

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, December 14, 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, December 14, 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 Mellenbruch attended the meeting by video/telephone conference call.

Also present were Ronald J. Freeman and Geoff Kirshbaum of Terrill and Waldrop; Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Maria Urbina of Hilltop Securities (by video/telephone conference call); Clayton Chandler of McCall Parkhurst & Horton; Erika Duran of Inframark; Joel Guzman 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 Lorena Quezada of El Paso Disposal, LP. Taylor Kolmodin of Municipal Accounts & Consulting, L.P. entered the meeting during discussion of Item No. 3. Bob West of West, Davis & Company entered the meeting during discussion of Item No. 4.

1. As its first item of business, the Board considered the October 26, 2022 and November 16, 2022 minutes. Upon a motion by Director Covington and a second by Director Mills, the October and November minutes were unanimously approved by the Board.

2. As its next item of business, the Board considered Unlimited Tax Bonds, Series 2023: Approve Preliminary Official Statement for District's Bond Issue 3, Authorize Publication of Notice of Sale and other actions related to the offering of the Bonds for sale. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the foregoing items by a vote of 5-0. Ms. Urbina and Mr. Chandler left the meeting after discussion of this item.

3. The Board then 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 as of December 1, 2022, customer service calls were being routed to the District's El Paso office. Mr. Freeman discussed Project Bravo's payment assistance contract noting that the program had several federal regulations attached to it and he suggested that the project be put on hold for future consideration. Ms. Duran then discussed the Public Utility Commission of Texas' (the "PUC") requirement regarding an Extreme Weather Emergency Notice. Mr. Freeman noted that the District is regulated by the Texas Commission on Environmental Quality (the "TCEQ") and not the PUC. Inframark will distribute an appropriate notice to customers.

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

- **Interim Field Office.** The bid award recommendation to be discussed under the Engineer's Report. Building plans are being reviewed with the architect to ensure adequate work flow. Director Roark noted that Ms. Livingston would assume the role of Project Manager since the planning stage is complete.
- **Five-Year Plan.** A Preliminary Plan has been sent to consultants for discussion. A draft plan will be presented to the Board at its January meeting.
- **Pond Maintenance.** Mr. Rosas discussed Flexamat, a Geotech-style fabric side slope stabilization technique. A comparison will be made between this technique and the side slop stabilization technique used in Bastrop County, Texas. Once the Board decides on a suitable technique to utilize in the District, a demonstration pond will be prepared.
- **Landscape Maintenance.** (i) numerous irrigation leaks have been detected since regular monitoring started (ii) Ms. Livingston is working with Hunt Communities regarding landscaping that needs improvements in medians, parkways and parks. Focus is on projects that have been accepted by the District for maintenance and operation, but nearby non-developed areas are also being reviewed (iii) Inframark does not have District's infrastructure plans on file. Digitized infrastructure plans have been prepared by engineers and will be submitted to Inframark to assist with faster repair turnaround (iv) four ultrasound Beacon Meters have been ordered to immediately detect system problems and to also detect anything out of the ordinary. Director Holford requested a 15-minute presentation from an Accurate Meter & Supply representative at a future Board meeting. Meter reading will become an administrative task and not a field task. Initially, the ultrasound meters will be installed in older sections of the District (v) Ms. Livingston is scheduled to meet with a City of El Paso representative to discuss landscaping strategies (vi) a letter was requested by the landscape consultant for the Regional Mobility Authority regarding the District's satisfaction with warranty work completed on Eastlake Boulevard and (vii) Texas Department of Transportation (the "TXDOT") will allow the District to have a license agreement for landscaping and irrigation on Eastlake Boulevard within the TXDOT's right-of-way and requested that future District plans for landscaping and irrigation in the right-of-way be submitted and approved by the TXDOT before implementation.

5. 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 Mellenbruch and a second by Director Roark, the Board unanimously approved the (i) payment of bills and invoices as listed in the report (Check Nos. 7423-7450) (ii) Supplemental Check Nos. 7450 payable to Accurate Utility Supply in the amount of \$48,780.00, Check No. 7451 payable to Arrow Construction in the amount of \$30,970.00 and Check No. 7452 payable to Franklin Mountain Land Services in the amount of \$28,538.24 and (iii) a transfer of \$94,553.00 to the Litigation Escrow Account. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

6. As its next item of business, the Board considered the Resolution Regarding Manager's Account. After discussion, upon a motion by Director Covington and a second by Director Roark, the Board unanimously approved the resolution. A copy of the resolution is attached as an exhibit to these minutes.

7. The Board then considered delivery of District's Bond Issue No. 2, approval of Developer Reimbursement Audit Report and distribution of Bond proceeds and related matters. After discussion, Director Mills made a motion to approve the Report on the Application of Certain Agreed Upon Procedures relating to the District's \$2,055,000 Unlimited Tax Bonds, Series 2022A Use of Proceeds. Director Holford seconded the motion, which the Board passed by a vote of 5-0.

8. Mr. Guzman presented the Developer's Report. No action was taken by the Board.

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

**Paseo del Este Municipal Utility District No. 1
Storage Office Site Development Plan**

TRE Job No.: 1451-12239-96

- Engineer's Letter of Recommendation:
ZTEX Construction, Inc. - \$111,900.00

Mr. Jansing informed the Board that ZTEX Construction's ("ZTEX") Certification of Texas Resident Contractor status was not attached to the bid as submitted, a simple oversight on ZTEX's part, but was provided to TRE & Associates shortly thereafter. Director Covington made a motion to (i) waive the requirement regarding certification for ZTEX's bid and (ii) approve the amount of ZTEX's bid. Director Holford seconded the motion which was unanimously approved by the Board. Ms. Livingston and Duran left the meeting after discussion of this item.

Mr. Jansing then 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. 5 - \$198,315

Hillside Park at Mission Ridge Unit Five
Drainage, Water & Wastewater Improvements
TRE No.: 1502-11808-35

- Pay Estimate No. 2 - \$964,005.41

Hillside Park at Mission Ridge Unit Six
Drainage, Water & Wastewater Improvements
TRE No.: 1502-11809-35

- Pay Estimate No. 1 - \$203,452.20

Paseo del Este MUD No. 1
Pond 2.1 and 6.5 Rehabilitation Improvements
TRE No.: 1451-11303-35

- Pay Estimate No. 1 - \$33,300.00

Paseo del Este MUD No. 1
Pond 5.1 and 5.2 Rehabilitation Improvements
TRE No.: 1451-11303-35

- Pay Estimate No. 1 - \$49,725.45

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

Mr. Jansing requested the Board authorize the President to approve acceptance of the following project for operation and maintenance before the January Board meeting with the engineer's recommendation:

Eastlake Commons Phase III
Water, Wastewater and Drainage

Upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved the President's acceptance of the foregoing project with the understanding that it would be ratified by the Board at its next meeting.

Mr. Jansing updated the Board on industrial projects and presented the following easement for consideration:

Lot 1 (2.605 Acres) on State Street
20' PDEMUD 1 Utility Easement

Easement was dedicated by plat and had a water line placed in it. District has not accepted the water line to date. Hotel purchaser of tract north of site realized 40 additional feet south of hotel tract was needed to complete hotel site and agreed to purchase the easement. Engineers are finalizing the easement replat to vacate the 20-foot easement and rededicate the water line easement. The hotel purchaser is responsible for moving the water line. Upon a motion by Director

Roark and a second by Director Holford, the Board unanimously approved the new utility easement in the new location. Director Roark left the meeting after discussion of this item.

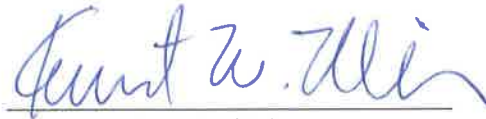
10. The Board did not consider wholesale water and sewer charges to the District from El Paso Water Utilities.

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

12. No public comments were received.

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

Approved January 25, 2023.



Secretary, Board of Directors

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