

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, October 25, 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, October 25, 2023, and the roll was called of the directors of the Board, to-wit:

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| 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.

Also present were Ronald J. Freeman of Terrill & Waldrop; Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); John Jansing and Nadia Ganser of TRE & Associates, LLC; Margaret Livingston of Franklin Mountain Land Services; Erika Duran of Inframark; Mark Yentzen of Inframark (by video/telephone conference call); Lorena Quezada of El Paso Disposal, LP (by video/telephone conference call); Bob West of West Davis & Company; and Taylor Kolmodin of Municipal Accounts & Consulting, L.P. Joel Guzman 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 (a) September 27, 2023 minutes and (b) October 20, 2023 minutes. Upon a motion by Director Holford and a second by Director Mellenbruch, the Board unanimously approved the minutes.

2. 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 notified the Board that all efforts had been made to collect \$64,241 from the contractor and/or subcontractor(s) responsible for August 2022 damages to a sewer main line at Eastlake Blvd. and Askew. The Board requested that General Counsel send an official collection letter to the contractor and/or subcontractor(s). Upon a motion by Director Roark and a second by Director Holford, the Board unanimously approved the General Manager's and Operator's Report.

3. As its next item of business, the Board then considered the Intergovernmental Coordinator's Report. Ms. Livingston presented the following updates:

- **Interim field office.** El Paso Electric confirmed that power would be available close to December 1. In terms of costs relating to contract tax revenue bonds, site work and building improvements have been separated. Bids for site work will be prioritized so that heavy equipment can be delivered and secured before building improvements start.
- **Pond maintenance.** Hunt Communities agreed to complete unfinished work on land strips located between rock wall(s) and sidewalk(s) that caused a decent-sized weed problem. Minor interior pond maintenance has been subbed out.
- **Updated agreements with Accent Landscape Contractors, Inc. and MG Evergreen LLC.** Agreements will be discussed at the next Board meeting.
- **Authorize hiring of District employees/equipment operators.** Health insurance, retirement packages, etc. are being researched.
- **Equipment and materials purchasing.** Jetter trailer is scheduled to be delivered today. Equipment insurance will be obtained once equipment is in the District's possession.

Upon a motion by Director Roark and a second by Director Covington, the Board unanimously accepted the Report.

4. The Board then considered the following items regarding the Contract Tax Revenue Bonds, Series 2023A:

- a. Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Contract Tax Revenue Bonds. The Board approved contract tax revenue bonds in an amount not to exceed \$6,000,000 at its August 23, 2023 meeting. Consultants are working on a final cost summary to determine if the amount needs to be amended. The application will be filed with the TCEQ unless significant changes are made to the dollar amount. No action was taken by the Board.
- b. Resolution Declaring Intention to Authorize Issuance of Contract Tax Revenue Bonds to Reimburse Prior Project Costs. Ms. Livingston would like to start borrowing money before the TCEQ approves the bonds. General Counsel explained that this is accomplished with Bond Anticipation Notes ("BANs"). The bond application must be filed with the TCEQ and declared administratively complete before BANs can be issued. BANs are payable solely from proceeds of the bonds and are paid once bonds are issued. A short discussion followed regarding annexation probabilities by the City of El Paso (the "City").

5. 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 Roark and a second by Director Covington, the Board unanimously approved (i) the payment of bills and invoices as listed in the

report (Check Nos. 7830-7863) and (ii) a transfer to the Litigation Escrow Account in the amount of \$145,286.40. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

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

7. Mr. Jansing presented the following service agreements for consideration under the Engineer's Report:

Emerald Heights Unit Six

- Water and Wastewater Service Agreements

Emerald Heights Unit Seven

- Water and Wastewater Service Agreements

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

Mr. Jansing then presented the following easement for consideration:

- **El Paso Electric – License to Encroach** through District easement to multi-family site, The Retreat.

Mr. Jansing noted that El Paso Electric agreed to be responsible for any damages caused, and provide full restoration to District's six-inch water line, if damaged. After discussion, upon a motion by Director Covington and a second by Director Holford, the Board unanimously approved the easement pending completion by Engineers and approval by General Counsel.

Next, Messrs. Jansing and Freeman updated the Board regarding the encroachment agreement requested by **Texas Gas Service** to cross its easement in Hillside Park Unit Six. No action was taken by the Board.

Mr. Jansing then notified the Board that request for bids for the **Pressure Reducing Valves (6) (TRE No. 1451-12273-32)** to balance the District's water system open November 14. After discussion, upon a motion by Director Covington and a second by Director Mellenbruch, the Board authorized the President to review bids and award the project with the Engineer's recommendation.

Mr. Freeman discussed David Ballard's request for an **amendment to Grant of Easement for a portion of Lot 4, Block 1, Project William Unit One Subdivision**, El Paso County for parking. After a brief discussion, no action was taken by the Board.

8. No updates were reported regarding provision of wholesale wastewater transportation and/or treatment services with Horizon Regional MUD and El Paso Water Utilities ("EPWU").

9. No updates were reported regarding wholesale water and sewer charges to District from El Paso Water Utilities.

10. No updates were provided regarding the lawsuit filed by Daddy O's Car Wash.

11. As its next item of business, the Board considered the following:

- a. Dupont Class Action Lawsuit; and
- b. 3M Company Class Action Lawsuit.

General Counsel offered to work with PSB counsel on this issue; PSB has not responded. The class action lawsuits deal with forever chemicals in the water supply. After discussion, upon a motion by Director Covington and a second by Director Roark, the Board unanimously authorized the President to join the class action lawsuit(s) based on recommendations from General Counsel. The deadline to file notice in the class action lawsuit(s) is in November.

12. The Board then considered the water line break along Mission Ridge Boulevard. Repair work starts October 31. General Counsel informed the Board that costs for repair work should be reimbursed by the contractor's insurance company.

13. The Board then considered the transition of District responsibilities from Austin to El Paso:

- a. Authorize retaining AVR for billing and collection services; and
- b. Other matters.

Transition is moving forward. Ms. Livingston would like to start the process with AVR for billing and collection services since there will be a three-month parallel with Inframark for billing and collections. The President announced through General Counsel that the Board would go into executive session for consultation with legal counsel regarding the following agenda items:

- a. Agenda Item 3(g) – Inframark contract matters;
- b. Agenda Item 14 – Transition of District responsibilities from Austin to El Paso; and
- c. Agenda Item 14(a) – Retaining AVR for billing and collection services.

All consultants left the meeting after the announcement with the exception of Mr. Jansing, Mr. Yentzen, Ms. Duran and Ms. Ferris. The Board recessed into executive session at 1:12 p.m. Ronald J. Freeman and Margaret Livingston joined the executive session. The Board concluded the executive session and returned to the open meeting at 2:20 p.m. No action was taken by the Board in executive session. Mr. Freeman notified consultants that the lawsuit against Inframark for breach of contract relating to the splitter box issue was being filed today. Upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved a resolution authorizing the President and General Counsel to give Inframark notice of any additional defaults in the contract pursuant to the appropriate provisions of the contract related thereto. For any defaults other than splitter box issue, the District will give Inframark notice of default(s) and 45-days to cure its default(s) as provided in contract between the District and Inframark. Next, upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously

authorized the President and Ms. Livingston to negotiate a contract with AVR for billing and collection services, and authorized the President to execute a contract with AVR.

14. No public comments were received.

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

Approved November 29, 2023.


Secretary, Board of Directors

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