

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

August 15, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on August 15, 2024, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Margarette Chasteen, President
DeLonne L. Johnson, Vice President
Deborah Florus, Secretary
Earl B. Boykin, Assistant Secretary
R. Gary Hasse, Director

and the following director absent:

None.

Also present were Don Cox, Al Owens, Billy Killian, Kelly Shipley, Abby Stanhouse, Christina Matzonkai, Rich Harcrow, Jeff Baughman, Clint Sutton, Debbie Shelton, Cameron Brown, Jorge Diaz, Justin Waggoner, Douglas McNiel, and Lori G. Aylett.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The Chair entertained public comments. Hearing none, the President continued with the agenda.
2. Minutes of the meetings of July 18, 2024 and August 1, 2024 were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.
3. Billy Killian of Frontier Waste presented a brief garbage report.
4. Kelly Shipley presented the engineer’s report, a copy of which is attached. First, Ms. Shipley requested authorization to advertise for bids for the Newport Pointe Lake D project. Upon unanimous vote, the Board authorized the engineer to advertise for bids for the Newport Pointe Lake D project. Then, the engineer presented Pay Application No. 5 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 3 in the amount of \$76,545.15. Upon unanimous vote, the Board approved Pay Application No. 5. Then, Ms. Shipley presented Pay Estimate No. 6 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 3 in the amount of \$69,994.05. Upon unanimous vote, the Board approved Pay Application No. 6. Then, Ms. Shipley presented Pay Application No. 6 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 4 in the amount of \$115,479.03. Upon unanimous vote, the Board approved Pay Application No. 6. Then, Ms. Shipley presented Pay Application No. 1 to Crostex

Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 5 in the amount of \$703,326.04. Upon unanimous vote, the Board approved Pay Application No. 1. Next, Ms. Shipley presented Pay Application No. 4 and Final to PLD Construction, LLC for Construction of the Clearing and Grubbing to Serve Newport Grove in the amount of \$106,330.25. Upon unanimous vote, the Board approved Pay Application No. 4 and Final. Then, Ms. Shipley recommended that the Board award the contract for the Construction of the Newport Grove Lift Station No. 1 to 5J Services, LLC for a total amount of \$856,630 and 150/330/360 calendar days. Upon unanimous vote, the Board awarded the contract to 5J Services, LLC. Then, Ms. Shipley recommended that the Board award the contract for the Construction of the Water, Sanitary Sewer, and Drainage Facilities to serve Newport Grove Section 1 to Texasite, LLC in the amount of \$1,559,326.70 and 55/65 calendar days. Upon unanimous vote, the Board awarded the contract to Texasite, LLC.

Then, Ms. Shipley presented Pay Estimate No. 3 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$78,631.20. Upon unanimous vote, the Board approved Pay Application No. 3. Next, Ms. Shipley presented Change Order No. 2 to Nerie Construction, LLC for the Sanitary Sewer Phase 4 Rehabilitation increasing the amount of the contract by \$17,294.86. Upon unanimous vote, the Board approved Change Order No. 2.

Next, Ms. Stanhouse provided an update on the District's Surface Water Treatment Plant expansion. The equipment will be prepared for factory testing and training by the end of September. The Board discussed sending the operations staff—Rich Harcrow, Jeff Baughman, and Clint Sutton—to the factory site in Canada to receive training on the equipment. Ms. Stanhouse then informed the Board that two tanks, each around 3,000 pounds, will need to be delivered before the end of August, or the District will need to pay a monthly storage cost of \$1,000 per tank. It was discussed that the District will need to rent a crane to move the tanks. Director Johnson noted that crane rentals are expensive, and he suggested the operator and the engineer compare the cost of crane rental with the cost of storage. The attorney then noted that the District's property insurance replacement values need to be updated to account for any equipment delivered to the plant site.

Lastly, the engineers discussed the feasibility study for the extension of service to the Shahbazi Tract and the Kids Them Sum Investment Tract. The study presented two options for the extension of service. Option "A" involves extending the existing utilities along Marlin Spike Way and has an estimated cost of \$150,000. Option "B" involves the installation of water lines along FM 2100 and has an estimated cost of \$210,000. The engineer noted that Option "B" would allow for the District to have utility infrastructure to serve future customers along FM 2100. The engineer also noted that based upon the proposed value of the properties and the usage volumes the District would be financially better served by offering out-of-District service as opposed to annexing the properties. The engineers will provide the property owners with the report and discuss the options. The Board expressed preliminary support for Option "B" and providing out-of-district service.

Upon unanimous vote, the Board approved the engineer's report as presented.

5. Ms. Aylett did not have an attorney's report to present.

6. Ms. Shelton provided a financial advisor's report. She provided an update on the District's upcoming bond offering.

7. Cameron Brown presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 98.32% collected. Nine checks were presented for the Board's review and approval, and two wire transfers were made. Upon unanimous vote, the Board approved the tax assessor collector's report as presented.

8. Jorge Diaz presented a bookkeeper's report, a copy of which is attached. He reviewed the checks and invoices with the Board in some detail. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills with checks listed thereon.

9. The Board discussed an operations and billing collection report, a copy of which is attached. The District accounted for 98% of the water produced. The wastewater treatment plant operated within permit. The operator discussed the billing and collections report. Upon unanimous vote, the Board approved the report as presented.

10. The Board reviewed the bids for generators at the District's lift stations. The Board and the operator discussed the different bids. Noting the high cost, Director Hasse suggested procuring a generator for the Flying Bridge lift station, as this is the District's immediate need. Director Johnson concurred with Director Hasse's suggestion. After reviewing all the options, the Board agreed that the District should procure the 80 KW Kohler generator with a 75-hour tank for a cost of \$79,365.99 and a 27-week lead time. The operator also noted that the lift station needs a new control panel, which will cost \$26,400. Upon unanimous vote, the Board approved the purchase of a generator and control panel for the Flying Bridge Lift Station.

11. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,540 key fobs have been distributed. The operators discussed the repairs of the splash pad at the District's Port O' Call park. Upon unanimous vote, the Board approved the parks report as presented.

12. The Board tabled the discussion of the First Amendment to Water, Sewer and Drainage Improvement Financing and Construction Contract with Taylor Morrison Inc. for Defined Area 2 to construct nature play park. The attorney informed the Board that Taylor Morrison needs additional time to prepare the relevant exhibit.

13. No developer's report was presented.

14. The Board discussed public education and outreach. Justin Waggoner discussed the District's website. The District has 3,389 customers signed up for text alerts. Director Johnson provided an update on the meetings regarding the upcoming bond election. Director Johnson noted the effectiveness of the presentation materials and discussed how to best engage with the community. Directors Chasteen and Johnson noted that they have had positive feedback during their outreach meetings. Director Hasse recommended placing more visible signs at construction projects highlighting that Newport MUD is financing and overseeing the infrastructure improvements. He also suggested including a QR code on the signs linking to information on the

project. Mr. Waggoner will investigate the QR code. The Board noted that the signs would help increase Newport MUD's visibility in the community.

15. The attorney informed the Board that the Board has previously reviewed and approved the engineer's report for the upcoming bond election. The attorney requested that the Board re-approve the report so that the report and the Order Calling Bond Election have the same date. Upon unanimous vote, the Board approved the engineer's report for bond election.

16. The Board considered an Order Calling a Bond Election. The Board reviewed the engineer's report covering the land, improvements, facilities, plants, equipment, and appliances to be purchased and/or constructed and their estimated cost, together with maps, plats, profiles and data fully showing and explaining the report. Upon unanimous vote, the Board approved the, the Board approved the attached Order Calling Bond Election, with water, sewer and drainage projects totaling \$110,000,000.

17. The Board tabled the Joint Election Agreement and Election Services Contract with Harris County.

18. The Board discussed purchase of real estate. The engineer reviewed the site investigation for the 53.17-acre parcel and the feasibility of utilizing the land for surface water storage. The report shows that the District would need to acquire access across to some adjacent land owned by Lakewood Development Corporation ("Lakewood") to connect the existing Surface Water Treatment Plant with the proposed storage site. Ms. Aylett noted that her law partner, Mr. G. Taylor Goodall, Jr. represents Lakewood in some of its real estate transactions and therefore a conflict-of-interest exists since her law firm represented the District and Lakewood. Ms. Aylett informed the Board that the Board can consent to the conflict-of-interest if it would like her to represent the District in negotiations to procure the discussed property. Upon unanimous vote, the Board consented to the conflict of interest at this time and approved Ms. Aylett to represent the District in negotiations with Lakewood to procure the discussed property.

19. Director Chasteen provided an update on the successful completion of the 2024 program for the Newport MUD Junior Park Rangers. Upon unanimous vote, the Board authorized Director Chasteen to implement the program in summer 2025.

20. There were no groundwater reduction contracts for the Board's consideration.

The Board agreed to conduct a meeting on Thursday, September 5 at 4:30 p.m. and a second meeting on Thursday, September 19 at 4:30 p.m. There being no further business to come before the Board, the meeting was adjourned.

Secretary

