

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, May 26, 2021

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, May 26, 2021, 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, Daniel Martinez and Erika Duran of Inframark; Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Bob West of West, Davis & Company, LLP; John Jansing, Adrian Rosas and Nadia Ganser of TRE & Associates, LLC; Harrel L. Davis III of Gordon Davis Johnson & Shane P.C.; Irene Valenzuela of El Paso County Community Services; Lorena Quezada of El Paso Disposal, LP.; and Margaret Livingston. Franklin Stubbs of Hunt Communities entered the meeting during discussion of Item No. 1.

1. The Board first considered a presentation by El Paso County Community Services regarding the emergency utility assistance program offered to eligible customers in an effort to prevent disconnection of water utility services. After discussing the process and obligations of both the District and the County, the Board gave Ms. Valenzuela authorization to work with Ms. Livingston in identifying customers eligible for assistance. Ms. Valenzuela left the meeting after discussion of this item.

2. As its next item of business, the Board considered approval of the minutes of the Board's April 28, 2021, meeting. Director Holford made a motion to approve the minutes with one correction. Director Covington seconded the motion, which the Board passed unanimously.

3. The Board then considered new terms of office of Board of Directors and reorganization of Board of Directors. By acclamation, the Board (i) approved new terms of office, bonds, Oaths of Office and Statements of Officers and (ii) elected to keep Board positions as is.

4. The Board next considered the General Manager's and Operator's Report. Mr. Martinez presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. Upon a motion by Director Roark and a second by Director Covington, the Board

unanimously approved expenses over \$2,000 as shown in the report. The Board then reconsidered the emergency utility assistance program offered by El Paso County Community Services. Upon a motion by Director Roark and a second by Director Covington, the Board unanimously authorized the President to negotiate and execute a contract with El Paso County for emergency utility assistance. Next, Ms. Hester discussed the 2020 Drinking Water Quality Report and noted that the report would be added to the District website.

5. 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 Mills and a second by Director Covington, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 6872-6899). After discussion, upon a motion by Director Holford and a second by Director Mills, the Board unanimously approved payment of Check No. 6871 in the amount of \$463,466.57 payable to El Paso Water Utilities for the April 2021 bill. That amount represents (i) full payment of metered wastewater at the new sewer rate effective April 1, 2021, and (ii) payment of the metered wholesale water at the wholesale water rate that existed prior to April, 2021, since the new wholesale water rate calculation by PSB staff and outside consultants was not calculated in conformity with the wholesale contract requirements. A letter from Director Holford to John Balliew, President of El Paso Water Utilities, will be included with the check explaining the payment. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

6. As its next item of business, the Board considered the engagement of Gordon Davis Johnson & Shane P.C. The Board reviewed Gordon Davis Johnson & Shane P.C.'s understanding of legal services to be provided to the District in connection with its dispute with the Public Service Board. Director Roark made a motion to approve Gordon Davis Johnson & Shane's engagement letter and Director Covington seconded the motion. The Board voted 4-0 to approve the contract. Director Mills abstained from voting. Mr. Davis left the meeting after discussion of this item.

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

8. As its last item of business, the Board considered the Engineering Report. Mr. Jansing presented the following items for consideration:

Bill Burnett Development

Water, Wastewater and Drainage Improvements

TRE No.: 1700-11844-35

- Pay Estimate No. 4 - \$351,675.00

Peyton Estates Unit Three

Water, Wastewater and Improvements

TRE No.: 1502-11751-35

- Change Order No. 1 – Increase of \$4,248.63
- Pay Estimate No. 1 - \$35,981.01

Peyton Estates Unit Eight

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11965-35

- Pay Estimate No. 4 - \$385,008.30

Mission Ridge Towne Center Unit One

Drainage, Water and 16" Regional Water Line Improvements

TRE No.: 1502-11499-35

- Pay Estimate No. 1 - \$403,417.26

Emerald Heights Unit Four and Five

Grading Improvements

TRE Job Nos. 1519-12040-96 | 1519-12041-96

- Engineer's Letter of Recommendation – Bain Construction - \$1,813,644.91

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

Mr. Jansing then introduced the Board to Margaret Livingston, sub-contractor to TRE & Associates, who was hired to assist the District with communications regarding the rate increase.

Next, Mr. Jansing discussed the overall condition of landscaping damage due to the February freeze. He and Mr. Guzman of Hunt Communities toured the Districts and noted that a lot of work and restoration is needed. Mr. Guzman is working on a damage summary and an offer from Hunt Communities to participate in part of the restoration.

Mr. Jansing then updated the Board on leak detection services. He noted that accuracy testing of the master meters was completed by New Mexico Meters and nothing substantial was found, and that Utilis' Phase II findings would be presented at the June Board meeting.

9. No public comments were received.

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

Approved June 23, 2021.

A handwritten signature in blue ink, reading "Faust W. Ullin". The signature is written in a cursive style with a horizontal line underneath the name.

Secretary, Board of Directors

[SEAL]