

MINUTES OF REGULAR MEETING OF
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 5
Thursday, April 8, 2021

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

The Board of Directors of Paseo del Este Municipal Utility District No. 5 (the "District") held a regular meeting, open to the public, by video/telephone conference call only, at 10:30 a.m. MT on Thursday, April 8, 2021, and the roll was called of the directors of the Board, to-wit:

Mike McLean	President
Salvador Alonzo, Jr.	Vice President
Humberto Juarez	Secretary
Veronica Lascurain	Assistant Secretary
Gerardo Sanchez	Assistant Secretary

and all said persons were continuously present, thus constituting a quorum.

Also present were Ronald J. Freeman and Cyndi Ferris of the Law Offices of Ronald J. Freeman; Kristi Hester and Daniel Martinez of Inframark; Taylor Kolmodin and Mike Puffer of Municipal Accounts & Consulting, L.P.; Bob West of West Davis & Company, LLP; and Nadia Ganser of TRE & Associates, LLC. Franklin Stubbs of Hunt Communities entered the meeting during discussion of Item No. 6.

1. The Board first considered approval of the minutes of the Board's March 11, 2021, meeting. Director Juarez made a motion to approve the minutes. Director McLean seconded the motion, which the Board passed unanimously.

2. As its next item of business, the Board received a report from Paseo del Este MUD No. 1 regarding Master District activities. Mr. Freeman and Ms. Kolmodin summarized the following activities:

- a. The Master District is considering adjusting its retail rates to account for an unprecedented 23.9% wholesale rate increase received from the PSB that went into effect April 1;
- b. The Master District is not in a position to absorb the increased costs from the PSB and will need to raise its rates for retail services, the only source of revenue it has for the remainder of the year;
- c. A team of PDEMUD 1 consultants met with the General Manager of the PSB regarding the methodology used to determine the rate increase; and
- d. Meanwhile, normal protocol for retail disconnections in the PDEMUDs resumed April 1, 2021.

3. The Board then considered the General Manager's and Operator's Reports. Mr. Martinez invited Board members to Inframark's Builder Appreciation Lunch on April 27, 2021, within the Paseo del Este District. He then presented a report on the status of development in the District and other districts. No action was taken by the Board.

4. As its next item of business, the Board considered approving payment of bills and invoices and the financial report. After discussion, Director McLean made a motion to approve the payment of (i) the bills and invoices in the report (Check Nos. 5667-5678), and (ii) Supplemental Check No. 5679 in the amount of \$1,580.97 payable to Municipal Accounts & Consulting. Director Sanchez seconded the motion, which the Board passed unanimously. A copy of the Bookkeeper's Report is attached to these minutes.

5. The Board then 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, 2021. Director Lascurain made a motion to approve West, Davis & Company' LLP's engagement letter and Director Juarez seconded the motion, which was unanimously approved by the Board. Mr. McLean left the meeting after discussion of this item and stated that he would not participate in the discussion of, or action on, Item No. 6 due to a conflict of interest because he is a partner in the law firm being discussed in Item No. 6.

6. The Board next considered general counsel services. Mr. Freeman asked the Board to consider hiring Gordon Davis Johnson & Shane, PC, an El Paso firm, to replace him as general counsel so that the District could have representation from a well-qualified, local firm to work with the District and the other PDEMUDs 2-9 on general legal matters other than bond counsel work which would remain with McCall, Parkhurst & Horton, LLP. Mr. Freeman would also remain as General Counsel to PDEMUD 1, the Master District. He stated that PDEMUD 1 is extremely busy and he would like to be able to focus more attention on representing the Master District on its general legal matters. Mr. Freeman recommended the El Paso firm of Gordon Davis Johnson & Shane, PC to be General Counsel for the District and the other PDEMUDs 2-9. Mr. Freeman summarized Mike McLean's and his law firm's experience and areas of practice and involvement with the Paseo del Este development as President of PDEMUD 5 for many years. Mr. Freeman indicated that Director McLean would be retiring as President of PDEMUD 5 if his firm is retained by PDEMUDs 2-9. At the request of Mr. Freeman, no action was taken by the Board.

7. The Board then considered the Developer's Report. Mr. McLean rejoined the meeting during discussion of this item. Mr. Stubbs gave a brief report on development in the Paseo del Este MUDs. No action was taken by the Board.

8. As its final act of business, the Board considered the Engineer's Report. Ms. Ganser gave a brief report. No action was taken by the Board.

9. No public comments were received.

There being no further business, the meeting was adjourned.

Approved May 13, 2021.

(SEAL)



Secretary, Board of Directors