

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, February 22, 2023

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, February 22, 2023, 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 Terrill and Waldrop (by video/telephone conference call); Erika Duran of Inframark (by video/telephone conference call); Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Bob West of West, Davis & Company; Joel Guzman of Hunt Communities (by video/telephone conference call); John Jansing and Adrian Rosas of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; and Lorena Quezada of El Paso Disposal, LP (by video/telephone conference call).

1. As its first item of business, the Board considered the January 25, 2023 minutes. Upon a motion by Director Mills and a second by Director Mellenbruch, the minutes were unanimously approved by the Board.

2. As its next item of business, the Board considered delivery of the Districts Bond Issue 3, Approval of Developer Reimbursement Audit Report, distribution of Bond proceeds and related matters. After discussion, upon a motion by Director Holford and a second by Director Mellenbruch, the Board unanimously approved the Report on the Application of Certain Agreed Upon Procedures relating to the District's \$2,015,000 Unlimited Tax Bonds, Series 2023 Use of Proceeds by a vote of 5-0.

3. The Board then considered approving a Certificate of Unopposed Candidates and an Order Canceling the Director Election scheduled for May 6, 2023. Director Mills made a motion to approve (i) the Certificate of Unopposed Candidates and (ii) the Order Canceling the Director Election. Director Mellenbruch seconded the motion, which the Board passed unanimously. Copies of the Certificate and Order are attached as exhibits to these minutes.

4. The Board next 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. Ms. Duran left the meeting after discussion of this item.

5. The Board then considered revising rules and regulations regulating connections to the water and wastewater system and penalties for violation of District rules. A brief discussion followed. No action was taken by the Board.

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

- **Interim Field Office.** Building will be delivered Friday, February 24. Wet utilities are pending. Driveway as designed for Phase I is inadequate and will be completed as approved. Phase II will include floodplain and expansion of driveway to three lanes. Yard will be pushed back to 150-foot depth to accommodate 40-foot driveway. Floodplain revision has been approved by El Paso County and is pending with the Federal Emergency Management Agency ("FEMA").
- **Five-Year Plan.** The draft plan was briefly discussed. The Board will discuss the plan in detail after further review.
- **Pond Maintenance.** Will be discussed under the Engineer's Report.
- **Landscape Maintenance.** (i) more than half of the Paseo del Este Boulevard rehabilitation project will be completed by Accent Maintenance for approximately \$12,000 (ii) tree-replacement project scope has changed significantly. District did not have correct information before acceptance of the project (iii) water supply to Eastlake Boulevard was turned off; investigation is ongoing to determine who turned off the water (iv) Ms. Livingston is working with Inframark's management team regarding its responsibilities for water, wastewater and irrigation infrastructure (v) Ms. Livingston is working with Hunt Communities and TRE & Associates regarding unfinished landscaping projects that have been accepted and coordinating acceptance of future landscaping projects.

Mr. West left the meeting during discussion of this item.

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

8. 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 Covington, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 7491-7520) and (ii) a transfer of \$93,084.45 to the Litigation Escrow Account. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes. Ms. Quezada left the meeting during discussion of this item.

9. As its next item of business, the Board 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. 7 - \$135,641.00

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

- Pay Estimate No. 3 - \$280,230.44

Paseo del Este Municipal Utility District No. 1
Parcel 12 Phase 4 North Pond Repairs
TRE No.: 1451-11303-35

- Pay Estimate No. 2 - \$45,000.00

Paseo del Este Municipal Utility District No. 1
El Paso Logistics Park – Building 5
TRE No.: 1451-12215-35

- Acceptance of Utilities for Operation and Maintenance

Brake Masters Site Development
Street, Drainage, Water, Wastewater Improvements
TRE No.: 2014-12053-35

- Acceptance of Utilities for Operation and Maintenance

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

The following projects were then presented to the Board for ratification:

Paseo del Este Municipal Utility District No. 1
Eastlake Commons Phase 3
TRE No.: 1451-12126-35/1798-12029-35

- Acceptance of Utilities for Operation and Maintenance

500 North Peyton Transmountain Primary Care
Water, Wastewater and Drainage Improvements
TRE No.: 1974-11921-35/1451-12006-35

- Acceptance of Utilities for Operation and Maintenance

After discussion, upon a motion by Director Roark and a second by Director Covington, the foregoing acceptances were ratified by the Board.

- Driveway easement at State Street and Emerald Pass (Ballard Project). Developer will install landscaping and pay monthly fixed cost for irrigation, and is subject to District Rules and Regulations.

After discussion, upon a motion by Director Mellenbruch and a second by Director Holford, the Board unanimously approved the foregoing easements.

El Paso Electric requested permission to cross a District water line easement to extend power underground to an adjacent track in the Project William retail area. Mr. Jansing asked that the Board authorize the Board President to work with Mr. Freeman and Ms. Livingston in drafting an agreement for El Paso Electric to execute (i) giving El Paso Electric written approval to cross the District's water line easement and (ii) agreeing to penalties for any damages caused to District infrastructure. Mr. Freeman requested that the Board give authority to the President, Vice President and/or the Intergovernmental Coordinator to authorize easements on a case-by-case basis until a global solution is found. No action was taken by the Board.

Next, Mr. Jansing asked the Board to consider membership in the Purchasing Cooperative of America ("PCA"), a group that provides bidding management for specialized projects, such as manhole rehabilitation. PCA has been approved by the Texas Commission on Environmental Quality (the "TCEQ") to provide this service. General Counsel will review the Interlocal Agreement for Cooperative Purchasing Services and draft a Board Resolution to Participate in the PCA.

Ms. Livingston informed the Board that Harrel Davis with Gordon Davis Johnson & Shane P.C. is preparing legal action against AT&T and its subcontractors for damages caused to District infrastructure during installation of fiber optic cables.

10. The Board then considered wholesale water and sewer charges to the District from El Paso Water Utilities. Mr. Freeman gave a brief update. No action was taken by the Board.

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 March 22, 2023.

A handwritten signature in blue ink, appearing to read "Kenneth W. Allen", written over a horizontal line.

Secretary, Board of Directors

[SEAL]