MINUTES OF THE REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, May 27, 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 regular meeting, open to the public, at Hunt Companies, 601 N. Mesa, Suite 1900, El Paso, Texas 79901, 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. MT on Wednesday, May 27, 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 Covington and Mills attended the meeting by video/telephone conference call. Director Roark presided over the meeting.

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; Karla Espinoza, Joshua Garcia and Arturo Berumen with the District office; Lexi Kolmodin of Municipal Accounts & Consulting, L.P. (by video/telephone conference call); Adrian Rosas and Frank Ortiz of TRE & Associates; Shane Mercer of Hunt Companies; and Evan Batton of Utility Engineering Group (by video/telephone conference call).

1. As its first item of business, the Board considered the April 22, 2026, Board meeting minutes. Upon a motion by Director Roark and a second by Director Haddad, the Board unanimously approved the minutes.

2. The Board then considered the General Manager's Report. Mr. Garcia presented a report on the status of development and operations within the District and the other ten Paseo del Este MUDs. No action was taken by the Board.

Ms. Livingston reported on the following items:

- **Billing.** A billing accountant was hired; she is working with Lexi Kolomodin to resolve billing issues.
- **District facility site.**
    - Installation of drywall and bathroom tiles are currently underway.
    - Doors have been installed.
    - Onsite landscaping has been installed. Landscaping is being installed on the parkway leading to the building.

    - The building is on track to be completed in late July or early August.
- **Pond maintenance.** Pond maintenance is on schedule.
- **Landscape maintenance and landscape maintenance acceptances.** Landscape maintenance is on schedule. In addition to pond maintenance, the District's "weed crew" has been tasked with removing weeds in some of the landscaping.
- **Trucks, equipment, and materials purchasing.** The recently purchased dump truck is scheduled be picked up on May 28, 2026. The vactor truck is scheduled to be delivered in the fall. Two additional trucks were ordered for the field technicians. Small equipment purchases were made, including weed eaters, blowers, etc. Ms. Livingston discussed furniture needed for the new building noting that furniture costs were included in the budget. Upon a motion by Director Borrett and a second by Director Haddad, the Board authorized Director Roark to negotiate and execute the purchase order for building furniture in an amount of approximately $96,000.00.
- **Personnel.** Additional billing clerks will be hired when business operations are moved to the new building.
- **Summary Report of General Manager-Approved Agreements.**
    - i3Verticals – Sewer Averaging Agreement was approved on May 4, 2026.
- **Other.** No other matters were discussed.

3. As its next item of business, the Board considered H.W. Lochner Inc.'s Engineering Services Agreement for the Master Water Reuse Study – Hydraulic Modeling, Reuse Study and Master Plan Development – Phase II. After discussion, upon a motion by Director Mills and a second by Director Covington, the Board authorized Director Roark to execute the agreement, with a noted spelling correction in Article V, No. (2).

4. 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. 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 (General Operating Fund ("GOF") Check Nos. 9328-9381), (ii) GOF Supplemental Check No. 9382 in the amount of $317.14 payable to Hammer Performance LLC for a wireless GPS package for trailer, (iii) GOF Supplemental Check No. 9383 in the amount of $279,155.17 payable to Medlock Commercial Contractors, LLC for Burnett Maintenance Facility – Pay Application No. 9, (iv) GOF Supplemental Check No. 9384 in the amount of $93,558.49 payable to Mueller Inc. for park canopies, and (v) a transfer of $97,665.12 to the Litigation Escrow Account that includes both March and April transfers. Ms. Kolmodin reiterated that accounts receivable amounts are not confirmed starting in October 2025 pending receipt of correct reports. She is working with the new billing accountant to get those reports corrected.

Director Roark inquired about Expense 16204 – Purchase Sewer Service – PSB noting that the District is over budget by approximately $900,000.00. Ms. Kolmodin confirmed that the credits received from El Paso Water were included in the $900,000.00 amount. Director Roark reiterated his observation that a large discrepancy remains in what the District paid for both water and sewer purchases even though volumetric wholesale rates are similar for each. Ms. Kolmodin and the District's rate consultant believe that additional large adjustments should be made by El Paso Water. Arturo Berumen reported that El Paso Water has acknowledged that it has problems with its meters and is working to recalibrate its meters.

5. As its next item of business, the Board considered:

a. Amending District charges for services from the District, including retail water, wastewater and solid waste rates and fees; and
b. NewGen Strategies & Solutions, LLC's proposal to conduct a comprehensive water rate and fee study.

The General Manager requested that the Board postpone amending District charges pending a potential large scale rate study that will take six to nine months to complete. No action was taken by the Board.

6. Mr. Mercer gave a brief update under the Developer's Report. He noted that unauthorized ATV usage in open spaces has increased along with an increase in homeowner concerns. The General Manager and Hunt are working with the El Paso County Sheriff's Department on this issue. The Emerald Estates Unit Six development is scheduled for District acceptance in June.

7. The Board then considered the Engineer's Report. Messrs. Rosas and Ortiz provided updates on construction projects. The following items were presented for consideration:

Emerald Estates Unit Six

- Water and Wastewater Service Commitments

Upon a motion by Director Roark and a second by Director Haddad, the Board unanimously approved the foregoing service commitments.

TRE is updating the District's **Emergency Preparedness Plan** as required by the Texas Commission on Environmental Quality.

Horizon Regional Municipal Utility District Effluent Project: The treatment plant is under construction with a projected completion date scheduled for the fall of 2028. The HRMUD well project has been initiated. El Paso Electric has requested an easement for the project.

8. As its next item of business, the Board considered the transition of District responsibilities from Austin to El Paso. Director Haddad suggested that the Board consider a formal written transition plan. The group debated whether a formal written transition plan was needed, with Director Roark expressing reluctance to make wholesale changes to consultants that provide specialized services not available in the El Paso area given the District's complex operations and success without such changes, while Director Mills noted that the transition was already underway through Board member changes to local residents and efforts to move, which was discussed in past meetings, and establishment of a District facility. Director Roark requested that the Board consider and discuss at its June meeting (a) a transition plan for Board membership, including strategies for encouraging local resident participation, and (b) moving operations to El Paso. The Board's next meeting is scheduled for Wednesday, June 24, 2026, in Austin, Texas. The July meeting was scheduled for the last Wednesday in July on July 29, 2026, in El Paso to accommodate schedules.

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:

(a) Agenda Item 4 – Agreements related to Mission Ridge stormwater retention facility repair.
(b) Agenda Item 9 - Water line break along Mission Ridge Boulevard;
(c) Agenda Item 10 - Wholesale water and sewer charges to District from El Paso Water Utilities;
(d) Agenda Item 11 - Dispute with Inframark, LLC;
(e) Agenda Item 12 - Lawsuit filed by Daddy O's Car Wash; and
(f) Supplemental Agenda Item No. 1 - NewGen Strategies & Solutions, LLC's Proposal to Conduct a Comprehensive Water Rate and Fee Study.

The Board recessed into executive session at 12:56 p.m. MT. The Board concluded the executive session and returned to the open meeting at 2:00 p.m. MT. The Board scheduled an emergency meeting for Thursday, May 28, 2026, at 8:00 a.m. MT at Hunt Companies, 601 N. Mesa, Suite 1900, El Paso, Texas 79901, to consider and take action on Agenda Item 4 – agreements related to Mission Ridge stormwater retention facility and Agenda Item 9 – water line break along Mission Ridge Boulevard.

10. 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 June 24, 2026.

Secretary, Board of Directors

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