

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, June 22, 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, June 22, 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 except Director Roark, thus constituting a quorum. Director Covington attended the meeting by video/telephone conference call. Director Roark entered the meeting by video/telephone conference call during discussion of Item No. 4.

Also present were Ronald J. Freeman of the Law Offices of Ronald J. Freeman; Erika Duran of Inframark (by video/telephone conference call); Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Joel Guzman and 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; Margaret Livingston of Franklin Mountain Land Services; and Lorena Quezada of El Paso Disposal, LP.

1. The Board first considered approval of the minutes of the Board's May 25, 2022, meeting. No action was taken by the Board.

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. She noted that the 2021 Drinking Water Quality Report was included in the Board packet and that the District was in compliance. After discussion, upon a motion by Director Mills and a second by Director Mellenbruch, the Board unanimously approved \$840.46 for collections as noted in the Executive Summary.

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

- **Interim Field Office.** Temporary field office should be ready in approximately 90 days. Mr. Jansing is working on permitting.
- **Five-Year Plan.** Consultants met to discuss financial elements of the plan, including the budget and tax process with accompanying deadlines. General counsel will request financial advisors to be proactive with input on tax rates this year.
- **Pond Maintenance.** A Retention Pond Maintenance and Rehabilitation Report was presented, including the approved budget amount for Fiscal Year 2021-22, the amount spent to date, and remaining funds available for repairs. In addition to the 11 emergency pond repairs approved at the May 25, 2022 meeting, an emergency repair to Parcel 12 in the estimated amount of \$250,000.00 and the addition of 15 pond repairs needed in the next 3-6 months at an estimated cost of \$375,000.00 shows that the 2021-22 Budget is short by approximately \$596,964.00. Additional ponds in the Districts require an increase in the FY 2022-23 Budget. The plan is to have regularly scheduled pond maintenance instead of emergency repairs to reduce costs.
- **Landscape Maintenance.** A field person has been hired to assist Ms. Livingston and engineers with landscaping and pond maintenance issues.

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"). After discussion, upon a motion by Director Holford and a second by Director Covington, the Board unanimously approved Inframark's revisions and additions to the Rate Order and Rules and Regulations by a vote of 5-0. General Counsel will prepare a draft notice of changes in Rules and Regulations for publication in a newspaper of general circulation.

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. 7237-7263). 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:

Hillside Park at Mission Ridge Unit Five

Drainage, Water and Wastewater Improvements

- Engineer's Letter of Recommendation: El Paso Underground Construction
- \$2,496,967.07

Emerald Estates Unit Five

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11763-35

- Pay Estimate No. 3 - \$476,407.62

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 5 - \$4,221.00

Painted Sky at Mission Ridge Unit Three

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. 8 - \$43,398.90
- Pay Estimate No. 9 (FINAL) - \$122,709.30
- Acceptance of Utilities for Operation and Maintenance

Painted Sky at Mission Ridge Unit Three

Drainage, Water & Wastewater

TRE No.: 1502-12056-35

- Pay Estimate No. 8 - \$65,655.00
- Pay Estimate No. 9 (FINAL) - \$261,711.77
- Acceptance of Utilities for Operation and Maintenance

RATIFY | Paseo Del Este Municipal Utility District No. 1

Eastlake Blvd. Phase I Improvements

TRE No.: 1451-11296-35

- Acceptance of Landscape and Drainage Facilities for Operation and Maintenance

Paseo del Este Municipal Utility District No. 1

Eastlake Blvd. Monthly Landscape Maintenance Agreement

TRE No.: 1451-11904-96

- **Engineer's Letter of Recommendation – MG Evergreen, LLC - \$12,400.00 per month.** Authorize President to negotiate and execute contract with MG Evergreen, LLC after review by general counsel.

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

Next, Mr. Freeman asked the Board for thoughts on a driveway easement for David Ballard to access Lot 4, Project William. After discussion, the Board authorized Mr. Freeman to engage in further discussions with Mr. Ballard regarding a driveway easement.

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 updated the Board on the matters before the Public Utility Commission of Texas (the "PUC"), including the following:

- a. Mediation has been scheduled for Wednesday, July 27, 2022;
- b. A second appeal was filed with the PUC regarding the 2022 water rate increase. The 2022 sewer rate was not appealed;
- c. Abatement of action was taken regarding the first rate appeal in district court; the PUC requested that the issue be addressed at the PUC before taking it to district court.

9. As its last item of business, the Board considered matters regarding water leaks in the Mission Ridge area. 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 dark ink, appearing to read "Kurt A. Allen", written over a horizontal line.

Secretary, Board of Directors

A faint, circular embossed seal is visible on the left side of the page, partially overlapping the "[SEAL]" text. It appears to contain some text and a central emblem, but the details are too light to discern clearly.

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