

MINUTES OF REGULAR MEETING OF  
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1  
Wednesday, March 27, 2024

STATE OF TEXAS           §  
  §  
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, March 27, 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
<i>Vacancy</i>	Assistant Secretary

and all of said persons were continuously present, thus constituting a quorum.

Also present were Ronald J. Freeman, Geoffrey Kirshbaum and Casey Cooper 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; Lexi 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 (by video/telephone conference call); Gus Haddad (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 (by video/telephone conference call); Clayton Chandler of McCall Parkhurst & Horton (by video/telephone conference call); and Bob West of West Davis & Company. Frank Ortiz of TRE & Associates entered the meeting during discussion of the Chief Operating Officer’s Report.

1. As its first item of business, the Board considered the February 28, 2024, 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 wholesale water and sewer charges to District from El Paso Water Utilities. Mr. Kirshbaum updated the Board regarding summary judgment in the District’s favor and noted that this agenda item would be discussed further in Executive Session.

3. The Board then considered accepting the resignation of Director Mellenbruch and appointing a new Director. Mr. Holford noted that Director Mellenbruch submitted a resignation

letter effective March 1, 2024. After discussion, upon a motion by Director Holford and a second by Director Roark, the Board unanimously accepted Mr. Mellenbruch's resignation and appointed L. Gus Haddad as Director.

4. Next, the Board considered approving the Official Bond, Oath of Office and Statement of Officer and authorizing the filing of an Oath of new Director. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved the foregoing items.

5. The Board then considered organizing the Board of Directors and electing officers. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously agreed that Director Haddad would serve as Assistant Secretary and that all other officers would remain the same.

6. 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. No action was taken by the Board.

7. The Board then considered the Chief Operating Officer's Report. Ms. Livingston presented the following updates:

- **District facility site.** Site work has been completed.
- **Pond maintenance.** Equipment is located in District and spraying of herbicides would begin soon.
- **Landscape maintenance.** No updates.
- **Other.** Meter replacements are ongoing and should be completed no later than the first quarter of 2025. Security lighting will be installed after the rock wall is built. Ms. Livingston notified the Board that a sink hole appeared near the Amazon site and that the water leak and road had been repaired.

8. The Board next 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. No update was provided.

9. As its next item of business, the Board considered Contract Tax Revenue Bonds, Series 2024. Mr. Freeman reviewed Article III of the Amended and Restated Contract for Financing and Operation of Regional Water, Wastewater and Drainage Facilities between the Master District and each of the Participant Districts emphasizing the difference between financing *Initial* Master District System Facilities (water, wastewater and drainage systems constructed and paid for by developers) and financing *Future* Master District System Facilities after developers had been reimbursed for construction of initial facilities. No action was taken by the Board. Mr. Embrey left the meeting after discussion of this item.

10. 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 Mills and a second by Director Roark,

the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 8038-8080) (ii) Supplemental Check No. 8081 in the amount of \$1,600 payable to Taking Care of Business Inc., Check No. 8082 in the amount of \$18,400 payable to Northtowne Village Joint Venture and Check No. 8083 in the amount of \$14,877 payable to Eurofins, J3 Resources, Inc. and (iii) a transfer to the Litigation Escrow Account in the amount of \$40,636.54. A copy of the Bookkeeper's Report is attached as an exhibit to these minutes.

11. Mr. Guzman gave a brief update under the Developer's Report.

12. As its next item of business, the Board considered the Engineer's Report. Ms. Ganser presented the following items for consideration:

**Emerald Heights Units Six and Seven**

Grading Improvements

TRE No.: 1451-12446-35

- Pay Estimate No. 1 - \$295,382.78

**Emerald Heights Units Six and Seven**

Water, Wastewater and Drainage Improvements

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

- Engineer's Letter of Recommendation – El Paso Underground Construction - \$967,600.00

**Paseo del Este Municipal Utility District No. 1**

**Eastlake Logistics Phase II – Stonelake Unit 2**

TRE No.: 1451-12125-35

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

Upon a motion by Director Roark and a second by Director Haddad, the Board unanimously approved the foregoing items. Ms. Quezada left the meeting during discussion of this item.

Mr. Jansing briefly updated the Board regarding the **irrigation water study**. No action was taken by the Board. Mr. Chandler left the meeting during discussion of this item.

Mr. Jansing notified the Board that he would retire from TRE & Associates at the end of June 2024, and that Nadia Ganser and Frank Ortiz would take over District projects.

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

14. The Board did not discuss amending District rules, regulations and charges for services from the District, including retail water, wastewater and solid waste rates and fees.

15. No update was presented regarding the lawsuit filed by Daddy O's Car Wash.

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

17. As its next item of business, the Board considered the water line break along Mission Ridge Boulevard. Mr. Kirshbaum informed the Board that he is in negotiations with the insurance company regarding wording in the release document.

18. The Board did not discuss further items regarding transition of District responsibilities from Austin to El Paso.

19. 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 6(f) – Inframark contract matters; and
- b. Agenda Item 13 - Wholesale water and sewer charges to District from El Paso Water Utilities.

The Board recessed into executive session at 1:22 p.m. The Board concluded the executive session and returned to the open meeting at 2:02 p.m. No action was taken by the Board in executive session.

20. No public comments were received.

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

Approved April 24, 2024.

  
Secretary, Board of Directors

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