

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

July 17, 2025

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on July 17, 2025, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following director absent:

None.

Also present were Ben Shahbazi, Billy Killian, Kelly Shipley, Abby Stanhouse, Rich Harcrow, Andrea Martin, Debbie Shelton, Rhonda Giddeon, Jorge Diaz, Nino Corbett, 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 President entertained public comments. No public comment was presented.
2. Minutes of the meeting of June 19, 2025 and the meeting of July 2, 2025, were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.
3. Billy Killian presented a brief garbage collection report.
4. Abby Stanhouse presented the engineer’s report, a copy of which is attached. Ms. Stanhouse presented updates for developer projects. First, Ms. Stanhouse requested authorization to advertise the Section 6 WSD & Paving project in Newport Pointe. Then, Ms. Stanhouse requested authorization to advertise the Newport Pointe Lift Station Phase 2 upgrades. Then, Ms. Stanhouse presented Pay Estimate No. 1 & final to HB Hydro Ax, LLC for Newport Enclave Detention Pond Clearing and Grubbing Phase 1 in the amount of \$57,535.00. After discussion, upon unanimous vote, the Board approved authorization to advertise the Section 6 WSD & Paving project in Newport Pointe and the Newport Pointe Lift Station Phase 2 upgrades and approved Pay Estimate No. 1 and Final and concurred with the developers’ payment of such pay estimate.

Next, Ms. Stanhouse presented updates on District projects. Ms. Stanhouse presented Pay Application No. 5 to Industrial TX Corp. for Surface Water Treatment Plant

Expansion in the amount of \$182,137.50. After discussion, upon unanimous vote, the Board approved Pay Application No. 5.

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

5. The attorney presented updates to the status of work related to the Out-of-District Water Service Agreements with Newport Plaza and Them Sum. Ben Shahbazi discussed the status of the Agreement for Newport Plaza. He noted that he was not speaking for the Agreement with Them Sum. Mr. Shahbazi stated that the 200 percent markup on the tap fee presented a financial hurdle he did not think he could clear. He requested that the Board waive the 200 percent markup, noting that his development will pay three times the water rate and will provide easements on FM 2100 that the District can make use of in the future. After discussion, upon unanimous vote, the Board agreed amend the contract to waive the 200 percent markup on the tap fee, so long as Mr. Shahbazi provides all necessary deposits for legal work and engineering work and returns the final agreement by July 31, 2025.

6. Lori Aylett did not have an attorney's report.

7. Debbie Shelton did not have a financial advisor's report.

8. Rhonda Giddeon presented a tax assessor collector's report, a copy of which is attached. The District's 2024 taxes were 97.95% collected. Five (5) checks were presented for the Board's review and approval, and two (2) wire transfers were made. The Defined Area No. 1's 2024 taxes were 96.50% collected. Zero (0) checks were presented for the Board's review and approval, and one (1) wire transfer was made. The Defined Area No. 2's 2024 taxes were 100% collected. Zero (0) checks were presented for the Board's review and approval, and zero (0) wire transfers were made. Upon unanimous vote, the Board approved the tax assessor collector's report as presented.

9. Jorge Diaz presented a bookkeeper's report, a copy of which is attached. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills with checks listed thereon.

10. The Board reviewed the mid-year budget. The District appeared to be in good condition.

11. 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.

12. Rich Harcrow presented the operations and billing collections report, a copy of which is attached. The District accounted for 97% of the water produced. The wastewater treatment plant operated within permit. There were 10 new taps made for the month. Total current billing was \$497,903.54, and the District received collections from prior months of \$500,410.03.

The operator reviewed the letter, sent at the operator's expense, alerting all Newport customers to the update in billing software. The Board discussed the communication features on the new billing software and noted that the District's communication consultant, Touchstone District Services, should have the capability to target specific sections of the District. Upon suggestion from the Board, the operator agreed to add information about data protection to the customer letter. Upon unanimous vote, the Board approved the report as presented.

13. Mr. Harcrow presented the parks and recreational facilities report, a copy of which is attached. Mr. Harcrow informed the Board that 1,733 key fobs have been issued as of June 2025. Mr. Harcrow then presented a proposal from Lone Star Lake Management for vegetation management at a pond in the District in the amount of \$500. Then, the operator presented a proposal for the replacement of the splashpad control panel at Port O' Call Park for \$18,835 from Kraftsman Commercial Playgrounds and Parks. The Board and the operator discussed the necessity of replacing the control panel. After discussion, upon unanimous vote, the Board approved the proposal from Lone Star Lake Management for pond care for \$500, and tabled the proposal from Kraftsman Commercial Playgrounds and Parks until a later date.

14. Nino Corbett presented a brief developer's report.

15. Ms. Aylett provided a brief update to the Board on the proposed contract with New Cingular Wireless PCS, LLC for a Structure Lease Agreement to lease space on the elevated water tank at Newport's water treatment plant. The attorney believes the District is close to finalizing an agreement.

16. Ms. Aylett provided a brief update to the Board on the proposed contract with GTE Mobilnet of South Texas Limited Partnership d/b/a Verizon Wireless for a Structure Lease Agreement to lease space on the elevated water tank at Newport's water treatment plant. She mentioned that Verizon has proposed terms unfavorable to the District. She will continue to negotiate with Verizon, but does not believe Verizon will offer favorable terms.

17. The Board discussed the Frontier Waste contract for garbage collection. Ms. Aylett provided updates on her conversations with Frontier Waste. The proposed contract includes additional required statutory language, a price increase from \$16.69 to \$19.95, and a consumer price index ("CPI") adjustment tied to the CPI for All Urban Consumers for garbage and Trash Collection with a 5 percent cap. The Board discussed the CPI adjustment and will research whether the adjustment should be tied to the CPI for All Urban Consumers for Garbage and Trash Collection or the Texas-Woodlands-Sugarland CPI. The Board will discuss the contract at the August meeting after investigating the CPI.

18. The Board discussed public education and outreach. Director Chasteen will continue to coordinate with the engineer to compose the monthly website newsletter.

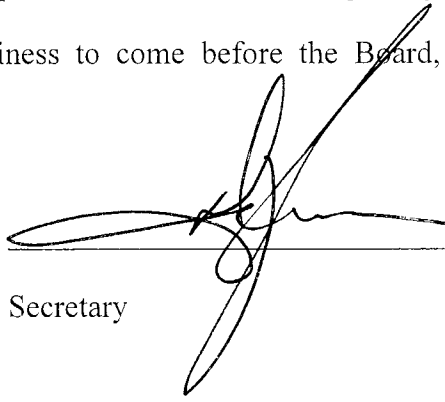
19. No groundwater reduction contracts were presented.

20. No Executive Session was held.

21. Under pending business, Director Johnson noted that the District's surplus revenue suggests that rates may need adjustment. The financial advisor noted that the District's

maintenance and operations tax is currently contributing to the healthy surplus, and the maintenance and operations tax will be reduced in the coming years in order to provide for a higher debt service tax. Then, Director Hasse discussed implementing a \$1 a month charge in order to create a fund for the eventual replacement of the District's meters. The Board agreed that his idea should be evaluated and requested that it be placed on the District's August agenda.

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



Secretary