

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, September 23, 2020

STATE OF TEXAS §
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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 video/telephone conference call, at 11:30 a.m. CT on Wednesday, September 23, 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 Ganser of TRE & Associates, LLC; Bob West of West Davis & Company, LLP; Franklin Stubbs of Hunt Communities; and Ray Adatao, Board member of Paseo del Este MUD 3. Joel Guzman of Hunt Communities entered the meeting during discussion of Item No. 2.

1. The Board first considered approval of the minutes of the Board's August 26, 2020 meeting. Director Mills made a motion to approve the minutes with one 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 Report:

- a. Monthly Report: Ms. González presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. Director Roark requested that TRE & Associates send out a Request for Proposals for leak detection services to address recurring water loss. (Leak detection services are discussed in further detail under the Engineering Report). Discussions followed regarding disconnections and a time-frame for returning to pre-pandemic procedures for non-payment. Inframark was instructed to (i) prepare recommendations for payment plans and disconnections to be discussed at the Board's October meeting, and (ii) notify customers that the topic of reimplementing disconnections for non-payment of utility bills would be discussed at the Board's October meeting. Upon a motion by Director Covington and a second by Director Mills, the Board

unanimously approved the expenses over \$2,000 as shown in the General Manager's Summary Report;

- b. Take Action to Transfer Contracts from General Manager to District or other: Payment responsibility for BacT testing conducted by subcontractors was introduced by Inframark. After discussion, it was determined that invoices for BacT testing for new water lines are the responsibility of the developer as part of construction costs. General Counsel instructed Inframark to bill contractors for testing and back charges, with copies of invoices addressed to the developer.
- c. Mailout Request from El Paso County: Mailout request was tabled for discussion until more information is received from El Paso County.

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 Roark, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 6679-6702), as well as Supplemental Check Nos. 6703 in the amount of \$640.00 payable to WesTex and Check No. 6704 in the amount of \$161.47 payable to Paseo del Este MUD No. 2. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

4. The Board next considered approving the District's Budget for Fiscal Year 2021. After discussion, Director Covington made a motion to approve the District's Budget for Fiscal Year 2021 with the following amendments: (i) retain budgeted amount for Drainage Inspection and Rehab at \$700,000 and (ii) reduce budgeted amount for Landscape Maintenance from \$600,000 to \$400,000. Director Mellenbruch seconded the motion, which the Board passed unanimously. A copy of the Budget is attached as an exhibit to these minutes.

5. The Board then conducted a public hearing for adoption of final tax rates for the 2020 tax year. No public comments were received. By acclamation, the Board closed the public hearing for adoption of final tax rates for the 2020 tax year.

6. As its next item of business, the Board considered adopting tax rates. Upon a motion by Director Mills and a second by Director Holford, the Board unanimously approved an Order Levying Taxes for Tax Year 2020, thereby approving a final maintenance tax rate of \$0.46 per \$100 of assessed valuation, and a final contract tax rate of \$0.29 per \$100 of assessed valuation, all in accordance with the Financial Advisor's recommendation. A copy of the Order approved by the Board is attached as an exhibit to these minutes.

- 7. The Board then considered the following:
 - i. District rates for retail service to customers with one-inch or larger water meters; and
 - ii. concerns from Chapel Hill Apartments.

Mr. Freeman gave a brief report. No action was taken by the Board.

8. As its next item of business, the Board considered amending or approving a new contract with the District Manager/Operator. Mr. Freeman updated the Board on the status of the contract. Upon a motion by Director Mills and a second by Director Roark, the Board unanimously approved the contract, effective October 1, 2020, in substantive form with any non-substantive changes that the President and District Counsel agreed to make to the contract.

9. The Board then considered the Developer's Report. Mr. Guzman gave a brief report. No action was taken by the Board.

10. As its final act of business, the Board considered the Engineer's Report. Mr. Jansing presented the following item for consideration:

Leak Detection Services

Director Roark requested that (i) TRE & Associates send out Requests for Proposals for leak detection services to check all water mains in the District and (ii) Mr. Jansing submit Requests for Proposals to Director Roark for review before publication. Director Mills left the meeting during discussion of this item.

Mr. Jansing then presented the following construction items for approval:

Lagos Del Este

Street, Drainage & Wastewater Improvements

TRE No.: 1851-11638-35

- Acceptance of Utilities for Operation and Maintenance

Emerald Estates Unit Four

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11538-35

- Pay Estimate No. 4 - \$27,028.80

Upon a motion by Director Mellenbruch and a second by Director Covington, the Board unanimously approved the foregoing items, with the following condition on the Lagos Del Este project: outstanding invoice in the amount of \$1,500 for engineering review to be paid in full.

Next, Mr. Jansing presented the following service commitments for approval:

Burger King

- Water & Wastewater Service Commitment

Whataburger

- Water & Wastewater Service Commitment

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

Mr. Jansing then presented the following acceptance for approval:

Eastlake Marketplace

- Acceptance for Operation and Maintenance

Upon a motion by Director Covington and a second by Director Roark, the Board authorized the President to accept the facilities on behalf of the District if all items on the engineer's punch list are completed.

Plat – Bill Burnett Section 1 – Retail Commercial – B&G

- Preliminary Plat

Upon a motion by Director Covington and a second by Director Roark, the Board ratified and approved President Holford's execution of the preliminary plat.

Next, Mr. Jansing presented the following for consideration:

Bill Burnett Drive – Safety Feature

- Railing or rock wall needed on both sides of road to protect drivers and pedestrians – approximately 1,000 linear feet
- El Paso County requested that the District maintain the safety feature. (The road and right-of-way are maintained by the county.)

Upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved maintaining the safety feature if the County of El Paso agreed to accept all liability for the safety feature.

Lastly, Mr. Jansing updated the Board on El Paso Water's request for an inventory of wastewater lines.

Mr. Adauto introduced his concerns regarding construction meters. No action was taken by the Board.

11. No public comments were received.

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

Approved Oct. 28, 2020.


Secretary, Board of Directors

