

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 August 3, 2021, at its meeting place within the District at the offices of Inframark, LLC, 13034 Eastlake Boulevard, Suites D-E, El Paso, Texas and via 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
Ysrael Valencia	Assistant Secretary

All of said persons were present and via telephone conference thus constituting a quorum. Also in attendance were Daniel Martinez of Inframark, LLC; Margaret Livingston of Franklin Mountain Land Services, LLC; Andre Ayala of Hilltop Securities; 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 the review and approval of the minutes of the Board meeting of July 6, 2021. Upon a motion by Director Ortega and a second by Director Lettunich the minutes of said meeting were unanimously approved.

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

3. The next item before the Board was to review the tax rate recommendation, set the date for the public hearing, and authorize the publication of the notice of the public hearing on the tax rate.

Mr. Ayala next presented tax rate recommendation letter from Ms. Urbina, a copy of which is attached as **Exhibit "A"**. Ms. Urbina's letter recommendation to the Board is that the Board consider setting a tax rate not to exceed a rate of \$0.75 per \$100 assessed value, by setting

a debt service tax rate of \$0.3000 per \$100 assessed valuation, which leaves \$0.4500 per \$100 assessed valuation for the maintenance and operations tax and contract and reserve tax.

Mr. Embrey briefly informed the Board of the steps that the Board will need to take in setting the tax rate for the 2021 tax year (fiscal year ending September 30, 2021), including publishing a notice for a public hearing on the tax rate, which will take place on Tuesday, September 7, 2021. For purposes of today's Board meeting, Mr. Embrey informed the Board that it will (1) approve the proposed tax rate that will be included in the notice of the public hearing on the tax rate, (2) approve the date on which the public hearing will take place, and (3) approve the publication of the notice of the public hearing. Mr. Embrey noted that the notice of the public hearing will be published in the West Texas County Courier newspaper. Mr. Embrey noted that, following the public hearing, the Board will consider and adopt the tax rate and final operating budget of the District at the September Board meeting.

After further discussion, it was moved by Director Ortega and seconded by Director Spence that the public hearing on the tax rate be scheduled for Tuesday, September 7, 2021 and further that the notice be published in the West Texas County Courier newspaper with a proposed tax rate of \$0.75 per \$100 assessed value, which motion carried unanimously.

4. The next item before the Board was to consider and discuss the District's preliminary operating budget for the fiscal year ending September 30, 2022, a copy of which is attached as **Exhibit "B"**. Ms. Labardini presented the preliminary operating budget to the Board and informed the Board that a copy of the preliminary operating budget was included in the agenda packet for their review. The Board took no action on this item. The Board will consider and adopt the final operating budget of the District at the September Board meeting.

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. Livingston provided the Board with an update on MUD No. 1's efforts to resolve the issue of the rate increase that the El Paso Water Public Service Board ("PSB") has proposed to the District's wholesale water rates, noting that negotiations with PSB are ongoing. Ms. Livingston reported that Bob West of West, Davis & Company, has been retained to conduct an audit focused on identifying any water meter discrepancies and billing discrepancies that might trace the source of the water leaks within the District. 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 "C"**. Mr. Martinez reported that as of the end of June the District had 1,115 total connections, and that two new connections were added during the current month. Mr. Martinez provided a brief summary of the activities for June 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.

Ms. Troncoso next presented the following items for the Board's consideration and approval:

Emerald Park Unit Five
Drainage, Water and Wastewater Improvements
TRE No.: 1502-11762-35
Pay Estimate No. 2 from Bain Construction - \$149,356.40.

Upon a motion by Director Lettunich and a second by Director Valencia, the Board unanimously approved the processing for Pay Estimate No. 2 in the amount of \$149,356.40 from Bain Construction for construction of the Emerald Park, Unit Five, Drainage, Water & Wastewater Improvements. A copy of the District Engineer's letter for Pay Estimate No. 1 is attached hereto as **Exhibit "D"**.

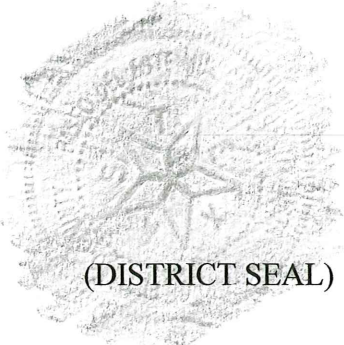
8. Mr. Stubbs next presented the developer's report and updated the Board on the status of development activity within the District and the Paseo del Este community.

9. The Board next considered the bookkeeper's report, a copy of which is attached as **Exhibit "E"**. 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. Upon a motion by Director Reynolds and a second by Director Valencia, the Board unanimously approved the bookkeeper's report with the list of disbursements and balances.

10. The Board next considered the general counsel's report. Mr. Embrey reminded the Board that the Board's September meeting will be held on Tuesday, September 7, 2021, which is the Tuesday following the Labor Day weekend. Mr. Embrey asked the Board members to review their personal calendars for any potential conflicts and to confirm that a quorum of the Board will be available for the September meeting. Further, Mr. Embrey reminded Board members to complete the cybersecurity training.

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 7th day of September, 2021.




Secretary, Board of Directors