

MINUTES OF THE SPECIAL MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, July 16, 2025

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, 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, July 16, 2025, and the roll was called of the directors of the Board, to-wit:

Dan Roark	President
Sid Covington	Vice President
Ken Mills	Secretary
L. Gus Haddad	Assistant Secretary
Doug Borrett	Assistant Secretary

and all of said persons were continuously present except Director Mills, thus constituting a quorum. Director Borrett attended the meeting by video/telephone conference call.

Also present were Geoffrey Kirshbaum and Casey Cooper of Terrill & Waldrop; Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Margaret Livingston, General Manager; Erika Duran, Office Manager (by video/telephone conference call); Taylor Kolmodin of Municipal Accounts & Consulting, L.P.; Franklin Stubbs of Hunt Companies (by video/telephone conference call); Adrian Rosas and Nadia Ganser of TRE & Associates; Frank Ortiz of TRE & Associates (by video/telephone conference call); and Jay Joyce of Expergy (by video/telephone conference call).

1. As its first item of business, the Board considered the May 28, 2025, Board meeting minutes. Upon a motion by Director Covington and a second by Director Haddad, the Board unanimously approved the minutes.

2. As its next item of business, the Board considered the General Manager'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.

Ms. Livingston reported on the following items:

- **District facility site.** Bids were resolicited and are due July 29, 2025.
- **Pond maintenance.** Pond maintenance is ongoing as scheduled.
- **Landscape Maintenance and Landscape Maintenance Acceptances.** Notice of termination of contract was given to MG Evergreen L.L.C. due to its damage to irrigation lines resulting in lost trees and vegetation. Ms. Livingston instructed District bookkeepers to hold the MG Evergreen check until irrigation lines are repaired. The amount of repairs will be deducted from MG Evergreen's check. Accent Landscape

Contractors Inc. will provide quotes for the repair of damaged irrigation lines and replacement of vegetation and will take over landscaping that was handled by MG Evergreen.

- **Trucks, Equipment and Materials Purchasing.** District needs to purchase traffic control equipment (cones, barricades, etc.) and one additional truck. The District is currently spending approximately \$1,000 per week on traffic control. Ms. Livingston will meet with the County of El Paso regarding its requirement for a traffic control truck in the hopes that the District can utilize its trucks instead of purchasing a specialized traffic control truck.
- **Personnel.** The District has five licensed employees. A field tech has been promoted to assist the field operations manager. The field operations manager requested that employees take a CPR training course and a defensive driving course. He is working on a list of safety equipment that needs to be purchased.
- **Other matters:**
 - District is in full compliance with TCEQ rules and regulations.
 - The list of parks that Hunt Companies ("Hunt") requested the District accept for operation and maintenance is pending. Park canopies have been ordered; Hunt will reimburse the District for canopy costs.
 - Ms. Livingston would like Garry Montgomery of Utility Engineering Group to assist with the construction of the District's building. A third-party inspection company will be hired to complete full inspections. Upon a motion by Covington and a second by Haddad, the Board unanimously authorized President Roark to negotiate and execute a professional services agreement with Utility Engineering Group to manage construction of the District's building.

3. The Board then considered bills and invoices, investments and other financial management matters. Taylor 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. 8719-8776), (ii) voiding Check No. 8727 in the amount of \$48,191.70 payable to Bain Construction, (iii) voiding Check No. 8733 in the amount of \$3,300.00 for annual backflow test, (iv) voiding Check No. 8738 in the amount of \$11.62 for an erroneous charge, (v) Supplemental Check No. 8777 in the amount of \$2,300.00 payable to Edgar Jimenez for annual backflow test, (vi) Supplemental Check No. 8778 in the amount of \$12,571.16 payable to Mueller for canopy deposit, and (vii) a transfer to the litigation escrow account in the amount of \$78,003.04.

4. Next, the Board discussed amending the District rules, regulations and charges for services from the District, including retail water, wastewater and solid waste rates and fees. Jay Joyce presented his rate analysis and recommendations. Recommendations included (i) increasing O&M reserves in an amount greater than 7.5 months due to the volatility of PSB rates and the unpredictable nature of future growth, (ii) an overall rate increase of 4.5 percent, (iii) the addition of a swimming pool inspection fee, (iv) doubling the deposit for renter-occupied single family residences, and (v) creating a policy for deposit usage, retention and refunding. Regarding the waiving of reconnection fees for military personnel, he noted that no reduced rates are allowed under the District's Rules and Regulations. After discussion, the Board agreed that District Rules and Regulations would be reviewed at a future Board meeting. Upon a motion by Director Covington and a second by Director Roark, the Board unanimously approved the Order Adopting Rates and Charges for Service from the District as presented reflecting Mr. Joyce's 4.5 percent

rate increase recommendation, but not Mr. Joyce's other recommendations related to certain fees, deposit amounts, or other service policy changes. Mr. Joyce left the meeting after discussion of this item.

5. The Board then considered review of the District's Investment, Records Retention and Ethics policies. After discussion, upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved (i) the Resolution Reviewing and Approving the Investment Policy, (ii) the 2025 Authorized Broker List, and (iii) maintaining the Records Retention and Ethics policies as-is.

6. Mr. Stubbs gave a brief update under the Developer's Report.

7. As its next item of business, the Board considered the Engineer's Report. Mr. Ortiz presented the following items for consideration:

Emerald Heights Unit Three

Water, Wastewater & Drainage Improvements

TRE No.: 1519-12487-35/1451-11860-35

- Pay Estimate No. 1 - \$339,039.90

Emerald Estates Unit Six

Drainage, Water & Wastewater Improvements

TRE No.: 1502-12122-96

- Engineer's Letter of Recommendation:
El Paso Underground Construction - \$2,107,568.00

After discussion, upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved the foregoing items. Mr. Stubbs left the meeting after discussion of this item.

8. The Board next considered the transition of District responsibilities from Austin to El Paso. The Board's next meeting will take place on Wednesday, August 13, 2025, at 11:30 a.m. MT at the District's El Paso office. Mr. Ortiz left the meeting after discussion of this item.

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

- Agenda Item 8 – Water line break along Mission Ridge Boulevard;
- Agenda Item 9 – Repair contracts for Mission Ridge Boulevard;
- Agenda Item 10 - Wholesale water and sewer charges to District from El Paso Water Utilities;
- Agenda Item 11 – Dispute with Inframark, LLC.; and
- Agenda Item 12 – Lawsuit filed by Daddy O's Car Wash.

The Board recessed into executive session at 12:57 p.m. MT. The Board concluded the executive session and returned to the open meeting at 1:55 p.m. MT. The Board returned to Agenda Item 9 to consider repair contracts for Mission Ridge Boulevard. Upon a motion by Director Covington and a second by Director Haddad, the Board unanimously ratified the President's approval and

execution of emergency repair and change order contracts. Next, the Board returned to Agenda Item 8 to consider the water line break along Mission Ridge Boulevard. Upon a motion by Director Haddad and a second by Director Covington, the Board unanimously authorized President Roark to negotiate and execute contracts to create a duplicate 16-inch water line along Mission Ridge Boulevard and to take all necessary actions to move the project forward, including executing contracts with engineers and other consultants.

10. No public comments were received.

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

Approved August 13, 2025.


Secretary, Board of Directors

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