

MINUTES OF MEETING
OF
BOARD OF DIRECTORS

STATE OF TEXAS §
COUNTY OF EL PASO §
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 10 §

The Board of Directors of Paseo del Este Municipal Utility District No. 10 of El Paso County met in regular session, open to the public, on June 1, 2021, said regular session of the Board of Directors being conducted solely by use of Zoom Video and telephone conference. The roll was called of the directors of the Board, to-wit:

| | |
|----------------------------|---------------------|
| Luis Ortega | President |
| Greg Spence | Vice President |
| B. D. Reynolds, Jr. | Secretary |
| Martin N. "Teen" Lettunich | Assistant Secretary |
| Antonio Gallardo | Assistant Secretary |

All of said persons were present via Zoom Video and telephone conference thus constituting a quorum, with Director Lettunich joining the meeting in progress during the discussion of Item 5 in these minutes. Also in attendance via Zoom Video and telephone conference were Kristi Hester and Daniel Martinez of Inframark, LLC; Margaret Livingston of Franklin Mountain Land Services, LLC; Linda Troncoso of TRE & Associates; Franklin Stubbs of Hunt Communities; Nur Labardini of Municipal Accounts and Consulting, L.P.; and Ty Embrey, attorney, and Joe Jimenez, paralegal, of Lloyd Gosselink Rochelle & Townsend, P.C.

1. The first item on the agenda was to consider and take action concerning qualifying newly elected directors. Mr. Embrey explained that after each directors' election, the elected directors need to make and execute the sworn statement of office and oath of office. Directors Ortega and Valencia, completed and executed their respective sworn statements and oaths of office. Director Spence executed the Certificates of Election of Directors Ortega and Valencia.

2. The next item before the Board was to consider and take action concerning the election of officers. Mr. Embrey explained that after each directors' election, the Board elects officers. After further discussion, upon a motion by Director Spence and a second by Ortega, the Board unanimously approved the appointment of Director Ortega to the office of President and Director Valencia to the office of Assistant Secretary with all other officers' positions for the directors of the District remaining the same, as follows:

| | |
|----------------------------|---------------------|
| Luis Ortega | President |
| Greg Spence | Vice President |
| B. D. Reynolds, Jr. | Secretary |
| Martin N. “Teen” Lettunich | Assistant Secretary |
| Ysrael Valencia | Assistant Secretary |

3. The next item on the agenda was the review and approval of the minutes of the Board meeting of May 11, 2021. Upon a motion by Director Ortega and a second by Director Spence the minutes of said meeting were unanimously approved.

4. The next item before the Board was to consider public comments. No persons presented themselves via conference call to speak at the meeting. There was no action required by the Board on this agenda item. No action was taken by the Board.

5. The next item before the Board was to consider an update and information on activities of the Paseo del Este Municipal Utility District No. 1 (“MUD No. 1”). Ms. Troncoso report on the field investigation being conducted by Utilis to identify the cause for the water loss that the Paseo MUD Districts have been experiencing. Ms. Troncoso reported that Utilis has identified water leaks at some random irrigation service points but that Utilis has not identified the major source of the water leaks that would account for the large quantity of water loss that the Paseo MUD Districts have been experiencing.

Ms. Troncoso provided the Board with an update regarding the 24% rate increase that the El Paso Water Public Service Board (“PSB”) proposed to the District’s wholesale water rates. Ms. Troncoso noted that if the entire PSB rate increase was passed along to the residents, then it would have resulted in a 26% increase to the residents of the District. In April, the MUD No. 1 Board approved a 14% rate increase. MUD No. 1 is in the process of communicating its objection to the PSB rate increase and has also not agreed to pay the 24% rate increase being assessed. Further, Ms. Troncoso reported that, in the interim, the MUD No. 1 Board has engaged, through TRE Engineering, Ms. Margaret Livingston to handle public relations efforts to keep the residents informed and educated on the 14% rate increase.

Director Valencia asked if the District’s water rates could end up higher than the 14% rate increase approved in April by the MUD No. 1. Ms. Troncoso replied that the PSB and the MUD No. 1 Board are in discussions about the water rate that should be assessed based on the current PSB contract. Ms. Troncoso explained that the 14% approved by the MUD No. 1 Board is based on what MUD No. 1 believes is the cost of service and aligned with the methodology set forth in the PSB contract. If the PSB and the MUD No. 1 Board cannot reach agreement on the water rate, there is the potential risk that the water rates could end up higher. There was no action required by the Board on this agenda item. No action was taken by the Board.

6. The next item before the Board was to consider the operator’s report. Mr. Martinez next presented the operator’s report, a copy of which is attached as **Exhibit “A”**. Mr. Martinez reported that as of the end of April the District had 1,104 total connections, and that twelve new connections were added during the current month. Mr. Martinez provided a brief summary of the activities for April to the Board on the following: (1) an update of activities and

improvements to the District's distribution system; (2) an update on the population and occupancy rates during the current month; (3) an update on the number of delinquent accounts during the current month; and, (4) reported on the latest construction and maintenance activity within the Paseo del Este community and growth trends for the Paseo del Este MUD No. 10.

7. Ms. Troncoso next presented the engineer's report and updated the Board on the status of development activity within the District and the Paseo del Este community.

8. Mr. Stubbs next presented the developer's report and updated the Board on the status of development activity within the District and the Paseo del Este community.

9. The Board next considered the bookkeeper's report, a copy of which is attached as **Exhibit "B"**. Ms. Labardini provided the Board with a list of disbursements and balances, and presented a list of bills for payment for the Board's review and approval, including the following supplemental check: Supplemental Check No. 4750 in the amount of \$3,699.57 payable to Lloyd Gosselink Rochelle & Townsend, P.C.

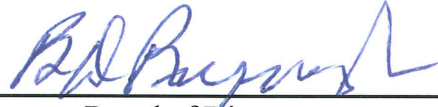
Upon a motion by Director Ortega and a second by Director Spence, the Board unanimously approved the bookkeeper's report with the list of disbursements and balances, and the list of bills presented for payment, including Supplemental Check No. 4750 in the amount of \$3,699.57 payable to Lloyd Gosselink Rochelle & Townsend, P.C.

10. The Board next considered the general counsel's report. Mr. Embrey informed the Board that the 87th Regular Session of the Texas Legislature ended Sine Die on May 31, 2021. Mr. Embrey reported that June 20, 2021 is the last day for Governor Abbott to sign or veto bills passed during the regular session. Mr. Embrey reported that Governor Abbott will call a (i) special session to address issues that were not address during the regular session; and (ii) second special session to address the 2021 redistricting process. Mr. Embrey reported that he would provide a legislative report to the Board at the July Board meeting.

Mr. Embrey reported that there is speculation that Governor Abbott's will not renew the disaster declaration, which suspended the provisions of the Open Meetings Act. Mr. Embrey explained that if Governor Abbott's does not renew the disaster declaration, then the Board would need to start holding in-person meetings. Mr. Embrey reported that he would keep the Board apprised of whatever action Governor Abbott's takes with regard to the disaster declaration.

11. There being no further business before the Board, it was moved by Director Ortega, and seconded by Director Lettunich, to adjourn the meeting, which motion carried unanimously.

Passed and approved this 6th day of July, 2021.



Secretary, Board of Directors

(DISTRICT SEAL)

