

MINUTES OF THE SPECIAL MEETING OF  
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1

Friday, January 30, 2026

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 Friday, January 30, 2026, 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, thus constituting a quorum. Directors Roark and Mills attended the meeting by video/telephone conference call. Director Covington presided over the meeting.

Also present were Geoffrey Kirshbaum, Casey Cooper and Cyndi Ferris of Terrill & Waldrop (by video/telephone conference call); Howard Slobodin of Terrill & Waldrop; Margaret Livingston, District General Manager; Joshua Garcia with the District Office; Lexi Kolmodin of Municipal Accounts & Consulting, L.P. (by video/telephone conference call); Bob West of West, Davis & Company, LLP (by video/telephone conference call); Shane Mercer and Franklin Stubbs of Hunt Companies; Adrian Rosas and Frank Ortiz of TRE & Associates; Lisa Hernandez of El Paso Disposal LP; and Ysrael Valencia.

1. Director Covington requested a motion to reorder agenda items so that the Board could consider public comments as its first item of business. Upon a motion by Director Haddad and a second by Director Borrett, the Board unanimously approved considering public comments as its first item of business. Ysrael Valencia expressed his concerns regarding landscaping and cleaning of the drainage canal on Ashford Street in Paseo del Este MUD No. 10 ("PDEMUD 10"). Ms. Livingston explained that PDEMUD 10 had been cleaned multiple times in the past few months due to Mr. Valencia's concerns about its condition. Regarding the drainage canal, Ms. Livingston outlined the maintenance crew's current rotation schedule, which prioritizes cleaning ponds in a set sequence. She also emphasized the need for thorough public input from residents in both Paseo del Este MUD Nos. 10 and 11 before proceeding with Emerald Park improvements. The Board requested that Margaret Livingston (i) provide Mr. Valencia with a copy of the survey showing ownership of the disputed parkway area, (ii) accompany Mr. Valencia to a meeting with the Town of Horizon City to clarify maintenance responsibility for the parkway area, (iii) obtain cost estimates for installing a full length or partial section of rock wall or wrought iron fence along the drainage canal to address safety concerns, and (iv) evaluate the impact of the installation of a rock wall or wrought iron fence on drainage and maintenance. Mr. Valencia left the meeting after discussion of this item.

2. As its next item of business, the Board considered the December 17, 2025, Board meeting minutes. Upon a motion by Director Roark and a second by Director Mills, the Board unanimously approved the minutes.

3. The Board then considered the General Manager's Report. Mr. Garcia presented a report on the status of development in the District and the other 10 Pasco del Este MUDs. No action was taken by the Board.

Ms. Livingston reported on the following items:

- **Billing.** The District is working with AVR to reconcile issues with team communications, training, and gaining a better understanding of how the system works.
- **District facility site.**
  - The slab is in place and walls are going up. The temporary office will be picked up at the end of February. Grade work needs to be leveled to match the rest of the site.
- **Pond maintenance.** Pond maintenance is ongoing as scheduled.
- **Landscape Maintenance and Landscape Maintenance Acceptances.** Two adjustments were made with staff. The in-house weed team is responsible for medians, parkways and ponds. Preemergent will be sprayed three times a year and Roundup will be used only when necessary.
- **Trucks, equipment and materials purchasing.** A truck was ordered for the Assistant District Manager. An additional truck is needed for the manager of the weed team.
- **Personnel.** Two temporary staff members were hired to exclusively answer incoming calls and to make disconnect calls.
- **Summary Report of General Manager-Approved Agreements.** The Information Technology Services Agreement will be discussed in Executive Session. Medlock Commercial Contractors Change Order No. 3 totaling \$12,023.83 is for an increase in curb height to accommodate the stem wall along the existing rock wall.
- **Other.** Manhole rehabilitation will be addressed this year. John Jansing and Ronald Freeman will be consulted regarding the comprehensive survey and legal documentation of all assets owned by the District. Mr. Jansing will be asked to assist with the effluent project.

4. As its next item of business, the Board considered bills and invoices, investments and other financial management matters. Lexi Kolmodin presented the financial reports for the District along with bills and invoices. Upon a motion by Director Haddad and a second by Director Borrett, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 9078-9131), (ii) a wire to Rudolph Chevrolet in the amount of \$56,066.74 for a vehicle purchase, and (iii) Capital Projects Fund Checking Account - Supplemental Check No. 2015 in the amount of \$117,937.47 payable to Medlock Commercial Contractors for Pay Application No. 5. A transfer was not made to the litigation escrow account due to concerns regarding accuracy of meter readings on some of the meters.

5. Mr. West notified the Board that the annual financial statements and audit report for Fiscal Year 2025 are not ready for consideration. The audit should be ready for consideration next month.

6. Under the Developer's Report, Mr. Mercer noted that Hunt Companies' primary focus is on residential development in Emerald Estates Unit Six in Paseo del Este MUD No. 11. He added that he will work with Ms. Livingston and The Town of Horizon City to address Mr. Valencia's concerns expressed under public comments. He indicated that he should have an update on the regional park in the next month or two.

7. The Board next considered the Engineer's Report. Mr. Ortiz presented the following pay estimate for consideration:

- Emerald Estates Unit Six**  
Drainage, Water & Wastewater Improvements  
TRE No.: 1502-12122-35
- Pay Estimate No. 5 - \$107,100

Upon a motion by Director Haddad and a second by Director Borrett, the Board unanimously approved the foregoing pay estimate. Mr. Rosas gave a brief update on commercial development.

8. The Board then considered the transition of District responsibilities from Austin to El Paso. The Board's next meeting is scheduled for Wednesday, February 25, 2026, at TRE & Associates in Austin, Texas.

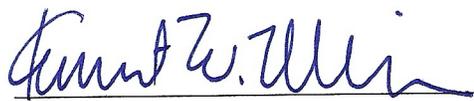
9. The President announced through General Counsel that the Board would go into executive session for consultation with legal counsel regarding the following agenda items:

- Agenda Item 2(h) - Summary Report of General Manager-Approved Agreements—Information Technology Services Agreement;
- Agenda Item 7 – Water line break along Mission Ridge Boulevard;
- Agenda Item 8 – Wholesale water and sewer charges to District from El Paso Water Utilities;
- Agenda Item 9 – Dispute with Inframark, LLC.;
- Agenda Item 10 – Lawsuit filed by Daddy O's Car Wash; and
- Agenda Item 11 – Personal injury lawsuit filed by Jesus Lopez Rodriguez

The Board recessed into executive session at 1:27 p.m. MT. The Board concluded the executive session and returned to the open meeting at 2:04 p.m. MT. The Board returned to Agenda Item No. 2(h) to consider the Information Technology Services Agreement. Upon a motion by Director Mills and a second by Director Haddad, the Board unanimously authorized counsel to initiate civil action against the information technology provider to seek injunctive relief.

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

Approved February 25, 2026.

  
Secretary, Board of Directors

