

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, January 24, 2024

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, January 24, 2024, 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.

Also present were Geoff Kirshbaum of Terrill & Waldrop; Ronald J. Freeman and Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Margaret Livingston, Chief Operating Officer; John Jansing and Nadia Ganser of TRE & Associates, LLC; Bob West of West, Davis & Company, LLP; Lexi Kolmodin of Municipal Accounts & Consulting, L.P.; Erika Duran of Inframark; Clayton Chandler of McCall Parkhurst & Horton (by video/telephone conference call); Mark Yentzen of Inframark (by video/telephone conference call); Joel Guzman and Franklin Stubbs of Hunt Communities (by video/telephone conference call); and Lorena Quezada of El Paso Disposal, LP (by video/telephone conference call). Gus Haddad, President of Paseo del Este MUD No. 3, entered the meeting by video/telephone conference call during discussion of Item No. 3.

1. As its first item of business, the Board considered the December 20, 2023 minutes. Upon a motion by Director Holford and a second by Director Mills, the Board unanimously approved the minutes.

2. As its next item of business, the Board considered District meeting places. No action was taken by the Board.

3. 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.

4. The Board next considered the Chief Operating Officer’s Report. Ms. Livingston presented the following updates:

- **Interim field office.** Electricity is set up for the temporary construction office. Office address confirmation is pending from the County. Site improvements start soon.
- **Pond maintenance.** Annual tumbleweed cleanup has begun.
- **Landscape Maintenance.** Irrigation systems are being evaluated for water efficiency. Two park canopies have been installed; two canopies are pending.
- **Other.** Lockbox banking is ready to be tested. AVR is setting up billing account(s). Parallel testing will begin after accounts are set up.

5. As its next item of business, the Board considered Contract Tax Revenue Bonds, Series 2024, including, but not limited to, authorizing the amendment of the Resolution Authorizing Application to the TCEQ for Approval of Projects and Contract Tax Revenue Bonds. After discussion, upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved (i) an amendment to the previously adopted Resolution Authorizing Application to the TCEQ for Approval of Projects and Contract Tax Revenue Bonds to adjust the not to exceed \$6,000,000 amount to an amount to be provided by the District's financial advisor after further analysis, plus (ii) the addition of an amount in the same not to exceed amount as the Contract Tax Revenue Bonds that incorporates the costs of Bond Anticipation Notes ("BANs"). Mr. Chandler left the meeting after discussion of this item.

6. The Board then considered Unlimited Tax Bonds, Series 2024A:
- a. Consider and take action regarding Resolution Authorizing Application to the Texas Commission on Environmental Quality for Approval of Projects and Bonds;
 - b. Consider and take action regarding an engagement letter from TRE & Associates, LLC for preparation of the District's fifth bond application to the Texas Commission on Environmental Quality; and
 - c. Approve engagement of auditors for preparation of developer reimbursement audit.

After discussion, the President asked consultants to present options and recommendations at its next meeting.

7. 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 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. 7946-7987) and (ii) a transfer to the Litigation Escrow Account in the amount of \$50,290.84. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

8. The Board then considered the District's annual financial statements and Auditor's Report. Mr. West summarized the report. Upon a motion by Director Holford and a second by Director Covington, the Board unanimously approved the Financial Statements, Supplemental Information and Independent Auditor's Report for the Year Ended September 30, 2023 and

authorized submittals to the TCEQ, Electronic Municipal Market Access (EMMA[®]) and the Texas Comptroller. Mr. Freeman left the meeting after discussion of this item.

9. Mr. Stubbs gave a brief update under the Developer's Report. He presented a report by John Burns Research & Consulting showing Mission Ridge ranked No. 11 in the Top Master-Planned Communities of 2023 with a year-over-year increase in net sales of six (6%) percent.

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

Emerald Heights Units Six and Seven

Grading Improvements

TRE No.: 1519-12246-96/1519-12247-96

- Engineer's Letter of Recommendation – Desert Pass Construction - \$382,007.10

Paseo del Este Municipal Utility District No. 1

Constellation Trade Center on Bill Burnett

TRE No.: 1451-12252-35

- **RATIFY:** Acceptance of Utilities for Operation and Maintenance

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

Mr. Kirshbaum updated the Board on the partial transfer of the District's Certificate of Convenience and Necessity ("CCN") area to the Public Service Board ("PSB").

A hotel brand made a deal with B&G FC Option, L.L.C. The hotel brand will work with the District on a long-term land lease for additional parking space on a portion of **Lot 4, Block 1, Project William Unit One Subdivision**.

11. As its next item of business, the Board considered the water line break along Mission Ridge Boulevard. General Counsel noted that release documents are being reviewed.

12. The Board did not discuss provision of wholesale wastewater transportation and/or treatment services with Horizontal Regional Municipal Utility District and El Paso Water Utilities.

13. The Board then considered wholesale water and sewer charges to District from El Paso Utilities. No updates were presented.

14. No report was presented regarding the lawsuit filed by Daddy O's Car Wash.

15. A brief update was presented on the DuPont Class Action Lawsuit and the 3M Company Class Action Lawsuit.

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

17. No public comments were received.

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

Approved February 28, 2024.


Secretary, Board of Directors

[SEAL]