

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, November 16, 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, November 16, 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 Roark entered the meeting by video/telephone conference call during discussion of Item No. 4.

Also present were Paul Terrill and Ronald J. Freeman of Terrill and Waldrop; Geoff Kirshbaum and Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Maria Urbina of Hilltop Securities; Clayton Chandler of McCall Parkhurst & Horton; Erika Duran of Inframark; Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; 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; and Bob West of West, Davis & Company.

1. The October 26, 2022 minutes were not presented for discussion.
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. She noted that (i) customer service calls would be routed to the District's El Paso office beginning December 1, 2022 and (ii) large trash collections would be set up at fire stations for the Christmas holidays. Ms. Duran requested that the Board consider adding Project Bravo as a payment assistance provider for District customers. Payment assistance is currently provided through United Way of El Paso and Texas Utility Help. Upon a motion by Director Holford and a second by Director Mills, the Board approved participation in Project Bravo's payment assistance program subject to General Counsel's review of Project Bravo's contract.

The Board then discussed the agreement regarding the splitter box issue between the District and Inframark, LLC. After discussion, upon a motion by Director Covington and a second by Director Holford, the Board approved the agreement, effective October 31, 2022, by a vote of 4-0.

3. As its next item of business, the Board 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.

After discussion, the sale of bonds was awarded to SAMCO Capital Markets, NIC: 5.376621%. Director Mills made a motion to approve the sale of the bonds as recommended by the financial advisor. Director Covington seconded the motion, which the Board approved by a vote of 4-0. Mr. Guzman noted that the Net Interest Cost ("NIC") was above the 5.21% net effective interest rate approved by the Texas Commission on Environmental Quality (the "TCEQ") in its Order Approving the Issuance of the Bonds. Mr. Chandler noted that Ms. Urbina would prepare a follow-up letter to the TCEQ notifying them of the 5.376621% rate and that a quick decision was expected. Mr. Chandler then discussed the Resolution Authorizing Issuance of the bonds and closing procedures. The Board set its next meeting date for Wednesday, December 14, 2022. Upon a motion by Director Holford and a second by Director Covington, the Board unanimously approved the Resolution Authorizing Issuance of the Bonds by a vote of 4-0. Ms. Urbina left the meeting after discussion of this item.

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

- **Interim Field Office.** Bids for site work is due in early December. Upon a motion by Director Covington and a second by Director Mellenbruch, the Board delegated authority to the Board President to review, approve and award bids for site work with the engineer's recommendation, and with the understanding that bids would be ratified by the Board at its next meeting.
- **Five-Year Plan.** Plan projected to be completed by the end of the year.
- **Pond Maintenance.** Discussed under Engineering Report.
- **Landscape Maintenance.** (i) median rehabilitation project on Stansbury Drive is complete (ii) irrigation systems need to be inspected and presented to the Board for acceptance before irrigation lines are covered and (iii) long-range

plan is to staff a District Maintenance Department to reduce landscaping maintenance costs.

5. The Board next considered amending the contract with Franklin Mountain Land Services, LLC. By consensus, the Board added a 30-day termination provision to the contract presented at its November 16, 2022 meeting. As requested by Director Mills at the November meeting, Ms. Livingston presented her management qualifications to the Board. After discussion, Director Mills made a motion to attach Ms. Livingston's resume to the minutes for District records. Director Covington seconded the motion which the Board approved by a vote of 5-0. A copy of Ms. Livingston's resume is attached as an exhibit to these minutes. Upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved the contract with Franklin Mountain Land Services with the addition of a 30-day termination provision.

6. 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 Covington and a second by Director Mellenbruch, the Board unanimously approved the (i) payment of bills and invoices as listed in the report (Check Nos. 7393-7420) (ii) Supplemental Check Nos. 7421 payable to River Oaks Properties in the amount of \$55.54 and holding Check No. 7422 payable to River Oaks Properties and (iii) a transfer of \$89,131.90 to the Litigation Escrow Account. Director Holford requested that the budget be amended to add a line item for landscape rehabilitation and that a summary of landscaping costs be added to the Five-Year Plan. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

7. As its next item of business, Mr. Guzman presented the Developer's Report. He noted that (i) medical facilities are expected in Mission Ridge Towne Center and (ii) the El Paso County transit system plans to add express service in the District. No action was taken by the Board.

8. The Board then 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. 4 - \$469,483.20

Hillside Park at Mission Ridge Unit Five

Drainage, Water & Wastewater Improvements

TRE No.: 1502-11808-35

- Pay Estimate No. 1 - \$712,144.31

Paseo del Este MUD No. 1

Pond 5.1 and 5.2 Rehabilitation Improvements

TRE No.: 1451-11303-54

- Change Order No. 1 – Increase of \$1,267.00

During pond rehabilitation improvements, engineers found that homeowner(s) installed pipes through retention wall(s) as backwash/drain lines for pool(s) and water flowing through those pipes was causing side slope stabilization issues. A fee structure for pool installation/wastewater discharge and/or a penalty for installation of pipes through retention walls was discussed.

Upon a motion by Director Mills and a second by Director Holford, the Board unanimously approved the foregoing projects.

Mr. Rosas presented photos of a successful side slope stabilization technique used in Bastrop, Texas. Engineers proposed (i) a demonstration project at one of the District ponds and (ii) preparation of a cost analysis comparing costs for installing side slope stabilization versus maintenance costs for rehabilitating ponds without side slope stabilization. No action was taken by the Board.

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

- David Ballard (EP Interstate LLC) (driveway easement); and
- Logika (access roadway). Easement has been resubmitted with changes.

No action was taken by the Board. Messrs. Guzman and Stubbs left the meeting after discussion of this item.

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

10. The Board did not consider the lawsuit filed by Daddy O's Car Wash.

11. No public comments were received.

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

Approved December 14, 2022.


Secretary, Board of Directors

[SEAL]