

MINUTES OF SPECIAL MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, September 21, 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 special 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, September 21, 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); Erika Duran of Inframark; Mark Yentzen 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 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.; Bob West of West, Davis & Company (by video/telephone conference call); and Lorena Quezada of El Paso Disposal, LP.

1. As its first item of business, the Board considered the July 20, 2022 and August 24, 2022 minutes. Upon a motion by Director Covington and a second by Director Mellenbruch, the July and August minutes were unanimously approved by the Board.

2. As its next item of business, the Board considered the General Manager's and Operator's Report. Ms. Duran discussed the use of iPads in place of printed Board packets. She then 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. The Board then considered the Intergovernmental Coordinator's Report. Ms. Livingston presented the following updates:

- **Interim Field Office.** El Paso Electric is behind schedule due to a transformer supply issue. Approval is pending.
- **Maintenance Facility at Bill Burnett Drive.** A rendering of the architectural building plan was presented to the Board. Mr. Freeman suggested the District issue contract revenue bonds to pay for the building and that the cost be distributed among Paseo del Este MUDs 1-11.
- **Pond Maintenance.** Pond maintenance to be discussed under the engineering report.
- **Landscape Maintenance.** (i) Eastlake Boulevard cleanup has been completed (ii) Accent Maintenance Company's ("Accent") landscaping responsibilities have been reduced and its contract amount has been decreased to approximately \$14,000 per month. Ms. Livingston is revising Accent's job description since the original contract was supplemented with several amendments (iii) park lights are needed in older section(s) of the District and (iv) Hunt Communities has agreed to pay for landscaping in Area 1.
- **Other Matters.** (i) The Plan Review Process is being revised. Inframark will make sure deposits are made by builders and developers before engineers commence work. Commercial builders and developers owe the District approximately \$75,000 after initial deposits were received. Overdue amounts are to be sent to collections (ii) Inframark will provide an employee to focus on completing customer service inspections in the District and (iii) Daddy O's Car Wash ("Daddy O's") would like a court to decide what law applies in its overdue accounts receivable case. (Public Utility Commission of Texas rules and regulations do not apply in this case. Past due amounts are governed by the TCEQ.) Mr. Freeman noted that the two options for collecting past-due amounts are to (a) send the account to collections or (b) file a lawsuit against Daddy O's.

4. 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 Roark and a second by Director Covington, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7326-7357). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

5. The Board then considered an amendment to the District bookkeeping contract. After discussion, upon a motion by Director Mills and a second by Director Roark, the Board unanimously approved the Fourth Amended and Restated Agreement for Bookkeeping Services.

6. The Board next considered the District's Budget for Fiscal Year 2023. After discussion, Director Holford made a motion to approve the District's Budget for Fiscal Year 2023 as submitted with the option of amending the Budget as needed. Director Roark seconded the motion, which the Board passed unanimously. Financial Advisor and General Counsel will work

on the issue of District's operation and maintenance taxes being used to subsidize PDEMUDs 2-11. A copy of the Budget is attached to these minutes.

7. The Board then conducted a public hearing for adoption of final tax rates for the 2022 tax year. No public comments were received. By acclamation, the Board closed the public hearing for adoption of final tax rates for the 2022 tax year.

8. As its next item of business, the Board considered adopting final tax rates. Upon a motion by Director Roark and a second by Director Mills, the Board unanimously approved the Order Levying Taxes for Tax Year 2022, thereby approving a final debt service tax rate of \$0.2112 per \$100 of assessed valuation, a final maintenance and operations tax rate of \$0.2488 per \$100 of assessed valuation, and a final contract tax rate of \$0.29 per \$100 of assessed valuation, all in accordance with the Financial Advisor's recommendation. A copy of the Order approved by the Board is attached to these minutes. Director Roark and Mr. West left the meeting after discussion of this item.

9. The Board then considered approval of the preliminary official statement, notice of sale and other actions related to the offering of the Series 2022A bonds (\$2,055,000) for sale. After discussion, upon a motion by Director Covington and a second by Director Holford, the Board unanimously authorized publication of the preliminary official statement and notice of sale as well as other actions related to the offering of the bonds for sale.

10. 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. Messrs. Chandler, Guzman and Stubbs left the meeting after discussion of this item.

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

Emerald Heights Unit Four

Water, Wastewater & Drainage Improvements
TRE No.: 1519-12040-35

- Pay Estimate No. 2 - \$454,167.00

Garden Park at Mission Ridge Unit Four

Drainage, Water and Wastewater Improvements
TRE No.: 1502-11807-35

- Pay Estimate No. 2 - \$530,065.80

Paseo del Este Municipal Utility District No. 1

Pond Rehabilitation 6.1

TRE No.: 1451-11303-35

- Pay Estimate No. 1 (Final) - \$24,000.00

Paseo del Este Municipal Utility District No. 1

Pond Rehabilitation 2.2, 2.3, 4.2 and 6.8

TRE No.: 1451-11303-35

- Pay Estimate No. 1 (Final) - \$144,000.00

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

Mr. Jansing asked the Board to authorize the President to approve the following pond rehabilitation project with the engineer's recommendation before the next Board meeting so that engineers could extend the bidding period. One bid was received to date.

Paseo del Este MUD No. 1

Pond Rehabilitation 2.1, 5.1, 5.2, 5.3, 6.3 and 6.8

TRE No.: 1451-11303-35

Upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved the foregoing request. Ms. Urbina left the meeting after discussion of this item.

Next, Mr. Jansing asked the Board to authorize the President to negotiate and execute the water tank logo painting contract before the next Board meeting. Hunt Communities agreed to reimburse the District for the water tank logo painting. Upon a motion by Director Covington and a second by Director Mills, the Board unanimously authorized the President to negotiate and execute the contract subject to Hunt Communities reimbursing the District.

Mr. Jansing noted that TRE & Associates is working on revising its deposit fee structure to be presented at the October Board meeting.

The Board then reviewed the preliminary driveway easement provided by David Ballard (EP Interstate LLC). After discussion, upon a motion by Director Mills and a second by Director Covington, the Board unanimously authorized the President to negotiate and execute a preliminary agreement to the easement with the understanding that the final easement must be presented to the Board for approval. Ms. Livingston and Quezada left the meeting during discussion of this item.

12. The Board did not consider wholesale water and sewer charges to the District from El Paso Water Utilities.

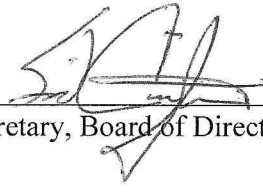
13. As its final act of business, the Board considered Inframark's Fuel Surcharge Agreement Letter. The Board requested that Inframark look at equipment rate increases instead of fuel rate increases in the future. After discussion, upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved the Fuel Surcharge Agreement Letter, subject to review in March 2023.

14. No public comments were received.

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

Approved October 26, 2022.

Assist[^] Secretary, Board of Directors

A handwritten signature in black ink, appearing to be "S. J. [unclear]", written over a horizontal line.

[SEAL]