

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, March 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, March 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 except Directors Roark and Mellenbruch, thus constituting a quorum.

Also present were Ronald J. Freeman of Terrill and Waldrop; Geoff Kirshbaum and Cyndi Ferris of Terrill & Waldrop (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.; Bob West of West, Davis & Company; John Jansing and Adrian Rosas of TRE & Associates, LLC; Nadia Ganser of TRE & Associates, LLC (by video/telephone conference call); Margaret Livingston of Franklin Mountain Land Services; and Lorena Quezada of El Paso Disposal, LP. Franklin Stubbs of Hunt Communities entered the meeting by video/telephone conference call during discussion of Item No. 2.

1. As its first item of business, the Board considered the February 22, 2023 minutes. Upon a motion by Director Holford and a second by Director Covington, the 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. Mr. Yentzen updated the Board on the status of the backlog in customer service inspections. The Board agreed with Mr. Yentzen's suggestion to send out letters to schedule inspections and to terminate service if customers do not comply. Mr. Yentzen left the meeting after discussion of this item.

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

- **Interim Field Office.** Building was delivered. District is renting a generator until electricity is in place. Electricity should be in place in two to three months. Permanent driveway and utility extensions are complete.
- **Five-Year Plan.** The draft plan was briefly discussed. Mr. West suggested that the Board adopt the plan as a guide. Going forward, the plan will be included as part of the financial report and will be amended as needed to keep it updated. An annual review of the plan will take place in August and/or September each year.
- **Pond Maintenance.** Inframark is assisting with tumbleweed removal. A quote for removal has been requested from Accent Maintenance. Other options are being researched to reduce costs.
- **Landscape Maintenance.** (i) medians have been thinned out; bids for addition of gravel are pending (ii) tree-replacement is in progress; Hunt Communities is replacing approximately 40 trees as agreed.
- **State and/or federal purchasing network association(s).** Ms. Livingston is researching associations and scope of purchasing power.
- **Other Matters.** Director Covington requested that security cameras be installed in the Interim Field Office lot.

4. The Board next considered bills and invoices, investments and other financial management matters. Ms. Kolmodin presented the financial reports for the District along with bills and invoices. After discussion, upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 7522-7558) (ii) Supplemental Check Nos. 7559 payable to Inframark in the amount of \$99,336.37, Check No. 7560 payable to Arrow Construction LLC in the amount of \$27,200.00 and Check No. 7561 payable to ZTEX Construction, Inc. in the amount of \$25,894.20 and (iii) a transfer of \$66,524.05 to the Litigation Escrow Account. The Board agreed to return developer fee deposits once all developer obligations are met instead of holding deposits for a year. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

5. The Board then considered the Developer's Report. Mr. Stubbs gave a brief report. No action was taken by the Board.

6. As its next item of business, the Board considered amending District rules, regulations and charges for services from the District. No action was taken by the Board. Mr. West left the meeting after discussion of this item.

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

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

- Pay Estimate No. 3 (Final) - \$134,653.00

Paseo del Este Municipal Utility District No. 1

Storage Office Site Development Plan

TRE No.: 1451-12239-35

- Pay Estimate No. 1 - \$86,005.80
- Pay Estimate No. 2 (Final) - \$25,894.20
- Acceptance of Utilities for Operation and Maintenance

Garden Park at Mission Ridge Unit Four

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11807-35

- Change Order No. 1 – Increase of \$3,700.00

Rojas Drive & Bill Burnett Site Development

Street, Drainage, Water and Wastewater Improvements

TRE No. 1997-12022-35

- Acceptance of Utilities for Operation and Maintenance

RATIFY: Paseo del Este MUD No. 1

Pond #5.5 and #8.5 Rehabilitation Improvements

TRE No. 1451-11303-35

- Engineer's Letter of Recommendation – El Paso Underground Construction
- \$73,800.00

RATIFY: Paseo del Este MUD No. 1

Pond #5.8 Rehabilitation Improvements

TRE No. 1451-11303-35

- Engineer's Letter of Recommendation – El Paso Underground Construction
- \$73,428.02

RATIFY: Paseo del Este MUD No. 1

Pond #6.6 and #6.7 Rehabilitation Improvements

TRE No. 1451-11303-35

- Engineer's Letter of Recommendation – ZTEX Construction, Inc. -
\$69,300.00

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

Mr. Rosas discussed a request by Home Depot for an access easement to its site on the corner of the District's pond easement (approximately 700 sq ft). By acclamation, the Board authorized the President to approve the access easement with the engineer's recommendation.

Next, Mr. Jansing notified the Board of three water leaks that occurred in the District during the past month:

- El Paso Water (“EPW”) water line leak. Leak caused water to be shut off in the District twice within 24 hours;
- A bucket and shovel were discovered in a District sewer line. District received 1,088 calls regarding this issue.
- Eastlake Boulevard water line that was installed to equalize pressure planes sprung a leak approximately three months ago. Leak detection group located a 5-foot section where leak is located. Repair cost will be in excess of \$100,000.00.

Creation of a third pressure area with two pressure-reducing stations is in progress. Engineers are working with El Paso Water to make the District’s water model compatible with EPW’s model.

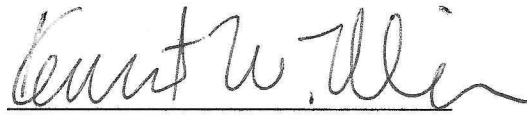
8. As its next item of business, the Board considered wholesale water and sewer charges to the District from El Paso Water Utilities. Mr. Freeman gave a brief update on EPW’s 2023 wholesale rate increases. Upon a motion by Director Mills and a second by Director Covington, the Board unanimously (i) approved the appeal of the wholesale water rate increase of approximately eight percent (8%); and (ii) authorized the President to exercise discretion in protesting the wholesale sewer rate increase of approximately thirty-seven percent (37%) based on the advice of General Counsel and other consultants.

9. The Board did not consider the lawsuit filed by Daddy O’s Car Wash.

10. No public comments were received.

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

Approved April 26, 2023.

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

Secretary, Board of Directors

A faint, circular embossed or stamped seal, likely an official seal of the Board of Directors, located to the left of the [SEAL] text.

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