas Estates Unit Two Replat A

Water, Wastewater & Drainage Improvements
TRE No.: 1519-11666-35

- Pay Estimate No. 4 - \$32,037.52

Hillside Park at Mission Ridge Unit One

Drainage, Water & Wastewater and
Regional Water and Wastewater Improvements
TRE No.: 1502-11181-35

- Pay Estimate No. 7 - \$12,240.00

Hillside Park at Mission Ridge Unit Two

Drainage, Water & Wastewater and
Regional Water and Wastewater Improvements
TRE No.: 1502-11182-35

- Pay Estimate No. 6 - \$10,980.00

Upon a motion by Director Roark and a second by Director Holford, the foregoing items were unanimously approved by the Board.

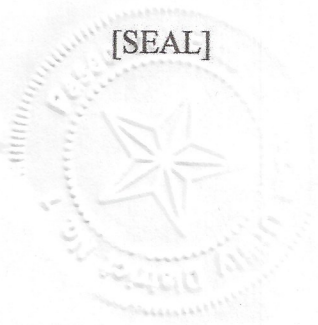
Mr. Jansing then presented the following item for consideration:

TRE & Associates Proposal for Landscape Maintenance Management
Paseo de Este MUD No. 1 Parks and Roadways
TRE Proposal No. 19081

Upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved the proposal subject to completion of the contract with Accent Maintenance Company, Inc.

There being no further business to come before the Board, the meeting was adjourned.

Approved April 30, 2020.



Samuel E. Ali

Secretary, Board of Directors