

MINUTES OF REGULAR MEETING OF  
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1  
Wednesday, March 23, 2022

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, 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, March 23, 2022, 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. Director Roark attended the meeting by video/telephone conference call.

Also present were Ronald J. Freeman of the Law Offices of Ronald J. Freeman; Cyndi Ferris of the Law Offices of Ronald J. Freeman (by video/telephone conference call); Mark Yentzen and Erika Duran 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; and Margaret Livingston of Franklin Mountain Land Services. Franklin Stubbs of Hunt Communities entered the meeting by video/telephone conference call during discussion of Item No. 1. Joel Guzman of Hunt Communities and Lorena Quezada of El Paso Disposal, LP. entered the meeting by video/telephone conference call during discussion of Item No. 2. Harrel Davis of Gordon Davis Johnson & Shane, P.C. entered the meeting by video/telephone conference call during discussion of Item No. 10.

1. The Board first considered approval of the minutes of the Board's February 23, 2022, meeting. Director Mills made a motion to approve the revised draft minutes prepared by Mr. Freeman. 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. Director Holford notified the Board that Ms. Hester had resigned and introduced Mark Yentzen, Director of Client Services. Ms. Duran then presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. No action was taken by the Board.

3. The Board then considered the Intergovernmental Coordinator's Report. Ms. Livingston updated the Board on the following items:

- Maintenance Yard Facility – potential maintenance area has been located and due diligence process to begin
- Customer Service Inspections – third party inspector will help District get caught up and stay caught up

4. The Board did not consider a Five-Year Plan for the District.

5. As its next item of business, the Board considered approving the payment of bills and invoices. Ms. Kolmodin presented the financial reports for the District along with bills and invoices. After discussion, upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 7151-7178), as well as (ii) supplemental Check Nos. 7179 in the amount of \$9,093.56 payable to El Paso Underground Construction and Check No. 7180 in the amount of \$116,160.00 payable to Big A Construction. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

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

7. The Board next 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 notified the Board that the annexation was complete. No action was taken by the Board.

8. The Board then considered the Engineer's Report. Mr. Jansing presented the following pay estimates and acceptances for consideration:

**Emerald Heights Unit Four and Five**

Grading Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 7 - \$238,827.84
- Pay Estimate No. 8 - \$93,810.96

**Emerald Heights Unit Five**

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 1 - \$159,350.85
- Pay Estimate No. 2 - \$308,692.71

**Painted Sky at Mission Ridge Unit Three**

Drainage, Water & Wastewater

TRE No.: 1502-12056-35

- Pay Estimate No. 6 - \$258,172.83

**Painted Sky at Mission Ridge Unit 3**

12" & 16" Regional Waterline Improvements and Regional Wastewater Line  
Segments C2-B, C2-C & C2-D Improvements  
TRE No.: 1502-12058-35

- Pay Estimate No. 6 - \$163,035.00

**Paseo del Este Municipal Utility District No. 1**

**S.I.S.D. Combo School**

TRE No.: 1451-11893-35

- Acceptance of Utilities for Operation and Maintenance

**Project William Unit One (RATIFIED)**

Water, Wastewater, Drainage and Landscaping Improvements

TRE No.: 1975-11872-35

- Acceptance of Utilities for Operation and Maintenance

Upon a motion by Director Mills and a second by Director Mellenbruch, the foregoing pay estimates and acceptances were unanimously approved by the Board.

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

- **Garden Park at Mission Ridge Unit Four**
- **Emerald Estates Unit Five**

Upon a motion by Director Roark and a second by Director Covington, the foregoing water and wastewater service commitments were unanimously approved by the Board.

Mr. Jansing notified the Board that TRE & Associates is creating a book of maps to separate the District into smaller sections for landscaping maintenance with the goal of bidding out jobs by section(s).

Mr. Jansing reported that TRE & Associates had evaluated 85 ponds and determined that 15 ponds needed urgent repair. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board (i) authorized TRE & Associates to proceed with determining work needed on the 15 ponds and bidding out jobs, if necessary, and (ii) authorized the President to approve actions for emergency work.

Mr. Jansing indicated that professors from The University of Texas at El Paso ("UTEP") were willing to participate in studies to recommend new ideas for pond soil stabilization. Ms. Livingston reminded the Board that \$25,000 had been approved by the Board for such studies.

Mr. Jansing informed the Board that David Ballard requested rights for a hotel developer to construct a parking lot in a portion of Lot 4, Project William Unit One by (i) sale, (ii) license agreement or (iii) easement. After discussion, Mr. Freeman requested that TRE & Associates

advise Mr. Ballard that the District is willing to work with him, but he suggested the Board first get more clarity from Mr. Ballard about what is desired. No action was taken by the Board.

9. The Board did not consider matters regarding water leaks in the Mission Ridge area.

10. As its next item of business, the Board considered wholesale water and sewer charges to the District from El Paso Water Utilities. The Board recessed into executive session at 1:00 p.m. The Board concluded the executive session and returned to the open meeting at 1:33 p.m. No action was taken by the Board in executive session. In open session, the Board again considered wholesale water and sewer charges to the District from El Paso Water Utilities (the "PSB"). Mr. Freeman noted that the District had been notified by the PSB that wholesale water and sewer rates would be increasing again effective with the April 2022 billing cycle. Upon a motion by Director Mills and a second by Director Holford, the Board unanimously (i) authorized filing a second appeal with the Public Utility Commission of Texas challenging the April 1, 2022 rate increase because the PSB rate increase does not comply with the methodology in the District's wholesale contract with the PSB and (ii) authorized the preparation, filing and prosecution of a complaint or amended complaint in the district courts of El Paso County, Texas regarding new rate increases for both wholesale water and sewer charges.

11. As its last item of business, the Board considered Item 6 on the agenda regarding amending District rules, regulations and charges applicable to obtaining services from the District. Mr. Freeman advised the Board that Taylor Kolmodin had recommended revising the District's retail rates for water and wastewater service by the same percentages as the PSB's wholesale rate increase to the District for those wholesale services. After discussion, upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved revising volumetric rates charged to the District's retail customers for water and sewer use by the same percentage increase as the PSB wholesale rate increase for both water and sewer charges effective April 1, 2022. No changes were made to base rate(s). A copy of the revised rate order is attached to these minutes.

12. No public comments were received.

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

Approved April 27, 2022.

A handwritten signature in blue ink, appearing to read "Trent C. Allen", written over a horizontal line.

Secretary, Board of Directors

[SEAL]