MINUTES OF THE SPECIAL MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, August 13, 2025

STATE OF TEXAS §
§
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 Hunt Companies, 601 N. Mesa, Suite 1900, El Paso, Texas 79901, a meeting place of the Board of Directors of the District (the "Board"), and by video/telephone conference call at 11:30 a.m. MT on Wednesday, August 13, 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 Mills entered the meeting by video/telephone conference call during discussion of Agenda Item No. 2.

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; Lexi Kolmodin of Municipal Accounts & Consulting, L.P.; Shane Mercer and Franklin Stubbs of Hunt Companies; Adrian Rosas and Frank Ortiz of TRE & Associates; Nadia Ganser of TRE & Associates (by video/telephone conference call); Maria Urbina of Hilltop Securities Inc.; and Garry Montgomery of Utility Engineering Group PLLC (by video/telephone conference call). Lorena Quezada of El Paso Disposal LP entered the meeting during discussion of Agenda Item No. 2.

1. As its first item of business, the Board considered the July 16, 2025, Board meeting minutes. Upon a motion by Director Haddad and a second by Director Roark, 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, and updated the Board on billing issues with AVR, Inc. No action was taken by the Board.

- **District facility site.** Mr. Montgomery presented the following items for the Board's consideration related to the District building facility site construction project:
  - **Contingency Line Item – $126,215** (5% of bid amount totaling $2,524,305) to be set aside **for cost adjustments** to keep the project on schedule. Upon a motion by Director Covington and a second by Director Borrett, the Board

unanimously approved the foregoing contingency line item. The Board authorized the President to approve additional pay estimates and/or change orders in between meetings.

- **Engineer's Letter of Recommendation: Medlock Commercial Contractors, LLC - $2,524,305**
  Upon a motion by Director Roark and a second by Director Covington, the Board unanimously approved the foregoing letter of recommendation.

Ms. Livingston reported on the following items:

- **Pond maintenance.** Pond maintenance is ongoing as scheduled.
- **Landscape Maintenance and Landscape Maintenance Acceptances.** Landscape maintenance is ongoing as scheduled.
- **Trucks, Equipment and Materials Purchasing.** Additional trucks will be purchased in Fiscal Year 2025-2026.
- **Personnel.** Additional employees will be hired in Fiscal Year 2025-2026.

3. The Board then considered bills and invoices, investments and other financial management matters. Lexi Kolmodin presented the financial reports for the District along with bills and invoices. After discussion, upon a motion by Director Borrett and a second by Director Covington, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 8779-8840), and (ii) a transfer to the litigation escrow account in the amount of $80,183.26. Ms. Kolmodin noted that Check No. 8840 payable to El Paso Disposal replaced Check No. 3735. She also reminded the Board that accounts receivable items have not been reconciled since October 2024 due to billing issues with AVR, Inc. Director Roark appointed Directors Covington and Haddad to a committee to prepare a salary package for the General Manager. Mr. Montgomery left the meeting during discussion of this item.

Ms. Kolmodin next presented the Amended 2025 Budget. After discussion, upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved the Amended Budget for Fiscal Year End 2025.

4. The Board next considered setting a proposed tax rate and setting a date for a hearing regarding adoption of final tax rates. Upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved the following: (1) a proposed tax rate not to exceed $0.75/$100 of assessed valuation; (ii) establishment of a hearing date for consideration of final tax rates on Wednesday, August 27, 2025, at 11:30 a.m. CDT at the offices of TRE & Associates, LLC, located at 6101 West Courtyard, Building One, Suite 100, Austin, Texas 78730; and (iii) publication of the required notice for the public hearing.

5. The Board then considered a preliminary Budget for Fiscal Year End 2026. No action was taken by the Board.

6. As its next item of business, the Board considered the engagement of an auditor for preparation of the annual audit. The Board reviewed West, Davis & Company LLP's understanding of the services to be provided to the District for the year ended September 30, 2025.

Upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved West, Davis & Company LLP's engagement letter.

7. Mr. Stubbs introduced Shane Mercer, then gave a brief update under the Developer's Report. No action was taken by the Board.

8. 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. 2 - $500,580.00
- Pay Estimate No. 3 - $213,772.50

After discussion, upon a motion by Director Haddad and a second by Director Borrett, the Board unanimously approved the foregoing items. Ms. Ganser updated the Board on the District's TCEQ Application For Use of Surplus Funds.

9. The Board then considered contracts for Mission Ridge Boulevard Waterline Replacement Project. After discussion, upon a motion by Director Covington and a second by Director Haddad, the Board unanimously ratified the contract with Utility Engineering Group PLLC.

10. Next, the Board considered the transition of District responsibilities from Austin to El Paso. No action was taken by the Board.

11. 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 9 – Water line break along Mission Ridge Boulevard;
b. Agenda Item 11 - Wholesale water and sewer charges to District from El Paso Water Utilities;
c. Agenda Item 12 – Dispute with Inframark, LLC.; and
d. Agenda Item 13 – Lawsuit filed by Daddy O's Car Wash.

The Board recessed into executive session at 12:46 p.m. MT. The Board concluded the executive session and returned to the open meeting at 1:11 p.m. MT. No action was taken by the Board.

12. No public comments were received.

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

Approved August 27, 2025.

Secretary, Board of Directors

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