

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, October 26, 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, October 26, 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 Mills attended the meeting by video/telephone conference call.

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.; Justin Chapman of Hunt Communities; Joel Guzman and Franklin Stubbs of Hunt Communities (by video/telephone conference call); John Jansing, Adrian Rosas and Nadia Ganser of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; Bob West of West, Davis & Company; and Lorena Quezada of El Paso Disposal, LP (by video/telephone conference call). Clayton Chandler of McCall Parkhurst & Horton and Maria Urbina of Hilltop Securities, Inc. entered the meeting during discussion of Item No. 3.

1. As its first item of business, the Board considered the September 21, 2022 minutes. Upon a motion by Director Holford and a second by Director Mellenbruch, the September 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 presented a report on the status of development in the District and the other 10 Paseo del Este MUDs. Ms. Quezada discussed trash pick-up schedule for Christmas and New Year's holidays. Inframark will notify customers of holiday trash pick-up schedule through bill inserts and on the District website. 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.** Comments received from El Paso County have been addressed. Electric installation and bids for site work are pending. Site grading should be completed within 30-45 days after permit is received.
- **Five-Year Plan.** Plan should be completed by the end of the year.
- **Pond Maintenance.** Second phase of emergency repairs will take 6-9 months to complete.
- **Landscape Maintenance.** (i) Eastlake Boulevard warranty work has been completed by the County. Texas Department of Transportation ("TXDOT") is responsible for irrigation of two medians that are being neglected. Engineers will look into obtaining a license agreement with TXDOT to take over irrigation of the medians. (ii) State Street maintenance was accepted by the District in March 2022 after the one-year warranty period expired. MG Evergreen, LLC will provide bid for one-time cleanup of area; area will then be added to its maintenance contract. Area was not included in any District landscape maintenance contract. (iii) one metal roof canopy has been installed in park to determine endurance before additional canopies are installed. Park lights are pending. (iv) County is working on cleanup and landscaping of Mission Ridge area so that District can accept area for maintenance.
- **Other Matters.** (i) Inframark customer service inspector is working on backlog of inspections. (ii) the Plan Review Process continues to be revised. Additional checks and balances are needed to ensure builders and developers make deposits before engineers commence work; Inframark anticipates collecting approximately 75% of amounts owed; builders and developers that have received meters may need to be sent to collections (iii) Inframark is considering a new meter supplier out of Houston.

4. The Board next considered Hunt landscaping of medians, parkways and parks. Mr. Chapman presented a variety of solutions. No action was taken by the Board.

5. The Board then considered Unlimited Tax Bonds, Series, 2022A including:
- a. Receiving bids and awarding the sale of the \$2,055,000.00 Paseo del Este Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2022A;
 - b. "Resolution Authorizing the Issuance of \$2,055,000.00 Paseo del Este Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2022A; Prescribing the Terms and Provisions Thereof; Making Provision for the Payment of the Interest Thereon and the Principal Thereof; Levying and Pledging the Proceeds of a Tax; Authorizing the Sale of the Bonds; Authorizing a Paying Agent/Registrar Agreement; and Containing Other Provisions Relating to the Subject; and
 - c. Closing procedures for the issuance and delivery of \$2,055,000.00 Paseo del Este Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2022A.

Ms. Urbina notified the Board that a Standard & Poor's BBB- investment-grade rating had been obtained for District bonds to receive lower interest rates. District was not able to obtain bond insurance because ownership is too concentrated in commercial properties. Interest rates on bids received were above market and exceeded the interest rate limit approved by the TCEQ. After discussion, upon a motion by Director Covington and a second by Director Roark, the Board rejected all bids by a vote of 4-0 and did not award the sale of the Series 2022A bonds. Director Mills abstained from the vote. The Board rescheduled the sale of Series 2022A bonds on Wednesday, November 16, 2022, at 11:30 a.m. CT, and rescheduled the meeting to approve the developer reimbursement report on Wednesday, December 21, 2022 at 11:30 a.m. CT. Mr. Chandler and Ms. Urbina left the meeting after discussion of this item.

6. The Board next considered amending the contract with Franklin Mountain Land Services, LLC. Director Roark summarized management requirements needed in the Paseo del Este MUDs noting that oversight of pond maintenance and landscaping had been added to Ms. Livingston's responsibilities and that the contract rate was increased by 22% to \$165 per hour. Upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the contract consistent with Board discussions and with such changes that the President may negotiate and approve consistent with those discussions. Director Mills requested that Ms. Livingston present her qualifications as a District manager to the Board at a future meeting. Director Roark then made a motion to withdraw his motion to approve the contract until Ms. Livingston presents her management qualifications to the Board. Director Covington second the motion which was unanimously approved by the Board.

7. As its next item of business, the Board considered employment of new legal counsel for general counsel services. Upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved the engagement of Terrill & Waldrop as general counsel with the addition of scope of services to paragraph one of the engagement letter. Mr. Freeman clarified that his rate would start at \$350 per hour until sometime in 2023 when his rate would increase to \$400 per hour as indicated in the engagement letter. A copy of the engagement letter is attached as an exhibit to these minutes. Ms. Livingston left the meeting during discussion of this item.

8. The Board then considered a Resolution Adding Address of Offices and Designating an Additional Meeting Place for the offices of Terrill & Waldrop at 810 West 10th Street, Austin, Texas 78701. Upon a motion by Director Holford and a second by Director Covington, the Board unanimously approved the resolution. A copy of the resolution is attached as an exhibit to these minutes.

9. 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 Mellenbruch and a second by Director Covington, the Board unanimously approved the payment of bills and invoices as listed in the report (Check Nos. 7358-7391). A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

10. Mr. Chapman then presented the Developer's Report. No action was taken by the Board. Messrs. Chapman and Guzman left the meeting after discussion of this item.

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

Garden Park at Mission Ridge Unit Four

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11807-35

- Pay Estimate No. 3- \$671,338.80

Emerald Heights Unit Four

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12040-35

- Pay Estimate No. 3 - \$588,313.80

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12041-35

- Pay Estimate No. 8 (Final) - \$202,704.91

Paseo del Este Municipal Utility District No. 1

Emerald Heights Unit Five

Water, Wastewater & Drainage Improvements

TRE No.: 1451-11982-35

- Acceptance of Utilities for Operation and Maintenance

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

Mr. Jansing then presented the following pond rehabilitation improvements for consideration:

Paseo del Este MUD No. 1

Pond 5.1 and 5.2 Rehabilitation Improvements

TRE No.: 1451-11303-96

- Engineer's Letter of Recommendation – ZTEX Construction - \$74,252.00

RATIFY | Paseo del Este MUD No. 1

Pond 2.1 and 6.5 Rehabilitation Improvements

TRE No.: 1451-11303-96

- Engineer's Letter of Recommendation – El Paso Underground Construction - \$74,500.00

RATIFY | Paseo del Este MUD No. 1
Pond 5.3 and 6.3 Rehabilitation Improvements
TRE No.: 1451-11303-96

- Engineer's Letter of Recommendation – El Paso Underground Construction - \$74,200.00

Upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved the foregoing pond improvements.

Mr. Jansing then updated the Board regarding the following easement requests:

- David Ballard (EP Interstate LLC) (driveway easement); and
- Logika (access roadway).

No action was taken by the Board.

Mr. Jansing requested that Inframark include notices in customer bills and on the District website regarding (i) fines to be imposed for dumping trash in pond areas and (ii) recommendation that homes include pressure reducing valves (PRVs).

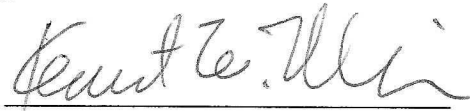
12. The Board did not consider wholesale water and sewer charges to the District from El Paso Water Utilities.

13. As its final act of business, the Board considered the lawsuit filed by Daddy O's Car Wash. Mr. Freeman notified the Board that an answer to the lawsuit was filed by Harrel Davis of Gordon Davis Johnson & Shane P.C. After discussion, upon motion by Director Mills and a second by Director Mellenbruch, the Board ratified the answer to the lawsuit filed by Gordon Davis Johnson & Shane P.C.

14. No public comments were received.

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

Approved December 14, 2022.

A handwritten signature in dark ink, appearing to read "Kent E. Miller", written over a horizontal line.

Secretary, Board of Directors

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