

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

September 19, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on September 19, 2024, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following director absent:

DeLonne L. Johnson, Vice President.

Also present were Kelly Shipley, Abby Stanhouse, Andrea Martin, Rich Harcrow, Jeff Baughman, Clint Sutton, Debbie Shelton, Rhonda Gideon, Jorge Diaz, Justin Waggoner, Nino Corbett, Douglas McNeil, 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 August 15, 2024 and September 5, 2024 were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.
3. There was no garbage report presented.
4. Kelly Shipley presented the engineer’s report, a copy of which is attached. First, Ms. Shipley presented Change Order No. 2 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 2 increasing the contract cost by \$3,999. Upon unanimous vote, the Board approved Change Order No. 2. Then, Ms. Shipley presented Pay Estimate No. 7 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 2 in the amount of \$3,920. Upon unanimous vote, the Board approved Pay Estimate No. 7. Next, Ms. Shipley presented Change Order No. 2 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 3 decreasing the contract cost by \$5,372.52. Upon unanimous vote, the Board approved Change Order No. 2. Next, Ms. Shipley presented Change Order No. 2 to Crostex Construction, Inc. for Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 4 decreasing the contract cost by \$72,740.32. Upon unanimous vote, the Board approved

Change Order No. 2. Next, Ms. Shipley presented Pay Estimate No. 7 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 \$12,862.50. Upon unanimous vote, the Board approved Pay Estimate No. 7. Then, Ms. Shipley presented Pay Estimate No. 4 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$135,828. Upon unanimous vote, the Board approved Pay Estimate No. 4. Next, Ms. Shipley Presented Change Order No. 1 to Alsay, Inc. for Water Plant No. 2, Water Well No. 1 Camera Survey and Water Analysis increasing the contract amount by \$36,505 and increasing the contract time by 14 calendar days. Upon unanimous vote, the Board approved Change Order No. 1.

Next, Abby Stanhouse provided an update on the District's water model. The engineers need additional information and are working on a cost-effective method to secure the data. Then, Ms. Stanhouse provided an update on the Surface Water Treatment Plant expansion. The District may need to reschedule the consultants' trip to the Purifics factory in order to accommodate Purifics' manufacturing schedule. It was noted that the operators and engineers will need sufficient time to reschedule the trip, and Ms. Stanhouse will communicate the message to Purifics.

Then, the engineers provided an update on the feasibility report for the Shabazi tract and the neighboring tract. It was mentioned that the Board needs to consider the District's expansion of service along FM 2100 when considering the expansion of services to these tracts. The attorney requested additional time to review the updated feasibility report, so the Board tabled the discussion until its October 3, 2024 meeting.

Then, Ms. Shipley requested authorization to begin the preparation of the Engineering Report to support the Bond Issue Application for Bond Issue No. 9. Upon unanimous vote, the Board authorized the engineer to begin preparing the Engineering Report to support the Bond Issue Application for Bond Issue No. 9.

Next, the engineer informed the Board that the Detention Pond Master Storm Water Quality Permit No. 8-000184701 expires 12/01/24 and requested authorization to begin preparing a renewal application. Upon unanimous vote, the Board approved the engineer to begin preparing a renewal application.

Lastly, Director Hasse noted that some of the District's contractors, including the wastewater treatment plant building project, are taking a long time to complete the final punch-lists. The engineer noted that supply-chain issues may be at fault, but informed the Board that she will look into why some projects seem to be taking an extra-long time.

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

5. Ms. Aylett presented the request from AT&T to install a telecommunication antenna on top of the Newport MUD elevated water tank. The District has an existing agreement with T-Mobile, and AT&T would have to determine whether colocation is possible. It was discussed that the contract would be similar to the contract the District has with T-Mobile, but any price would need to account for inflation. Upon unanimous vote, the Board approved the attorney to continue discussions with AT&T.

6. Ms. Shelton did not have a financial advisor's report.

7. Ms. Shelton reviewed the Preliminary Official Statement and Notice of Sale of \$3,500,000 Newport Municipal District Defined Area 1 Unlimited Tax Bonds, Series 2024. She informed the Board that the District is awaiting approval from the Texas Commission on Environmental Quality (TCEQ) for the bond application report. If timely received, the District will sell bonds in October and close on the transaction in November. Upon unanimous vote, the Board approved the Preliminary Official Statement and Notice of Sale and determined that the sale would be conducted in October, if feasible.

8. Rhonda Giddeon presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 98.52% collected. Six (6) checks were presented for the Board's review and approval, and one wire transfer was made. Upon unanimous vote, the Board approved the tax assessor collector's report as presented.

9. Debbie Shelton presented tax rate recommendations. She showed several options to the Board, all of which were discussed in detail. After discussion, upon unanimous vote, the Board adopted the attached Resolution finding the District to be a developing district and authorizing the publication of a proposed debt service tax rate of \$0.3150, a maintenance and operations rate of \$0.3076, a Defined Area No. 1 debt service tax rate of \$0.7774, and a Defined Area No. 2 maintenance and operations rate of \$0.7774, with public hearings to be held at the next regular meeting on October 17, 2024.

10. The attorney noted that she would make updates to the District's Tax Code §26.18 compliance document to reflect the proposed tax rates.

11. 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.

12. The Board discussed an operations and billing collection report, a copy of which is attached. The District accounted for 99% 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.

13. Director Chasteen and Andrea Martin provided an update on the contract with AVR for utility software billing. The contract will remain in effect on a month-to-month basis until Si completes its billing transition, and the operator will help facilitate the transition.

14. The engineer provided the update on the status of lead service line inventory in the engineer's report. The operators and the engineers are working to complete the data collection process and submission. The engineer assured the Board the District will meet the October 2024 deadline for submission.

15. The attorney provided a brief update on the District's discussions with Ms. Jennifer Williams. The Board agreed with the attorney's recommendation to turn the matter over to the District's insurance provider.

16. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,552 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

17. 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.

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

19. The Board discussed public education and outreach. Justin Waggoner discussed the District's website. The Board discussed the materials prepared by Touchstone detailing the District's upcoming bond election.

20. The Board discussed the Joint Election Agreement and Election Services Contract with Harris County. The attorney informed the Board that while the actual agreement is not ready for review, the County has provided "Exhibit B" to the agreement which states that the anticipated cost to the District will be \$10,669.30. Upon unanimous vote, the Board approved the "Exhibit B" to the Joint Election Agreement and Election Services Contract with Harris County as presented.

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

22. The consultant contract review was tabled so all Directors would have the ability to participate in the review.

23. At 6:39 p.m., the Board convened in executive session pursuant to Texas Government code §551.072 to discuss real estate acquisition matters. At 6:52 p.m., the Board reconvened in regular session. Upon unanimous vote, the Board authorized the attorney to draft an offer letter to Lakewood for purchase of a 21-acre tract adjacent to the District's surface water treatment plant site.

24. Under pending business, the Board agreed to conduct a meeting on Thursday October 3 at 4:30 p.m. and a second meeting on Thursday, October 17 at 4:30 p.m.

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

Secretary

