

MINUTES OF THE REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, February 25, 2026

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, 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 25, 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 except Director Haddad, thus constituting a quorum. Director Haddad entered the meeting by video/telephone conference call during discussion of Agenda Item No. 3.

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

1. As its first item of business, the Board considered the January 30, 2026, Board meeting minutes. Upon a motion by Director Mills and a second by Director Covington, the Board unanimously approved the minutes.

2. As its next item of business, the Board considered Texas law regarding District meeting places. Mr. Kirshbaum summarized the Texas Water Code Chapter 49 petition process to establish a meeting place within the District’s boundaries. No such petition or request was received and no action was taken by the Board.

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 Paseo del Este MUDs. Director Mills inquired about the increased purchase of meters. Ms. Livingston explained that the purchase of residential smart meters had increased due to billing issues encountered from having two types of meters. Approximately 9,000 meters are being converted to smart meters in the District. Once all meters are converted to smart meters, the task of reading meters will be done administratively. Director Roark inquired about customer benefits resulting from the smart meter conversion. Ms.

Livingston stated that customers will benefit from the enhanced consumption monitoring and leak detection that the smart meters offer. No action was taken by the Board.

Ms. Livingston reported on the following items:

- **District facility site.**
 - Front entrance canopy was redesigned to fit the size of the building.
 - Block walls are almost complete.
 - Roofing starts soon.
 - Temporary construction office is scheduled to be picked up by the end of the month.
 - Driveway grade is too steep and must be rebuilt.
 - Stem wall will be constructed and drainage will be installed.
- **Pond maintenance.** The District has one employee that is licensed by the Department of Agriculture to spray chemicals for pond weed control. Three processes are in place for weed control: (i) preemergent is sprayed three times a year, (ii) weeds that are missed or emerge are then treated with Roundup, and (iii) any remaining weeds are removed during regular pond maintenance. Director Roark inquired about the status of Mr. Valencia's concerns regarding landscaping and cleaning of the drainage canal on Ashford Drive in Paseo del Este MUD No. 10. Ms. Livingston explained that landscaping had been taken care of and noted that Mr. Valencia had contacted the County Commissioner with his concerns. Ms. Livingston spoke with the County Commissioner and explained that the District was conducting an effluent irrigation study and Ashford Drive would be needed for irrigation system infrastructure. Once infrastructure is installed, the District will landscape and maintain the area. Ms. Livingston explained that she will request an interlocal agreement with The Town of Horizon City once the study is complete and decisions are made. The County Commissioner agreed to speak with Mr. Valencia to ask him to be patient while the District's study is being conducted.
- **Landscape Maintenance and Landscape Maintenance Acceptances.** A contract with Accent Maintenance Company Inc. is being reviewed for consideration next month.
- **Trucks, equipment and materials purchasing.** Options for the purchase of a dump truck will be presented next month.
- **Summary Report of General Manager-Approved Agreements.** A professional janitorial and cleaning service was hired. The District made some changes to its information technology. The District has its own internet provider and WIFI connection, switched to Verizon cell phones, and hired a new security company.
- **Other.** Medlock Commercial Contractors Change Order Nos. 4, 5, 6 and 7. After discussion, upon a motion by Director Roark and a second by Director Borrett, the Board ratified the change orders.

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. Ms. Kolmodin noted that due to billing issues, accounts receivable items have not been confirmed since October 2024. Funds that are currently in TexPool will be transitioned to a Texas Class money market account over the next few months to obtain a higher interest rate.

Director Roark inquired about the discrepancy in water and sewer charges from El Paso Water. Volumetric rates are similar for both water and sewer, but the District paid almost double for sewer. El Paso Water informed the General Manager that the meter had been jammed for some time and had not been registering flow. Mr. Rosas suggested that the meter may be reading what was backed up or that El Paso Water may be back charging the District based on historical data. Ms. Livingston indicated that the meter has been replaced and is now functioning properly. Director Roark requested an explanation for the discrepancy in charges from El Paso Water.

Directors Roark and Covington recommended that the District hire a bookkeeper or controller with experience in utility billing and training. Mr. West and Ms. Kolmodin will assist the General Manager in reviewing resumes. Mr. West also recommended that the District open a separate operating account at WestStar for non-utility payment deposits and bill payments to simplify accounting. The existing WestStar lock box should be used solely for utility payments.

Upon a motion by Director Roark and a second by Director Haddad, the Board unanimously approved (i) the payment of bills and invoices as listed in the report (Check Nos. 9132-9193), (ii) Supplemental Check No. 9194 in the amount of \$800 payable to the City of El Paso for testing fees, (iii) Supplemental Check No. 9195 in the amount of \$1,192.16 payable to Xpress Cleaning Services (holding until invoice received), (iv) Supplemental Check No. 9196 in the amount of \$8,021.64 to Securitas Security Services (replacement for Check No. 9118), (v) Supplemental Check No. 9197 in the amount of \$196,059.10 payable to Medlock Commercial Contractors for Pay Application No. 6, and (vi) Supplemental Check No. 9198 payable to Mueller Inc. (holding check) for canopies, (vii) a wire to Rudolph Chevrolet in the amount of \$47,329.78 for a vehicle purchase, and (viii) a transfer to the litigation escrow account in the amount of \$123,459.38.

5. The Board did not consider the District's disbursement policy.

6. Mr. West notified the Board that the annual financial statements and audit report for Fiscal Year 2025 were not ready for consideration. He expects the audit to be ready for consideration in March.

7. Under the Developer's Report, Mr. Mercer gave a brief report regarding development in Emerald Estates Unit Six in Paseo del Este MUD No. 11. The project is on track for acceptance in late May or early June.

8. Mr. Ortiz gave a brief update on commercial projects under the Engineer's Report. The pond test site has not provided any results due to a lack of rain. John Jansing provided the General Manager with an initial report of District facilities that were purchased with bond issuances. Ms. Livingston will work with Howard Slobodin and Elena Folgueras with Terrill & Waldrop to cross reference purchases with title records to make sure the District has proper documentation. Engineers will also provide the inventory of assets to Lochner for its master water reuse study.

9. The Board then considered the transition of District responsibilities from Austin to El Paso. Director Roark asked if alternating meetings between Austin and El Paso was still convenient for the Board and the Board agreed that alternating meetings should continue. The

Board's next meeting is scheduled for Wednesday, March 25, 2026, at Hunt Companies in El Paso, Texas.

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

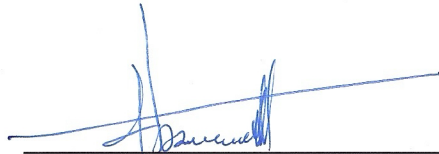
- (a) Agenda Item 9 - Water line break along Mission Ridge Boulevard;
- (b) Agenda Item 10 - Wholesale water and sewer charges to District from El Paso Water Utilities;
- (c) Agenda Item 11 - Dispute with Inframark, LLC;
- (d) Agenda Item 12 - Lawsuit filed by Daddy O's Car Wash; and
- (e) Agenda Item 13 - Personal injury lawsuit filed by Jesus Lopez Rodriguez.

The Board recessed into executive session at 12:29 p.m. CT. The Board concluded the executive session and returned to the open meeting at 1:08 p.m. CT. No action was taken by the Board.

11. The Board provided time for public comments but received none.

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

Approved March 25, 2026.



Assistant Secretary, Board of Directors

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