

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, April 27, 2022

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, April 27, 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.; Joel Guzman of Hunt Communities (by video/telephone conference call); John Jansing and Nadia Ganser of TRE & Associates, LLC; Bob West of West, Davis & Company, LLP; Margaret Livingston of Franklin Mountain Land Services (by video/telephone conference call); and Lorena Quezada of El Paso Disposal, LP. (by video/telephone conference).

1. The Board first considered approval of the minutes of the Board's March 23, 2022, 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. Ms. Duran presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. Mr. Yentzen informed the Board that he and Ms. Livingston are working on a strategy to purchase supplies to keep in stock due to supply chain issues and that they are also working on getting the Daddy O's Car Wash and East Lake High School accounts reconciled. After discussion, upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved (i) expenses over \$2,000 as shown in the report and (ii) authorized the President or Vice President to approve the purchase of additional meters and other supplies to keep in stock due to supply chain issues. The Board requested that all purchases be shown as line item(s) in the Operations report. Ms. Quezada left the meeting after discussion of trash expenses and poly cart unit growth.

3. The Board then considered the Intergovernmental Coordinator's Report. Ms. Livingston presented the following items for consideration:

- **Interim Field Office.** A price quote and agreement for a temporary field office was introduced for discussion. Upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved the Lease Quotation and Agreement from Mobile Modular Management Corporation in an estimated amount of \$34,765.20. Ms. Livingston noted that fencing costs are pending.
- **Landscape Maintenance.** The book of maps separating the District into smaller sections for landscape maintenance is still in progress.
- **Pond Maintenance.** Bids for emergency repairs are pending. Professors from the University of Texas at El Paso ("UTEP") have not followed up on the pond soil stabilization project. Mr. Holford requested that engineers reach out to other universities that may be willing to participate in soil stabilization studies.
- **Storage and Maintenance Facility (Bill Burnett Drive).** Two proposals were received for the design of an approximately 20,000 square foot building for storage and maintenance, as well as office space, on a 2-acre site. Ms. Livingston recommended that the District move forward in securing architectural design services for the maintenance facility. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the following proposal for architectural design services: **Tectonic Architecture LLC - \$47,750.**

4. The Board next considered amending District rules, regulations and charges for services from the District. This item was tabled until the May meeting.

5. The Board then considered 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 Mellenbruch and a second by Director Mills, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7182-7208). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

6. The Board next considered the District's Second Bond Issue in an estimated amount of \$6,000,000.00 Unlimited Tax Bonds, Series 2022:

- a. Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds; and
- b. Updated engagement letter from TRE & Associates, LLC for preparation of the District's second bond application to the Texas Commission on Environmental Quality (the "TCEQ").

After discussion, upon a motion by Director Mills and a second by Director Holford, the Board unanimously approved the (1) revised engagement letter from TRE & Associates for preparation of the District's second bond application to the TCEQ in a bond amount not to exceed \$6,000,000.00; and (2) Resolution Authorizing Application to the TCEQ for Approval of Projects

and Bonds in an amount not to exceed \$6,000,000.00, modified to include the addition of available surplus fund proceeds.

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

8. As its next item of business, the Board considered the Engineer's Report. Mr. Jansing presented the following items for consideration:

Emerald Heights Unit Four

Water, Wastewater & Drainage Improvements

TRE Job No.: 1519-12040-96

- Engineer's Letter of Recommendation – El Paso Underground Construction
\$1,744,107.00

Emerald Heights Unit Four and Five

Grading Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 9 - \$130,892.95
- Pay Estimate No. 10 - \$13,861.97

Emerald Estates Unit Five

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11763-35

- Pay Estimate No. 1 - \$106,584.39

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 3 - \$398,437.65

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. 7 - \$209,052.00
- Change Order No. 1 – Increase of \$15,021.00

The Village at Mission Ridge Unit One (RATIFIED)

Grading, Drainage, and Utilities Improvements

TRE No.: 1700-11988-35

- Acceptance of Utilities for Operation and Maintenance

Bill Burnett Development (RATIFIED)

Water, Wastewater and Drainage Improvements

TRE No.: 1700-11844-35

- Acceptance of Utilities for Operation and Maintenance

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

Mr. Jansing then requested that the Board authorize the President to approve the following projects before the next Board meeting:

Garden Park at Mission Ridge Unit Four

- Engineer's Letter of Recommendation

Eastlake Boulevard Phase I

- Acceptance of Landscaping Improvements

Emergency Pond Repair

- TCEQ authorized emergency status for pond repair. Three bids were received; one was incomplete and is pending completion.

Upon a motion by Director Mills and a second by Director Covington, the Board authorized the President to approve the following items before the next Board meeting with the engineer's approval: (i) accept the engineer's letter of recommendation for Garden Park at Mission Ridge Unit Four (ii) accept landscaping improvements on Eastlake Boulevard Phase I and (iii) review and award bid for emergency pond repair.

Next, Mr. West discussed his findings regarding water accountability issues. No action was taken by the Board.

Mr. Jansing then presented David Ballard's Ground Lease (99 Year) for the purpose of installing a surface parking lot in a portion of Lot 4, Project William Unit One. Discussion followed regarding potential issues with a ground lease, including responsibility for drainage improvements, tax revenue, underground easement and liability for private use. Mr. Freeman discussed the option of a sale and the complexity of a sale (public notice, negotiation, fair price—competitive bids) with one exception -- if District does not need property it acquired and property was acquired without spending any money (e.g. dedication), District can grant property back to the original grantor. The Board authorized Mr. Jansing, general counsel and the President or Vice President to come up with options for the Board to consider. Director Covington left the meeting after discussion of this item.

9. As its next item of business, the Board considered (i) wholesale water and sewer charges to the District from El Paso Water Utilities and (ii) matters regarding water leaks in Mission Ridge area. The Board recessed into executive session at 1:40 p.m. Mr. West and Ms. Kolmodin joined the Board in executive session. The Board concluded the executive session and returned to the open meeting at 2:15 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"). Director Mills made a motion to:

- (a) authorize Municipal Accounts & Consulting, L.P. ("MAC") to continue paying for wholesale water at the wholesale water rate that was in effect in March 2021 and, assuming the District's rate consultant agrees, to continue paying hereafter for wholesale sewer service at the wholesale sewer rate that was in effect in March 2022;
- (b) authorize MAC to establish a litigation escrow account with TexPool (the "Litigation Escrow Account"); to deposit into the Litigation Escrow Account each month hereafter, unless further directed by the Board, the difference between what the District agrees to pay as stated in subsection (a) above and the PSB's current invoice amounts; and to further deposit an initial amount into the Litigation Escrow Account associated with the April 2021 wholesale water rate increase by the PSB of the difference between what the District paid to the PSB for wholesale water use between April 1, 2021 and April 1, 2022, and what the PSB claimed on each invoice for water during that same period.


Director Roark seconded the motion, which the Board passed by a vote of 4-0.

10. As its last item of business, the Board considered matters regarding water leaks in the Mission Ridge area. Director Mills made a motion to authorize filing a lawsuit consistent with advice from Harrel Davis, Gordon Davis Johnson & Shane P.C., to recover from relevant contractor(s) all amounts the District has paid associated with the road failure incident that also included a truck accident. Director Holford seconded the motion, which the Board approved by a vote of 4-0.

11. No public comments were received.

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

Approved May 25, 2022.


Secretary, Board of Directors

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