

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, August 25, 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, at TRE & Associates, LLC, located at 6101 West Courtyard Drive, Building One, Suite 100, Austin, Texas 78730, a regular meeting place of the Board of Directors of the District (the "Board"), and by video/telephone conference call at 11:30 a.m. CT on Wednesday, August 25, 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 continuously present, thus constituting a quorum. Directors Roark and Covington attended the meeting by video/telephone conference call.

Also present at TRE & Associates were Ronald J. Freeman of the Law Offices of Ronald J. Freeman; Daniel Martinez of Inframark; Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Bob West of West, Davis & Company; and John Jansing, Adrian Rosas and Nadia Ganser of TRE & Associates, LLC. Those attending the meeting by video/telephone conference call were Cyndi Ferris of the Law Offices of Ronald J. Freeman; Maria Urbina of Hilltop Securities; Joel Guzman and Franklin Stubbs of Hunt Communities; Margaret Livingston; Kayla Marshall of Gordon Davis Johnson & Shane, P.C.; and Lorena Quezada of El Paso Disposal, LP. Kristi Hester of Inframark entered the meeting by video/telephone conference call during discussion of Item No. 2. Harrel L. Davis III of Gordon Davis Johnson & Shane P.C. entered the meeting by video/telephone conference call during discussion of Item No. 8.

1. The Board first considered approval of the minutes of the Board's July 28, 2021, meeting. Director Mills made a motion to approve the minutes. Director Holford 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. Mr. Martinez presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. He noted that 90% of outstanding accounts receivable is owed by El Paso County for irrigation costs. Ms. Hester updated the Board on the water accountability issue noting that 95% of Inframark's internal audit was complete. The Board scheduled a special meeting on August 31, 2021, by video/telephone conference call, to review commercial billing discrepancies. Director Roark inquired about property manager complaints

regarding tenants' non-payment of water bills received in Paseo del Este MUD No. 8. After discussion, it was noted that the landlord is liable for payment of water bills as outlined in the District's Rules and Regulations. Upon a motion by Director Mellenbruch and a second by Director Mills, the Board unanimously approved expenses over \$2,000 as shown in the 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. 6954-6982). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

4. The Board next reviewed the District's preliminary budget and considered a change of date for the public hearing on tax rate. Upon a motion by Director Mills and a second by Director Holford, the Board unanimously approved: (i) rescheduling the hearing date for consideration of final tax rates on Wednesday, September 22, 2021, at 11:30 a.m. CT at TRE & Associates, LLC, 6101 West Courtyard, Building One, Suite 100, Austin, Texas 78730, and by use of a video/telephone conference call; and (ii) publication of the required notice for public hearing.

5. The Board then considered review of the District's Investment, Records Retention and Ethics policies. Upon a motion by Director Holford and a second by Director Covington, the Board unanimously approved all three policies as-is.

6. As its next item of business, the Board considered the Developer's Report. Messrs. Guzman and Stubbs gave a brief report. No action was taken by the Board.

7. The Board then considered provision of water and sewer service to areas adjacent to, or proposed to be annexed into, Paseo del Este MUD No. 6. Mr. Freeman gave a brief report. No action was taken by the Board.

8. The Board next 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. 7 - \$163,858.50

Emerald Heights Unit Four and Five Grading Improvements

TRE No.: 1451-12040-35

- Pay Estimate No. 1 - \$54,003.55
- Pay Estimate No. 2 - \$447,399.00

Emerald Park Unit Five

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11762-35

- Pay Estimate No. 3 - \$118,480.14

Garden Park at Mission Ridge Unit Three

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11766-35

- Pay Estimate No. 2 - \$175,788.18

Mission Ridge Towne Center Unit One

Drainage, Water and 16" Regional Water Line Improvements

TRE No.: 1502-11499-35

- Pay Estimate No. 4 - \$10,485.00

Peyton Estates Unit Three

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11751-35

- Pay Estimate No. 4 - \$22,096.31

Peyton Estates Unit Seven

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11932-35

- Pay Estimate No. 8 - \$13,230.00
- Pay Estimate No. 9 (Final) - \$280,245.18
- Acceptance of Utilities for Operation and Maintenance

Peyton Estates Unit Eight

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11965-35

- Pay Estimate No. 7 - \$60,570.00

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

Mr. Jansing then presented the following items for consideration:

Emerald Pass Commercial Unit 2 Replat A

Wastewater Improvements

TRE No.: 1502-12057-35

- Acceptance of Utilities for Operation and Maintenance

Emerald Park Unit Four

- Water and Wastewater Service Commitments

Peyton Estates Unit Seven

- Water and Wastewater Service Commitments

Upon a motion by Director Holford and a second by Director Roark, the Board unanimously approved: (i) Emerald Pass Commercial Unit 2 Replat A and (ii) Emerald Park Unit Four, and (iii) ratified service commitments for Peyton Estates Unit Seven.

Next, landscaping matters were discussed. It was discovered that a 2-inch meter is missing on a half-mile stretch of landscaping. Engineers propose a tracking meter to determine percentage of water loss. No action was taken by the Board.

Mr. Jansing then reported on leak detection studies. The Board agreed to postpone further studies.

Next, Mr. Jansing noted that Amazon will want acceptance of the project before the next Board meeting. After discussion, upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously authorized the President to accept the project with the engineer's recommendation.

Mr. Jansing then notified the Board that an emergency repair of a failed manhole at Rojas needed to be completed as soon as possible for an estimated cost of \$10,000-\$15,000. Upon a motion by Director Mellenbruch and a second by Director Holford, the Board unanimously approved the emergency repair of the failed manhole.

Next, Mr. Jansing notified the Board that painting of the water tank was almost complete. Upon a motion by Director Roark and a second by Director Covington, the Board unanimously authorized the President to negotiate and execute the contract for painting of the water tank.

Mr. Jansing then discussed the following requests from El Paso County (the "County"):

- (a) Narrowing of landscaping on the Eastlake Hike and Bike Trail. After discussion, the Board decided to table this matter until El Paso County pays its past-due irrigation bill; and
- (b) Maintenance of drainage and landscaping on road designed by the County from Eastlake to Pellicano. Director Holford requested that Messrs. Guzman and Jansing present the Board with recommendations at a future meeting.

Director Mills left the meeting after discussion of this item.

9. As its final act of business, the Board considered wholesale water and sewer charges to the District from El Paso Water Utilities. The Board entered into executive session at 2:03 p.m. All meeting attendees left the meeting after the Board entered into executive session. The Board returned to the meeting at 2:40 p.m.

10. No public comments were received.

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

Approved September 22, 2021.


Secretary, Board of Directors

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