

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, August 24, 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, August 24, 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. Directors Roark and Covington attended the meeting by video/telephone conference call.

Also present were Ronald J. Freeman and Cyndi Ferris of the Law Offices of Ronald J. Freeman (by video/telephone conference call); 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 of TRE & Associates, LLC (by video/telephone conference call); Adrian Rosas and Nadia Ganser of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; Clayton Chandler of McCall Parkhurst & Horton (by video/telephone conference call); Maria Urbina of Hilltop Securities, Inc. (by video/telephone conference call); Bob West of West, Davis & Company; and Lorena Quezada of El Paso Disposal, L.P. (by video/telephone conference call).

1. Previous meeting minutes were not presented for consideration.
2. As its first 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. No action was taken by the Board.
3. As its next item of business, the Board considered Inframark's Fuel Surcharge Agreement Letter. A brief discussion followed. No action was taken by the Board.

4. The Board then considered the Intergovernmental Coordinator's Report. Ms. Livingston presented the following updates:

- **Interim Field Office.** Grading of site was delayed due to a drainage channel issue.
- **Maintenance Facility at Bill Burnett Drive.** A draft architectural building plan has been received by the District. Mr. Freeman requested that the cost of construction be included in the 2023 budget and that Ms. Livingston look into an installment purchase agreement.
- **Five-Year Plan.** Consultants are working on a draft five-year budget.
- **Pond Maintenance.** The pond maintenance plan is in progress. Ms. Livingston estimated it would take two years to get ponds on a regular maintenance cycle.
- **Landscape Maintenance.** (i) Ms. Livingston summarized her discussions with Accent Maintenance Company regarding making changes to ensure Accent's performance under its contract (ii) updated the Board on the Eastlake Boulevard cleanup by MG Evergreen, LLC. and (iii) informed the Board that Mission Ridge Boulevard would need cleanup similar to cleanup on Eastlake Boulevard.

5. The Board next 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 Mills and a second by Director Mellenbruch, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7297-7325). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

6. The Board then considered a preliminary Budget, setting a proposed tax rate and setting a date for a hearing regarding adoption of final tax rates. Upon a motion by Director Mellenbruch and a second by Director Holford, the Board unanimously approved the following: (1) a proposed tax rate of \$0.75/\$100 of assessed valuation; (ii) establishment of a hearing date for consideration of final tax rates on Wednesday, September 21, 2022, at 11:30 a.m. CT at the offices of TRE & Associates, LLC, located at 6101 West Courtyard, Building One, Suite 100, Austin, Texas 78730; and (iii) publication of the required notice for the public hearing.

7. As its next item of business, the Board considered the engagement of an auditor for preparation of the annual audit. The Board reviewed West, Davis & Company LLP's understanding of the services to be provided to the District for the year ended September 30, 2022. Upon a motion by Director Holford and a second by Director Mills, the Board unanimously approved West, Davis & Company' LLP's engagement letter. Mr. Guzman left the meeting after discussion of this item.

8. The Board then considered the District's Bond Issue No. 2. Mr. Chandler discussed the federal tax exemption limitation of "not to exceed" \$10,000,000 of total bank-qualified tax-exempt bonds being issued in any one calendar by the District. He advised the Board that because the District already issued its Series 2022 Bonds in the amount of \$7,945,000, the District will be unable to issue all of the District's now proposed Series 2022A Bond in the amount of \$4,460,00. Options are to (a) issue the total amount of bonds approved by the TCEQ (\$4,460,000) with \$2,055,000 as tax exempt and \$2,405,000 as taxable or (b) split the total amount into two

issuances—\$2,055,000 as a Series 2022A issuance and \$2,405,000 as a Series 2023 issuance. General Counsel will discuss developer reimbursement options with the two developers being reimbursed as to how to handle the sale. No action was taken by the Board.

9. 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 regarding the ongoing mediation. No action was taken by the Board.

10. The Board then considered review of the District's Investment, Records Retention and Ethics policies. Upon a motion by Director Mills and a second by Director Mellenbruch, the Board unanimously approved all three policies as-is.

11. No Developer's Report was presented.

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

Hillside Park at Mission Ridge Unit 6 (RATIFY)

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11809-96

- Engineer's Letter of Recommendation – El Paso Underground Construction
- \$1,452,683.55

Paseo del Este MUD No. 1

Parcel 12 Phase 4 North Pond Repairs

TRE No.: 1451-11303-96

- Engineer's Letter of Recommendation – El Paso Underground Construction
- \$258,205.00

Garden Park at Mission Ridge Unit Four

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11807-35

- Pay Estimate No. 1 - \$122,868.00

Emerald Heights Unit Four

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 1 - \$293,629.50

Emerald Estates Unit Five

Water, Wastewater and Drainage Improvements

TRE No.: 1502-11763-35

- Pay Estimate No. 5 - \$3,834.00

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 6 - \$64,858.50

Emerald Heights Unit Four and Five

Grading Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 13 - \$26,280.00
- Pay Estimate No. 14 (Final) - \$223,860.97
- Acceptance of Utilities for Operation and Maintenance

Hillside Park at Mission Ridge Unit Five

- Water and Wastewater Service Agreements

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

Mr. Jansing then presented the following emergency pond repair for consideration:

Paseo del Este MUD No. 1

Pond 6.1 - Rehabilitate and Restore Sewer Outfall Structure

- Engineer's Recommendation – El Paso Underground Construction - \$24,000.00

Upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the foregoing emergency pond repair.

Mr. West presented his final water accountability report. A brief discussion followed. No action was taken by the Board.

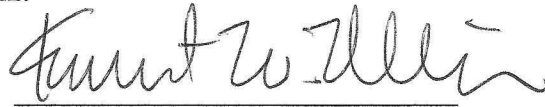
Finally, Mr. Jansing requested that Inframark include the following reminders in its customer newsletter:

- Pond areas are not solid waste disposal areas or concrete truck wash down areas. The District will seek damages from anyone caught dumping solid waste in pond areas; and
- Pressure Reducing Values ("PRV") should not be tampered with. PRVs are located in garages next to the main water shutoff valves.

13. No public comments were received.

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

Approved September 21, 2022.

A handwritten signature in cursive script, appearing to read "Kurt W. Allen", written over a horizontal line.

Secretary, Board of Directors

A faint, circular stamp or seal is visible on the left side of the page, partially obscured by the text.

[SEAL]