

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, February 28, 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, February 28, 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 Ronald J. Freeman, Paul Terrill and Geoff Kirshbaum of Terrill & Waldrop; Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Margaret Livingston, Chief Operating Officer; John Jansing and Nadia Ganser of TRE & Associates, LLC; Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Erika Duran and Mark Yentzen of Inframark; Joel Guzman and Franklin Stubbs of Hunt Communities (by video/telephone conference call); Lorena Quezada of El Paso Disposal, LP; Gus Haddad, President of Paseo del Este MUD No. 3 (by video telephone conference call); Doug Borrett, President of Paseo del Este MUD No. 2 (by video telephone conference call); Ty Embrey of Lloyd Gosselink; Maria Urbina of Hilltop Securities Inc.; and Dave Panko, Manager of El Paso Foreign Trade Zone 68.

1. As its first item of business, the Board considered the January 24, 2024, minutes. Upon a motion by Director Roark and a second by Director Mellenbruch, the Board unanimously approved the minutes.

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 noted that the District's P.O. Box was ready for bill collections. Board members requested that late fees and penalties be waived during transition to the new billing system. No action was taken by the Board.

3. The Board then considered participation in the El Paso Foreign Trade Zone ("FTZ") 68 Expansion. Mr. Panko gave a presentation on the FTZ 68 Expansion and requested a letter of support for the project. After discussion, upon a motion by Director Covington and a second by

Director Mills, the Board unanimously approved District participation in the program. Mr. Panko left the meeting after discussion of this item.

4. As its next item of business, the Board considered the Chief Operating Officer's Report. Ms. Livingston presented the following updates:

- **Interim field office.** All utilities are installed with the exception of internet service. Ms. Livingston shared photos and videos of site work, and noted that the bid process for construction of the building starts soon.
- **Pond maintenance.** Preventative maintenance is ongoing. She noted that a license is required to spray pesticides in pond areas.
- **Landscape maintenance.** A park in PDEMUD 3 was chosen for upgrades, including a small dog park, shade trees and updated landscaping. Rock wall was added to prevent ATVs from riding in pond area. She is looking into adding dim lighting to parks. Ten basketball hoop nets were replaced.

5. The Board then considered an agreement with the Town of Horizon City to permit District to landscape and maintain a 16-foot strip of land that runs alongside the eastern end of Paseo Del Este MUD 10's boundary. Ms. Livingston requested permission to look into costs for landscaping and irrigating the area. Mr. Embrey noted that the PDEMUD 10 Board is in full support of the project and is ready to contribute to the project. Ms. Livingston noted that landscaping and irrigating this area would require an Interlocal Agreement with the Town of Horizon City. Upon a motion by Director Roark and a second by Director Mills, the Board unanimously authorized the COO to research costs for landscaping and irrigating the 16-foot strip of land. The President requested that reuse water be considered for irrigation. Mr. Embrey left the meeting after discussion of this item.

6. The Board next considered Contract Tax Revenue Bonds, Series 2024, including, but not limited to, authorizing (i) Amendment of the Resolution Authorizing Application to the TCEQ for Approval of Projects and Contract Tax Revenue Bonds and (ii) Amendment of Resolution Declaring Intention to Authorize Issuance of Contract Tax Revenue Bonds to Reimburse Prior Project Costs. Mr. Freeman informed the Board that the amount of both resolutions had been updated to \$6,255,000 pursuant to the Financial Advisor's recommendation. No action was taken by the Board.

7. 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 fourth bond application to the Texas Commission on Environmental Quality; and
 - c. Approve engagement of auditors for preparation of developer reimbursement audit.

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

8. Next, Ms. Urbina summarized research that consultants have conducted regarding the use of Bond Anticipation Notes (“BANs”) in relation to the Contract Tax Revenue Bonds, Series 2024 (Agenda Item No. 6). Ms. Urbina reviewed terms offered by WestStar and noted that she needs to go over the terms with General Counsel. No action was taken by the Board.

9. 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 (i) the payment of bills and invoices as listed in the report (Check Nos. 7988-8037) and (ii) a transfer to the Litigation Escrow Account in the amount of \$54,191.14. A copy of the Bookkeeper’s Report is attached as an exhibit to these minutes. Ms. Urbina and Mr. Guzman left the meeting after discussion of this item.

10. No updates were given under the Developer’s Report.

11. The Board next considered the Engineer’s Report. Ms. Ganser presented the following items for consideration:

Eastlake Logistics – Unit Two

After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously authorized the President to accept the foregoing project before the next Board meeting.

Mr. Jansing then updated the Board regarding the **irrigation water study**. No action was taken by the Board. Mr. Stubbs left the meeting after discussion of this item.

Mr. Jansing next discussed options for relocating the **splitter manhole** out of the right-of-way due to (i) changes in the character of wastewater and (ii) splitter box malfunctions. No action was taken by the Board. Mr. Haddad left the meeting during discussion of this item.

12. As its next item of business, the Board considered transition of District responsibilities from Austin to El Paso. The President notified the Board that Director Mellenbruch had submitted a letter of resignation effective March 1, 2024, with a request for emeritus status. Mr. Holford indicated that he also plans to submit his resignation on September 1 depending on availability of other Directors to establish a quorum. Director Mellenbruch left the meeting after discussion of this item.

13. 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.

14. No update was presented regarding the lawsuit filed by Daddy O’s Car Wash.

15. No update was presented on the DuPont Class Action Lawsuit or the 3M Company Class Action Lawsuit.

16. As its next item of business, the Board considered the water line break along Mission Ridge Boulevard. Mr. Kirshbaum informed the Board that he had revised release documents and is waiting to hear if changes are acceptable.

17. The President announced through General Counsel that the Board would go into executive session for consultation with legal counsel regarding the following agenda items:

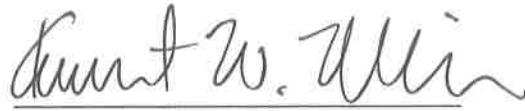
- a. Agenda Item 3(f) – Inframark contract matters; and
- b. Agenda Item 12 - Wholesale water and sewer charges to District from El Paso Water Utilities.

The Board recessed into executive session at 1:45 p.m. The Board concluded the executive session and returned to the open meeting at 2:33 p.m. No action was taken by the Board in executive session.

18. No public comments were received.

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

Approved March 27, 2024.

A handwritten signature in cursive script, appearing to read "Kurt W. Allen". The signature is written in black ink and is positioned above a horizontal line.

Secretary, Board of Directors

[SEAL]