

MINUTES OF SPECIAL MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Tuesday, August 1, 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 special 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 Tuesday, August 1, 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 Director Mills, thus constituting a quorum. Director Covington attended the meeting by video/telephone conference call.

Also present were Ronald J. Freeman and Geoff Kirshbaum of Terrill & Waldrop; Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Adrian Rosas of TRE & Associates, LLC; Nadia Ganser of TRE & Associates, LLC (by video/telephone conference call); Margaret Livingston of Franklin Mountain Land Services; Bob West of West Davis & Company (by video/telephone conference call); Mark Yentzen of Inframark (by video/telephone conference call); Maria Urbina of Hilltop Securities, Inc. (by video/telephone conference call); Franklin Stubbs of Hunt Communities (by video/telephone conference call) and Josh Robinson of Thomas H. Bergman & Associates, LLC (by video/telephone conference call). John Jansing of TRE & Associates entered the meeting during discussion of Item No. 3. Desi Cooper of Wagner Equipment Co. entered the meeting by video/telephone conference call during discussion of Item No. 5. Erika Duran of Inframark entered the meeting by video/telephone conference call during discussion of Item No. 10.

1. As its first item of business, the Board considered a preliminary Budget, setting a proposed tax rate and setting a date for a hearing regarding adoption of final tax rates. Upon a motion by Director Holford and a second by Director Roark, the Board unanimously approved the following: (i) a proposed tax rate not to exceed \$0.75/\$100 of assessed valuation; (ii) establishment of a hearing date for consideration of final tax rates on Wednesday, August 23, 2023, at 11:30 a.m. CT at the offices of TRE & Associates, LLC, located at 6101 West Courtyard, Building One, Suite 100, Austin, Texas 78730; and (iii) publication of the required notice for the public hearing.

2. As its next item of business, the Board considered the engagement of an auditor for preparation of the annual audit. The Board reviewed West, Davis & Company LLP's understanding of the services to be provided to the District for the year ended September 30, 2023. Upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved West, Davis & Company LLP's engagement letter.

3. The Board then considered service to Bill Burnett Unit Two and the agreement regarding CCN service areas of El Paso Water Utilities. After discussion, upon a motion by Director Roark and a second by Director Holford, the Board unanimously approved the agreement in substantive form and authorized the President to negotiate, make changes and execute the contract. Mr. Robinson left the meeting after discussion of this item.

4. The Board next considered the June 28, 2023 minutes. Upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved the minutes.

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

- **Interim Field Office.** Architect submitted building plans to El Paso County and the Fire District for approval; final approval is pending. Architect will request bids for construction. Financing of building was discussed.
- **Equipment and Materials Purchasing.** Ms. Livingston updated the Board on equipment purchases to date and requested approval for the purchase of the following equipment: (1) jetter trailer; (2) heavy equipment backhoe (most pressing); (3) multi-terrain motor for pond maintenance; and (4) mini excavator (not urgent). Desi Cooper of Wagner Equipment Co. presented options for obtaining the equipment: direct purchase; financing through Caterpillar Financial (eligible for governmental rate through Sourcewell cooperative purchasing); installment sale contract; and lease options based on usage. After discussion, upon a motion by Director Mellenbruch and a second by Director Roark, the Board unanimously authorized Margaret Livingston to purchase and/or negotiate the purchase of Item Nos. 1-3 above. Mr. West, Ms. Urbina and Mr. Cooper left the meeting after discussion of this item.
- **Pond Maintenance.** Pond assessment via drone flyover is ongoing. Mr. Stubbs left the meeting during discussion of this item.
- **Landscape Maintenance.** Maintenance is proceeding as planned; new projects are on hold due to summer heat.

6. As its next item of business, the Board considered a Resolution Amending the Payment of Fees to the Directors of the District. After discussion, upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved the resolution.

7. 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 Roark and a second by Director Mellenbruch, the Board unanimously approved the (i) payment of bills and invoices as listed in the report (Check Nos. 7687-7743) (ii) Supplemental Check Nos. 7744 in the amount of \$33,453.50 payable to Rio Seco Ag Well Service for a fifty percent (50%) down payment on sewer jet materials and Check No. 7745 in the amount of \$2,694.00 payable to Rio Seco Ag Well Service for drain cleaner equipment; and (iii) transfer to the Litigation Escrow Account in the amount of \$158,614.05. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

8. The Board next considered review of the District's Investment, Records Retention and Ethics policies. Upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved all three policies as-is.

9. A Developer's Report was not presented.

10. Mr. Jansing presented the following items for consideration under the Engineer's Report:

Hillside Park at Mission Ridge Unit Five

Drainage, Water and Wastewater Improvements

TRE No.: 1502-11808-35

- Pay Estimate No. 4 (Final) - \$331,596.71
- Acceptance of Utilities for Operation and Maintenance

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

Messrs. Freeman and Jansing updated the Board regarding the encroachment agreement requested by Texas Gas Service, a division of ONE Gas, Inc. At the June 28, 2023 meeting, the Board authorized the President to negotiate and approve the agreement after General Counsel's review and approval. General Counsel requested consultants' input on the agreement.

Mr. Jansing informed the Board that several water easements were dedicated during the past month. No action was taken by the Board.

Right-of-entry to the water tank was granted by El Paso Water allowing the contractor to begin painting the Mission Ridge logo on the water tank. Hunt Communities will reimburse the District for the logo painting.

11. As its next item of business, the Board considered wholesale water and sewer charges to District from El Paso Water Utilities. No updates were reported.

12. Mr. Freeman gave a brief update on the lawsuit filed by Daddy O's Car Wash. No action was taken by the Board.

13. 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. No action was taken by the Board.

14. Next, the Board considered transition and replacement of Directors. General Counsel and consultants were authorized to begin the process of identifying potential Board members. A gradual transition is planned to maintain continuity.

15. The President announced through General Counsel that the Board would go into executive session for consultation with legal counsel regarding (i) Agenda Item 2(f)—Inframark contract matters. All consultants left the meeting after the announcement with the exception of those that were invited to attend the executive session. The Board recessed into executive session at 1:57 p.m. Geoff Kirshbaum, Ronald J. Freeman, Margaret Livingston and Cyndi Ferris joined the executive session. The Board concluded the executive session and returned to the open meeting at 2:17 p.m. No action was taken by the Board in executive session.

16. No public comments were received.

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

Approved August 23, 2023.


Secretary, Board of Directors

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