MINUTES OF THE REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 1
Wednesday, June 24, 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, June 24, 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
Vacancy	Assistant Secretary

and all of said persons were continuously present, thus constituting a quorum. Director Covington attended the meeting by video/telephone conference call. Director Roark presided over the meeting.

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, General Manager; Karla Espinoza and Joshua Garcia with the District office (by video/telephone conference call); Bob West of West, Davis & Company, LLC; Lexi Kolmodin of Municipal Accounts & Consulting, L.P.; Adrian Rosas and Frank Ortiz of TRE & Associates; Lisa Hernandez of El Paso Disposal; Chris Ekrut of NewGen Strategies & Solutions, LLC; and Jorge Azcarate of CEA Group (by video/telephone conference call). Shane Mercer of Hunt Companies entered the meeting by video/telephone conference call during discussion of Agenda Item No. 4.

1. As its first item of business, the Board considered the May 27, 2026, and May 28, 2026, Board meeting minutes. Upon a motion by Director Haddad and a second by Director Mills, the Board unanimously approved the May 27, 2026, and May 28, 2026, 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.** Progress is being made on the billing issues. The District engaged a new billing provider. It will take approximately one year to move to the new billing system.

- **District facility site.**
    - Painting is complete.
    - The exterior of the building and landscaping are complete.
    - The El Paso Electric connection is pending.
    - HVAC and interior finish out items are pending.
    - Flooring will be installed after the HVAC installation.
- **Pond maintenance.** Pond maintenance is on schedule.
- **Landscape maintenance and landscape maintenance acceptances.** Landscape maintenance is on schedule.
- **Trucks, equipment, and materials purchasing.** The dump truck has been outfitted. The vactor truck is scheduled to be delivered in September or October. Two additional trucks were purchased.
- **Personnel.** Two additional field guys need to be hired.

3. As its next item of business, the Board considered ratifying Shelby Distributions' Purchase Order for the procurement of furniture for the District building. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously ratified the purchase order for furniture.

4. The Board then considered a Capital Projects Engineering Services Agreement authorization document proposed by the District's General Manager. Mr. Slobodin explained that the District is required to comply with the Professional Services Procurement Act of the Texas Government Code. Mr. Slobodin also explained that engineering services are professional services that cannot be bid by public entities in the State of Texas; they must be selected through a qualifications-based process. The District issued a Request for Qualifications and in response received Statements of Qualifications that were evaluated for the purpose of establishing an "on-call" list of engineering firms that are qualified to perform different scopes of work. Management recommends that the District engage the following firms to start design of the following five capital projects: (i) park improvements (CEA Group), (ii) manhole rehabilitation (Lochner), (iii) north elevated storage tank (preliminary design) (Parkhill, Smith and Cooper), (iv) third El Paso Water interconnection (preliminary design) (Parkhill, Smith and Cooper), and (v) 18-inch wastewater line replacement (CEA Group). Engagement of these firms would be subject to the availability of funds in the District's Fiscal Year 2026 Budget or from contract tax revenue bond proceeds. If construction of a project exceeds $150,000.00, the project must be publicly bid and awarded to the lowest bidding contractor. All firm engagements will be executed on the District's Engineering Services Agreement form. Construction contracts for the foregoing projects will be presented to the Board after completion of engineering design. Director Roark requested a detailed needs analysis, combination ground storage and smaller elevated tank option, and justification for the north elevated storage tank project due to historical pressure and flow problems in the area. Manhole rehabilitation was also discussed. Upon a motion by Director Mills and a second by Director Roark, the Board authorized the General Manager to engage pre-qualified engineering firms identified in her memo to the Board, dated June 23, 2026, to commence design of the foregoing projects by a vote of 3-0. Director Haddad abstained from the vote.

5. As its next item of business, the Board considered NewGen Strategies & Solutions, LLC's ("NewGen") proposal to conduct a comprehensive water rate and fee study. Chris Ekrut

explained the study's key elements: data integrity (verifying billing data), revenue sufficiency (matching revenues to expenses), maintaining adequate reserves, bond coverage, credit quality, and funding capital improvement programs. He noted that a rate study protects the District from arbitrary and capricious rate-setting claims if rates are appealed to the Public Utility Commission. He described additional scope of services as a contingency bucket for items outside the standard scope of the study, such as deeper billing data analysis or working with prior billing providers. He noted that additional scope of services would only be used with District agreement and written authorization. Mr. Ekrut confirmed that (i) NewGen does not have a conflict of interest with El Paso Water, (ii) the study would not overlap with Jay Joyce's work concerning the wholesale rate dispute with El Paso Water, or (iii) duplicate the District's work involving billing issues with AVR. After discussion, upon a motion by Director Covington and a second by Director Mills, the Board unanimously approved NewGen's proposal. Mr. Ekrut left the meeting after discussion of this item.

6. The Board then considered agreements related to the Mission Ridge stormwater retention facility repair. Director Roark explained that a stormwater drainage pipe, sometimes also referred to as a "culvert," under the District's planned pipeline route was damaged when someone built a fire inside it, burning out the plastic lining. The Camino Real Regional Mobility Authority (the "CRRMA") had $274,000 budgeted to repair the damaged stormwater drainage pipe, but CRRMA was not able to complete the repair right away due to insufficient funds. CRRMA planned to wait until its next budget year to complete the repair. The District needs the stormwater drainage pipe repaired promptly to proceed with its Mission Ridge Phase 2 regional public drinking water pipeline installation and agreed to contribute approximately $60,000 to $70,000 to cover the shortfall. The expenditure was justified as necessary to control costs and avoid further damage or delays to the District's Mission Ridge Phase 2 public drinking water pipeline project. CRRMA will provide its remaining budget balance upfront. Hunt agreed to complete the rock wall, wrought iron fencing and gates around the adjacent pond. After the stormwater drainage pipe repair is made, the County of El Paso will deed the adjacent pond to the District for maintenance. The District will also repair and take over maintenance of landscaping in the Phase 2 Section of Mission Ridge Boulevard after the District's public drinking water pipeline construction is complete. General Counsel noted that Exhibit A of the agreement clearly delineates what the District is and is not responsible for. Upon a motion by Director Mills and a second by Director Haddad, the Board unanimously ratified Director Roark's execution of the Interlocal Agreement between the District and the Camino Real Regional Mobility Authority, dated June 16, 2026.

7. 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 Covington, the Board unanimously approved (i) General Operating Fund ("GOF") Check Nos. 9385-9448, (ii) a wire to Rudolph Chevrolet in the amount of $94,984.40 for two trucks, (iii) ratification of a wire to El Paso Electric Company in the amount of $98,482.08 for a line extension at 460 Bill Burnett Drive, (iv) Capital Projects Fund ("CPF") Check Nos. 2017-2019, and (v) a transfer of $21,984.74 to the Litigation Escrow Account. Ms. Kolmodin noted that accounts receivable amounts are not confirmed beginning November 2025 pending receipt of correct District reports. She is working with the new billing accountant to correct the District's reports.

8. The Board then considered engagement of auditor for preparation of annual audit. The Board reviewed West, Davis & Company LLP's understanding of the auditor services to be provided to the District for the year ended September 30, 2026. After discussion, upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved West, Davis & Company LLP's engagement letter for auditor services.

9. As its next item of business, the Board considered review of the District's Investment, Records Retention and Ethics policies. After discussion, upon a motion by Director Haddad and a second by Director Roark, the Board unanimously approved (i) the Resolution Reviewing and Approving the Investment Policy with a minor correction to the Secretary's Certificate for Resolution, and (ii) the 2026 List of Authorized Brokers. The Board then discussed the Records Retention Policy and Ethics Policy, including the Local Government Officer Conflicts Disclosure Statement. Mr. Kirshbaum emphasized the statutory requirement that Directors complete the Conflicts Disclosure Statement if a conflict exists.

10. The Board then considered the Developer's Report. Mr. Mercer noted that the Emerald Estates Unit Six development is scheduled for District acceptance in June.

Mr. Mercer also discussed the Texas House of Representatives Notice of Public Hearing scheduled for July 21, 2026, by the Committee on Land and Resource Management. The hearing is focused on the proliferation of MUDs and evaluating their impact on housing attainability, affordability and growth management challenges. He expressed the position that MUDs and special districts have been a key part in the state's success in maintaining housing affordability by increasing supply to match or exceed demand, and emphasized the importance of telling a positive story regarding MUDs in the upcoming legislative session.

Mr. Mercer also reported that El Paso County passed its legislative agenda, including an adopted position to advocate for a residency requirement for El Paso County MUD board members. He noted that this position was introduced in the prior legislative session as well and that El Paso County is expected to lobby in favor of it at the July 21 hearing and throughout the legislative session.

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

Emerald Estates Unit Six

- Pay Application No. 6 (final) - $286,356.80
- Acceptance for Operation and Maintenance

Emerald Heights Unit Three

- Pay Application No. 4 (final) – $117,043.60
- Acceptance for Operation and Maintenance

After discussion, upon a motion by Director Haddad and a second by Director Mills, the Board unanimously approved the foregoing items.

Mr. Rosas then updated the Board on the status of commercial developments.

12. As its next item of business, the Board considered ratifying El Paso Electric's Line Extension Agreement to provide electricity to the District's new building. After discussion, upon a motion by Director Roark and a second by Director Haddad, the Board unanimously ratified the agreement that was executed by Director Roark on June 11, 2026.

13. The Board then considered the transition of District responsibilities from Austin to El Paso County. Director Roark discussed the District's progress in transitioning from Austin-based to El Paso County-based operations and governance. He reviewed the District's 23-year history, noting original operators, engineers and attorneys were all Austin- and Houston-based. He noted that significant transitions had already been made: operations were moved in-house; TRE & Associates was based in El Paso and Austin; customer billing was in the process of moving in-house; and the District's new building was located in El Paso County. He expressed reluctance to create a formal written transition schedule, preferring natural transitions to occur. He noted that Austin-based Board members have terms to complete and will eventually be replaced by El Paso area residents. He acknowledged that selecting the most experienced and appropriate consultants regardless of location makes sense. Director Mills provided historical context noting that District land was originally owned by the Texas Permanent School Fund, the District was created by the Texas Legislature, and the original legislation allowed Board members to reside in either El Paso or Travis Counties. All five original Board members were residents of Travis County.

14. 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 10 - 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;
(d) Agenda Item 13 - Lawsuit filed by Daddy O's Car Wash; and
(e) Agenda Item 14 – Transition of District responsibilities from Austin to El Paso.

The Board recessed into executive session at 1:17 p.m. CT. The Board concluded the executive session and returned to the open meeting at 1:44 p.m. CT. The Board scheduled its July meeting for Wednesday, July 29, 2026, in El Paso.

15. 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 July 29, 2026.

Secretary, Board of Directors

Paseo del Este Municipal Utility District No. 1