

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, May 25, 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, May 25, 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; Nur Labardini of Municipal Accounts & Consulting, L.P.; Franklin Stubbs of Hunt Communities (by video/telephone conference call); John Jansing, Nadia Ganser and Adrian Rosas of TRE & Associates, LLC; Bob West of West, Davis & Company, LLP; and Margaret Livingston of Franklin Mountain Land Services.

1. The Board first considered approval of the minutes of the Board's April 27, 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. After discussion, upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved amounts in the Executive Summary for write offs and collections.

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

- **Interim Field Office.** Temporary field office has been ordered.
- **Storage and Maintenance Facility (Bill Burnett Drive).** Preliminary renderings for the storage and maintenance building and parking lot have been

received. Mr. Yentzen noted that he and Ms. Livingston are working on a process for the District's management of inventory.

- **Five-Year Plan.** Ms. Livingston requested permission and funding to hire a dedicated field person to assist her and engineers with landscaping and pond maintenance issues. By acclamation, the Board authorized Ms. Livingston to hire an assistant under her contract. Ms. Livingston will work with Inframark in drafting duties of the assistant so that there is no duplication of work with District consultants. Mr. West noted that the focus of the Five-Year Plan has been on landscaping, but that he would begin working with the financial advisor, bookkeeper and developer on the financial elements of the plan, including tax-rate projections.
- **Landscape Maintenance.** The book of maps separating the District into smaller sections for landscape maintenance is still in progress.

4. The Board next considered amending District rules, regulations and charges for services from the District. Ms. Duran presented Inframark's suggested changes to the District's Order Adopting Rates and Charges for Service from the District (the "Rate Order") and the District's Rules and Regulations Regarding Water, Sewer and Solid Waste Services (the "Rules and Regulations") with the following goals: (a) align language and fees used in both the Rate Order and the Rules and Regulations with language and fees used in Inframark's customer invoices (b) change wording in the Rules and Regulations regarding Service Connection and Disconnection Policies to "scheduling connections" to District system within 24-48 hours of approval and payment and (c) incorporating rules for grease trap/interceptors. Mr. Rosas suggested that the District use the current 2015 International Plumbing Code used by the City of El Paso. Mr. Freeman requested that Inframark provide a short summary of changes made to the Rules and Regulations for publication in a newspaper of general circulation to give the public notice of the changes. No action was taken by the Board.

5. The Board then considered the payment of bills and invoices. Ms. Labardini presented the financial reports for the District along with bills and invoices. After discussion, upon a motion by Director Mills and a second by Director Mellenbruch, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7209-7236). 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 Developer's Report. Mr. Stubbs gave a brief report. No action was taken by the Board.

7. The Board then considered the Engineer's Report. Mr. Jansing presented the following items for consideration:

Emerald Estates Unit Five

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11763-35

- Pay Estimate No. 2 - \$433,632.60
- Change Order No. 1 – Increase of \$19,500.00

Emerald Heights Unit Four Grading Improvements

TRE Job No.: 1451-12035-35/1519-12040-35

- Change Order No. 2 – Increase of \$131,864.75

Emerald Heights Unit Four and Five

Grading Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 11 - \$266,354.86

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 4 - \$54,879.48

Painted Sky at Mission Ridge Unit 3

Drainage, Water & Wastewater

TRE No.: 1502-12056-35

- Pay Estimate No. 7 - \$14,130.00

Garden Park at Mission Ridge Unit Four (RATIFY)

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11807-96

- Engineer's Letter of Recommendation – CMD Endeavors - \$2,439,512.00

Paseo del Este MUD No. 1

Pond Rehabilitation Improvements

TRE Job No.: 1451-11303-96

Ponds 2.2, 2.3, 4.2 and 6.8 - \$144,000.00

Ponds 7.3, 9.4, 9.6 and 9.7 - \$139,000.00

Ponds 10.2, 10.7 and 10.10 - \$98,900.00

- Engineer's Letter of Recommendation – El Paso Underground Construction - \$381,900.00 (Total for 11 ponds listed above)

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

Next, Mr. West updated the Board regarding his findings concerning water accountability issues. No action was taken by the Board. Director Roark left the meeting after discussion of this item.

8. As its next item of business, the Board considered wholesale water and sewer charges to the District from El Paso Water Utilities. Mr. Freeman notified the Board that mediation had been scheduled at the Public Utility Commission of Texas (the "PUC") for July 9, 2022, through July 20, 2022. By acclamation, the Board authorized President Holford (a) to represent the Board at the PUC mediation and (b) to represent the District in any mediation or settlement negotiations with the understanding that any final agreement must be presented to the Board for

approval. Consultants that will represent the Board at the mediation include general counsel, the rate lawyer and the rate consultant. Other consultants will be on standby to answer any questions, if needed.

9. As its last item of business, the Board considered matters regarding water leaks in the Mission Ridge area. A brief discussion followed. No action was taken by the Board.

10. No public comments were received.

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

Approved July 20, 2022.

A handwritten signature in blue ink, appearing to read "Kurt W. Miller", written over a horizontal line.

Secretary, Board of Directors

[SEAL]

A faint, circular embossed seal is visible to the left of the [SEAL] text. It appears to contain a central emblem surrounded by a circular border, though the details are too light to discern clearly.