

MINUTES OF MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, October 27, 2021

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

The Board of Directors of Paseo del Este Municipal Utility District No. 1 (the "District") held a meeting, open to the public, at Hotel Paso del Norte, Henry Trost Boardroom, 10 Henry Trost Court, El Paso, Texas 79901, a meeting place of the Board of Directors of the District (the "Board"), and by video/telephone conference call at 11:30 a.m. MT on Wednesday, October 27, 2021, and the roll was called of the directors of the Board, to-wit:

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| 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); Todd Burrer of Inframark (by video/telephone conference call); Kristi Hester and Erika Duran of Inframark; Taylor Kolmodin of Municipal Accounts & Consulting, L.P. (by video/telephone conference call); Linda Troncoso, John Jansing and Nadia Ganser of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; Maria Urbina of Hilltop Securities, Inc.; Clayton Chandler of McCall Parkhurst & Horton (by video/telephone conference call); Joel Guzman of Hunt Communities; Lorena Quezada of El Paso Disposal, LP. and Kayla Marshall of Gordon Davis Johnson & Shane, P.C. (by video/telephone conference call).

1. The Board first considered approval of the minutes of the Board's September 22, 2021, and October 15, 2021, meetings. Director Mills made a motion to approve the September 22, 2021, and October 15, 2021 minutes. 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. Ms. Hester informed the Board that Daniel Martinez had submitted his resignation and that Ms. Duran would fill his role as interim Account Manager. She then reported on the water main line break that created a sink hole in Paseo del Este MUD No. 4. Next, she presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. She informed the Board that Inframark had purchased new Neptune meter readers and were retraining staff. After discussion, upon a motion by Director Covington and a second by

Director Mellenbruch, the Board unanimously approved expenses over \$2,000 as shown in the report. Mr. Burrer left the meeting after discussion of this item.

3. The Board then considered amending District rules, regulations and charges applicable to obtaining services from the District. No action was taken by the Board.

4. The Board next considered a Resolution Regarding Manager's Account. After discussion, upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved the Resolution Regarding Manager's Account, a copy of which is attached as an exhibit to these minutes.

5. The Board then considered approval of the preliminary official statement, notice of sale and other actions related to the offering of bonds for sale. After discussion, upon a motion by Director Roark and a second by Director Mills, the Board unanimously authorized approval of the preliminary official statement and notice of sale and other actions related to the offering of bonds for sale.

6. As its next item of business, the Board considered approving a contract with Franklin Mountain Land Services for administrative, management and related services for the District. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the contract with the following amendments:

- i. Addition of Item No. 9 – "This contract may be terminated with a thirty (30) day notice by either party"; and
- ii. Modify Item No. 4 – "The IC will coordinate with the District's bookkeeper as appropriate to remain knowledgeable of the District's financial condition and obligations and will review identified invoices from the various suppliers, consultants, contractors and subcontractors performing business on behalf of or at the request of the District, save and except contracts for new construction, which are reviewed by the District's engineers."

7. 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 Mills and a second by Director Mellenbruch, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7008-7035). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

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

9. 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.

10. Next, the Board considered engagement of disclosure counsel for Bond Issue No. 1. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved the engagement of Winstead as disclosure counsel. A copy of the engagement letter is attached as an exhibit to these minutes.

11. The Board then considered the Engineering Report. Mr. Jansing presented the following items for consideration:

Emerald Heights Unit Five

Water, Wastewater and Drainage Improvements

TRE No.: 1519-12041-96

- Engineer's Letter of Recommendation:
El Paso Underground Construction - \$1,193,145.10

Bill Burnett Development

Water, Wastewater and Drainage Improvements

TRE No.: 1700-11844-35

- Pay Estimate No. 9 - \$8,910.00

Emerald Heights Unit Four and Five Grading Improvements

TRE No.: 1451-12040-35

- Pay Estimate No. 4 - \$148,359.15

Emerald Park Unit Five

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11762-35

- Pay Estimate No. 5 - \$58,128.30

Garden Park at Mission Ridge Unit Three

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11766-35

- Pay Estimate No. 4 - \$225,039.60

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. 2 - \$31,113.00

Painted Sky at Mission Ridge Unit Three

Drainage, Water & Wastewater

TRE No.: 1502-12056-35

- Pay Estimate No. 1 - \$413,857.80

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

Mr. Jansing then asked the Board to consider authorizing the President to approve the following projects before the next Board meeting:

Emerald Estates Unit 5

Water, Wastewater & Drainage

- Engineer's Letter of Recommendation for Bid Award

Amazon Project

- Acceptance of Utilities for Operation and Maintenance

Horizon Marketplace

- Acceptance of Utilities for Operation and Maintenance

Upon a motion by Director Mellenbruch and a second by Director Roark, the Board unanimously authorized the President to approve the foregoing projects with the engineer's recommendation.

Mr. Jansing next presented the following landscaping matters for consideration:

Median Areas - Pleasant Crest

- Remove dead plants, rock, and sand and install new plants - \$10,460.00

Pueblos at Mission Ridge Unit One

- Add \$450 per month in maintenance charges

Upon a motion by Director Holford and a second by Director Roark, the Board unanimously approved the foregoing landscaping matters.

Mr. Jansing then presented the following matter for consideration:

Project William Unit One Replat "A"

- Two (2) underground easements requested by El Paso Electric at Eastlake Boulevard and Rojas Drive behind Howdy's Gas Station.

Upon a motion by Director Mellenbruch and a second by Director Mills, the Board unanimously approved the easement requests by El Paso Electric.

Next, Mr. Jansing revisited the following requests by El Paso County for a cooperative agreement regarding:

- Variance on Eastlake Hike and Bike Trail
- Operation and maintenance of portion of Darrington Road located outside of District.

A brief discussion followed. No action was taken by the Board.

Finally, Mr. Jansing presented the following item for consideration:

- Cooperative agreement among District, County of El Paso and developer for maintenance of linear park adjacent to PDEMUD 9.

Discussion followed. No action was taken by the Board.

12. As its final act of business, the Board considered wholesale water and sewer charges to the District from El Paso Water Utilities. Mr. Freeman gave a brief update. No action was taken by the Board

13. No public comments were received.

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

Approved November 17, 2021.

A handwritten signature in blue ink, reading "Stuart W. Klein", written over a horizontal line.

Secretary, Board of Directors

[SEAL]