

MINUTES OF REGULAR MEETING OF  
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1  
Wednesday, April 26, 2023

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, April 26, 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. Director Roark attended the meeting by video/telephone conference call.

Also present were Ronald J. Freeman, Geoff Kirshbaum and Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Todd Burrer and Erika Duran of Inframark; Lexi Kolmodin of Municipal Accounts & Consulting, L.P.; Bob West of West, Davis & Company; John Jansing, Nadia Ganser and Linda Troncoso of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; Joel Guzman of Hunt Communities (by video/telephone conference call); 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. Harrel Davis of Gordon Davis Johnson and Shane P.C. and Jay Joyce of Expergy entered the meeting by video/telephone conference call during discussion of Item No. 5.

1. As its first item of business, the Board considered the March 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. She discussed builder sewer and customer service inspection violations. The Board agreed that camera inspections could be conducted as a temporary solution and that builders would be billed for those inspections. Going forward, transfer of accounts to customers will take place after all inspections are passed.

Mr. Burrer notified that Board that Inframark is moving its billing system from a small office operation with limited security to Central Bank with a secure lock box system. Mr. Burrer will work with Ms. Livingston and WestStar Bank regarding development of software that is capable of tracking customer payments. Additional billing software options are also being explored. No action was taken by the Board.

3. The Board then considered a Garbage Disposal Services Contract extension and rate increase for residential services. After discussion, upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved a five (5%) percent CPI rate increase for residential services, effective July 1, 2023 through June 30, 2024. The rate increase is based on a U.S. City Average for a 12-Month Percentage Change in Consumer Price Index ("CPI") for All Urban Users ("CPI-U") published by the U.S. Bureau of Labor Statistics in March 2023.

After further discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved (i) a five-year extension to the District's contract with El Paso Disposal starting July 1, 2024 and (ii) an annual CPI increase on July 1 of each year based on the current U.S. City Average for a 12-Month Percentage Change in CPI-U published by the U.S. Bureau of Labor Statistics.

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

- **Interim Field Office.** Options for internet service are being explored.
- **Pond Maintenance.** Two of the three pond projects are underway. Delivery of materials for the test-pond have been delayed.
- **Landscape Maintenance.** Before and after photos of median projects and landscaping in Emerald Sands Park were presented. Mr. Freeman suggested a review of the District's Rules and Regulations for Landscaping Construction.
- **Other Matters.** Two wireless security cameras have been purchased for the interim field office lot.

5. The Board then 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 Mellenbruch and a second by Director Mills, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 7562-7595) and (ii) a transfer of \$104,346.50 to the Litigation Escrow Account. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes. President Holford requested that the Five-Year Plan be discussed and adopted at the May meeting and that the plan be reviewed periodically.

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

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

**Paseo del Este Municipal Utility District No. 1  
Falcon Village Retail Center Phase I – 12900 Eastlake Boulevard  
TRE No.: 1451-12217-35**

- Acceptance of Utilities for Operation and Maintenance

**Water Easement – ROP Falcon, LLC (Starbucks)**

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

Mr. Jansing informed the Board that two retention ponds (one located in PDEMUD 4 and the other in PDEMUD 10) are holding water and will need to be repaired at an estimated cost of \$220,000.00.

Ms. Troncoso discussed the benefits of joining the Purchasing Cooperative of America ("PCA"). After consideration, upon a motion by Director Covington and a second by Director Mills, the Board unanimously (i) adopted a Resolution to Participate in the Purchasing Cooperative of America (PCA) and (ii) approved the Interlocal Agreement for Cooperative Purchasing Services between the District and PCA.

Ms. Troncoso presented TRE & Associates' procurement process for receiving bids pursuant to TCEQ Chapter 293.63.8. Due to diminishing participation on bid projects, she requested permission to post a Contractor Pre-Qualification Form on the District website to encourage contractors to participate in the bidding process. Mr. Freeman requested this matter be discussed at a future meeting. No action was taken by the Board.

The Board took a five-minute recess after the Engineer's Report.

8. In open session, the Board considered amending District rules, regulations and charges for services from the District. Ms. Kolmodin presented Municipal Accounts & Consultants' water and wastewater rate analysis. After discussion, upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously adopted the proposed 2023-2024 water and wastewater retail rates, effective with the next billing cycle(s).

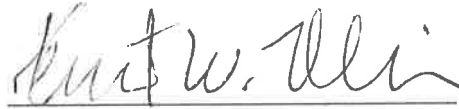
9. The President announced through General Counsel that the Board would go into executive session for consultation with legal counsel regarding (i) Agenda Item 2(c)--contract matters with the General Manager and Operator and (ii) Agenda Item No. 9--wholesale water and sewer charges to the District from El Paso Water Utilities. Mr. Burrer, Ms. Duran, Mr. Jansing, Ms. Ganser, Ms. Troncoso, Mr. West, Ms. Kolmodin, Mr. Guzman, Mr. Stubbs, Ms. Livingston and Ms. Quezada left the meeting after the announcement.

The Board recessed into executive session at 2:18 p.m. Ms. Ferris joined the executive session. Ms. Livingston was invited to join the executive session during discussion of contract matters with the General Manager and Operator. The Board concluded the executive session and returned to the open meeting at 2:43 p.m. No action was taken by the Board in executive session. Director Mills left the meeting during the executive session.

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 May 24, 2023.

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

Secretary, Board of Directors

[SEAL]