

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

July 18, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on July 18, 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 Kelly Shipley, Abby Stanhouse, Andrea Martin, Rich Harcrow, Jeff Baughman, Clint Sutton, Debbie Shelton, Rhonda Gideon, Derek Davenport, Justin Waggoner, Nino Corbett, 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 meeting of June 20, 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. He thanked the District and its customers for their patience after the hurricane.

4. Kelly Shipley presented the engineer’s report, a copy of which is attached. First, Ms. Shipley presented Change Order No. 1 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 3 increasing the contract cost by \$31,542.70. The change order is necessary to adjust lot grading design. Upon unanimous vote, the Board approved Change Order No. 1. Then, Ms. Shipley presented Pay Estimate No. 5 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 \$134,740.38. Upon unanimous vote, the Board approved Pay Application No. 5.

The South Diamondhead water and sewer relocations are almost complete. The TxDOT contractor left the site and wants more money from TxDOT to remobilize.

Then, Ms. Shipley presented Pay Estimate No. 2 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$47,045.70. Upon unanimous vote, the Board approved Pay Application No. 2.

The engineer requested authorization to design the Sanitary Sewer Rehabilitation Phase 5 Manhole Rehabilitation. Upon unanimous vote, the Board authorized the engineer to begin design on the Sanitary Sewer Rehabilitation Phase 5 Manhole Rehabilitation. Then, the engineer requested authorization to begin design on the Sanitary Sewer Rehabilitation Phase 6 Rehabilitation. Upon unanimous vote, the Board authorized the engineer to begin design on the Sanitary Sewer Rehabilitation Phase 6 Rehabilitation. The engineer will need to begin preparation of a bond application soon for these project costs.

Next, Ms. Stanhouse provided an update on the District's Surface Water Treatment Plant expansion. LAN delivered the payment and inspected the progress of Purifics' fabrication. Ms. Stanhouse presented Purifics Water, Inc. invoice No. 631 for \$254,000.00. Upon unanimous vote, the Board approved Purifics Water, Inc. invoice No. 631.

The TCEQ is reviewing the Defined Area 1 bond application. The District received conditional approval of re-rate of the wastewater treatment plant. The engineer will have to perform testing to finalize the re-rate.

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

5. Ms. Aylett gave the attorney's report. The attorney provided the District's tax id number to Purifics in association with their shipment of spare parts. The attorney, operator and engineer negotiated with the Newport Pointe developer regarding maintenance of the detention pond reserves.

The attorney was contacted by Mr. Skinner of Taylor Morrison regarding clarification on the annexation agreement originally entered into between the District and Rochester, for which Taylor Morrison has assumed responsibility. Taylor Morrison questioned whether the parks that were being constructed pursuant to the agreement were to be maintained by the District. The contract states that they will be "dedicated" to the District, and the Board agreed that the intent of the agreement was for the District to maintain the parks.

The attorney also reviewed the first draft of the Shahbazi and Them Sum feasibility study and provided comments to the District engineer.

The Board deviated from the order of the agenda and discussed Taylor Morrison's request for changes to the park's amenity package in more detail. Directors Chasteen and Hasse noted that they liked the nature park proposal presented by Taylor Morrison and would be willing to consider an amendment to the agreement to allow that proposal to be developed in place of splashpad in existing proposal. Director Johnson noted that he was in favor of splashpads in as many locations in the District as possible. He stated that they were the crown jewel of each of the parks and that the kids love them. Even though they are difficult to maintain and the key fob entry is challenging, the splashpads are a great option for the District. Director Hasse noted that he did

not disagree with this, but the nature play area would provide more options. The Board debated the matter in some detail. At the conclusion of the discussion, upon a vote of four to one, with Director Johnson opposing, the Board voted to approve the nature play alternative for the parks presented by Taylor Morrison. The attorney will draft the necessary amendment to the annexation agreement.

6. Ms. Shelton provided a financial advisor's report. She is working to approve the Defined Area 1 offering document. The District received an estimate of value as of July 1, 2024 for Defined Area 1 of \$42,000,000.

7. Rhonda Gideon presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 97.94% collected. Seven 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. Derek Davenport 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 reviewed the mid-year budget. The District appeared to be in good condition.

10. The Board reviewed the ethics letter and update by Investment Officer, Jorge Diaz. The attorney noted that annually the Investment Officer is required to disclose whether he has any personal business relationships with any entities seeking to sell an investment to the District. Mr. Diaz submitted the required disclosure which indicated that he had no such relationships to disclose. Upon unanimous vote, the Board approved the Investment Officer disclosure as presented and authorized its filing with the Texas Ethics Commission and in the minutes of the District, as required by law.

11. The Board discussed an operations and billing collection report, a copy of which is attached. The District accounted for 97% of the water produced.

The wastewater treatment plant operated within permit.

Director Johnson stated that he wanted to better understand the impact that inflow and infiltration is having on the District's facilities and whether the District's sanitary sewer rehabilitation is effective. The operator discussed some alterations that could be made to the report to provide a better visual demonstration.

Director Chasteen asked about the sewer tap expense for cleanout installation and whether it would be possible to use bond funds. The operator suggested that those installations be identified as a separate general ledger code so that the District can account for them as a nonrecurring expense related to new development. The Board concurred with this approach.

Rich Harcrow discussed the aftermath of Hurricane Beryl. At the wastewater treatment plant, trees fell on the fence and handrails. At the surface water treatment plant, the

aluminum frame and filter covers were blown away. At water plant no. 2 there is a tree on the fence. At Port O' Call, a live pine tree fell on the fence and there is other damage. The operator will need to determine the deductible for this event, but if the deductible is applied by facility location, it is unlikely that the District will have enough damages to warrant filing an insurance claim.

The operator discussed the billing and collections report. The operator is still processing payments and is not performing disconnections due to the hurricane. The operator noted that AVR required customers to change their logon and credit card information recently as a result of a software change. This caused some consternation among the public, and the operator is handling calls and walking customers through the set-up process. Upon unanimous vote, the Board approved the report as presented.

12. The Board discussed generators at the District lift stations. The District has eleven lift stations, and three have onsite generators. The engineer stated that a rough number for an 80-kw generator at Flying Bridge with an ATS and associated electrical work would be \$250,000 and would take a year to 18 months to procure. The Board asked the engineer to obtain more firm pricing for a generator at Flying Bridge and asked the attorney to place the item on the next agenda.

13. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,532 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

14. The District received an inquiry from a homeowner about the District's property at 16339 Taffrail Way. The customer had asked the District to mow the area and clear it. The homeowner also expressed some interest in purchasing the lot. Some Board members indicated that they had driven by the site. The lot is a very wooded area and in a natural state. The Board agreed that the area should be maintained in a natural green space state and not sold.

15. The Board reviewed a request for a feasibility study from Yesenia Cavazos. The requestor purchased property on Chart without utilities available. Upon unanimous vote, the Board authorized the engineer to perform a feasibility study at Ms. Cavazos's cost. The engineer will request a deposit of \$11,000.

16. The attorney reported receipt of correspondence from Harris County MUD 578. MUD 578 has exercised its options in its water and sewer contracts with Newport MUD to purchase 124 equivalent single-family connections of water and sewer capacity as of June 30, 2025. The Board acknowledge the notice.

17. The Board reviewed developers' reports. Nino Corbett stated that Horton was selling homes again and has 24 homes under construction. The recreational center is complete.

Mr. Bobby Skinner stated that they have bids coming in for their development. The lift station, offsite water line and force main construction are underway. The models will be ready by the first of the year.

18. The Board discussed acceptance of the detention Ponds A and B from Newport Pointe. The engineer noted that all of the punchlist items were complete and the ponds were ready for acceptance and maintenance. Upon unanimous vote, the Board agreed to accept conveyance of Ponds A and B. The attorney noted that her office was still working on the maintenance agreement with Newport Pointe Properties Owners Association for all of the detention ponds and reserves to be dedicated to the District. The item will be placed back on the August 1 agenda.

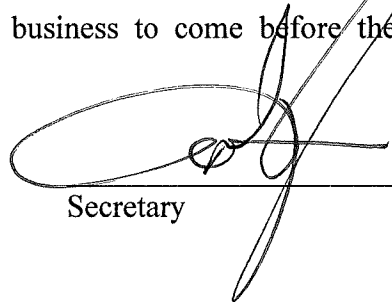
19. The Board discussed public education and outreach. Justin Waggoner discussed the District's website. The District has 3,387 customers signed up for text alerts. The Board noted that it would be good to have information on the website regarding the District's response to the hurricane and the debris removal schedule. The District should let its customers know that a lot of hard work and planning went into the District's hurricane preparedness. Director Chasteen asked the Board members and the operator to provide her with a list of ten names, phone numbers, and addresses, if known, of community influencers. Directors Johnson and Chasteen will represent the District on the committee to discuss the upcoming bond election with the community leaders.

20. The Board discussed purchase of real estate. The engineer stated that she had not yet completed her investigation of feasibility of utilizing the Rampart property next to the surface water treatment plant. Accordingly, the item was deferred to the August 1 agenda.

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

22. The Board agreed to conduct a special meeting on Thursday, August 1 at 4:30 p.m. Margaret Chasteen also noted that the last Park Rangers meeting will be conducted on August 3.

There being no further business to come before the Board, the meeting was adjourned.



Secretary