

MINUTES OF SPECIAL MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, November 29, 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 Wednesday, November 29, 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 Holford 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); John Jansing, Adrian Rosas and Nadia Ganser of TRE & Associates, LLC; Linda Troncoso of TRE & Associates, LLC (by video/telephone conference call); 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 (by video/telephone conference call); and Taylor Kolmodin of Municipal Accounts & Consulting, L.P. Paul Terrill of Terrill & Waldrop entered the meeting during discussion of Item No. 3.

1. As its first item of business, the Board considered the October 25, 2023 minutes. Upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the minutes.

2. 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. Upon a motion by Director Roark and a second by Director Mills, the Board unanimously (i) accepted the General Manager's and Operator's Report and (ii) approved the recommended amount for collections.

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

- **Interim field office.** Electric power should be available by December 15. Bids for site work are due December 5.
- **Pond maintenance.** Unfinished work on land strips located between rock wall(s) and sidewalk(s) needs to be completed for approximately 50 ponds.
- **Equipment and materials purchasing.** Ms. Livingston discussed the GM Fleet Enrollment program. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved the fleet enrollment form pending review and approval by General Counsel.
- **Updated agreements with Accent Landscape Contractors, Inc. and MG Evergreen LLC.** After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the MG Evergreen landscape maintenance agreement and authorized the President to approve the Accent Landscape Contractors agreement once approved by Ms. Livingston and General Counsel.
- **Authorize hiring of District employees/equipment operators.** Three equipment operators are needed for pond maintenance.

4. As its next item of business, the Board considered appointing Margaret Livingston as the District's Chief Operating Officer. Director Roark emphasized that the appointment would be a title and job description change only giving Ms. Livingston broad authority to complete tasks assigned by the Board. After discussion, upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved the appointment of Ms. Livingston as Chief Operating Officer.

5. The Board then considered Contract Tax Revenue Bonds, Series 2024:
- a. Resolution Declaring Intention to Authorize Issuance of Contract Tax Revenue Bonds to Reimburse Prior Project Costs.

General Counsel requested that the Board approve the Resolution Declaring Intention to Authorize Issuance of Contract Tax Revenue Bonds to Reimburse Prior Project Costs and also amend the Resolution Authorizing Application to the Texas Commission on Environmental Quality (the "TCEQ") for Approval of Projects and Contract Tax Revenue Bonds approved at the August 23, 2023 Board meeting to include costs for the following engineering project:

PDEMUD 1

Water Line and Pressure Reducing Value Station Improvements

TRE No. 1451-12273-35

- Engineer's Letter of Recommendation – El Paso Underground Construction - \$981,280.00

Upon a motion by Director Covington and a second by Director Mellenbruch, the Board unanimously approved the Engineer's Letter of Recommendation for the above-referenced

engineering project. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the Resolution Declaring Intention to Authorize Issuance of Contract Tax Revenue Bonds to Reimburse Prior Project Costs and amending the Resolution Authorizing Application to the TCEQ for Approval of Projects and Contract Tax Revenue Bonds to include the above-referenced engineering project.

6. The Board next considered Unlimited Tax Bonds, Series 2024A:
 - a. Consider and take action regarding Resolution Requesting Appraisal of Property and Certificate of Estimated Appraised Value.

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

7. As its next item of business, the Board 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. 7864-7903) (ii) Check No. 7904 payable to El Paso Water in an amount, if any, to be determined by the Board in Executive Session and (iii) a transfer to the Litigation Escrow Account. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

8. No Developer's Report was presented.

9. The Board then considered the Engineer's Report. Mr. Jansing advised the Board of complaints received regarding a **sewer odor at the intersection of Rojas Drive and Eastlake Boulevard**. He noted that several years ago, a similar odor in the area was easy to remedy, but the odor had worsened. One cause may be El Paso Water's inability to access a line that needs to be flushed in that area due to difficulties working around the master meter. Ms. Troncoso summarized her discussions with El Paso Water regarding options for neutralizing the smell. No action was taken by the Board.

Mr. Freeman and Ms. Troncoso discussed the **EP Summit Investments** (the "Developers") **development** at the intersection of I-10 and Eastlake Boulevard. During the second phase of construction, the contractor was not paid. The contractor then filed a lien against Developers for non-payment. Engineers have visited with the contractor, the contractor's attorneys, and owner's representatives, and all agreed that invoices for water and wastewater facilities (the "Facilities") would be paid so that clear title for the Facilities could be obtained. Developers have prepared a partial release of lien that shows all Facilities would be conveyed unencumbered. The final executed lien is pending. Mr. Freeman recommended acceptance of the Facilities subject to receipt of the executed document(s). He emphasized that no reimbursement is planned, no money would change hands, and title would be transferred free and clear. Upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously authorized the President to approve the partial release of lien, and delivery and acceptance of the Facilities pending final review and approval by General Counsel.

Mr. Troncoso notified the Board that **Hardy Hole Drilling** completed well improvements on three ponds.

Mr. Freeman updated the Board regarding 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 (the "Driveway Easement"). Mr. Terrill noted that the District should obtain a land lease with the lessor (hotel brand) and not prepare an amendment to the Driveway Easement.

10. The Board next considered provision of wholesale wastewater transportation and/or treatment services with Horizon Regional MUD and El Paso Water Utilities ("EPWU"). Ms. Troncoso gave a brief update. No action was taken by the Board.

11. As its next item of business, the Board considered the water line break along Mission Ridge Boulevard. Mission Ridge Boulevard was opened over the Thanksgiving holiday. Engineers are waiting on an outstanding traffic control invoice before total expenses are submitted to the insurance company for reimbursement. No action was taken by the Board.

12. The Board did not discuss transition of District responsibilities from Austin to El Paso.

13. The Vice 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 11 – Wholesale water and sewer charges to District from El Paso Water Utilities;
- c. Agenda Item 12 – Lawsuit filed by Daddy O's Car Wash;
- d. Agenda Item 13 – Dupont class action lawsuit; and
- e. Agenda Item 14 – 3M Company class action lawsuit.

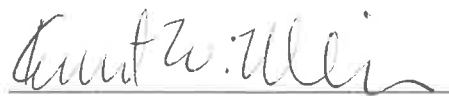
The majority of consultants left the meeting after the announcement. The Board recessed into executive session at 12:51 p.m. Ronald J. Freeman, Geoff Kirshbaum, Paul Terrill, and Margaret Livingston joined the executive session. Linda Troncoso joined the Executive Session to discuss Agenda Items 13 and 14. The Board concluded the executive session and returned to the open meeting at 1:37 p.m. No action was taken by the Board in executive session. Mr. Yentzen, Ms. Duran, Ms. Kolmodin, Mr. Jansing and Ms. Ferris joined the open session.

Mr. Freeman discussed Agenda Item 11—wholesale water and sewer charges to District from the El Paso Water Utilities Public Service Board (the "PSB"). The District received a request from the PSB for reconsideration of payment in an amount that is properly owed under contract. As background, the District has been paying the same water rate since April 1, 2021, which is the last rate that was correct according to the District's contract with the PSB. PSB requested that the Board reconsider payment according to the District's interpretation of its contract with the PSB. Upon a motion by Director Mills and a second by Director Covington, the Board unanimously

authorized the President to work with legal counsel and District consultants to make an appropriate payment to the PSB as recommended by legal counsel after consultation with consultants.

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

Approved December 20, 2023.


Secretary, Board of Directors

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