

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
April 18, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on April 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 Josh Rambo, Kelly Shipley, Abby Stanhouse, Rich Harcrow, Jeff Baughman, Clint Sutton, Debbie Shelton, Rhonda Giddeon, Jorge Diaz, Theresa Summers, Justin Waggoner, Nino Corbett, Lori G. Aylett, and Douglas McNiel.

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

1. At 4:00 p.m., the Board convened in executive session pursuant to Texas Government Code §551.071 to receive advice from legal counsel. At 4:17 p.m., the Board convened in regular session.

2. The Chair entertained public comments. Hearing none, the President continued with the Agenda.

3. Minutes of the meeting of March 21, 2024 were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.

4. Josh Rambo presented an audit report of the District’s books and records for the fiscal year ended December 31, 2023. The auditor is issuing an unmodified “clean” opinion. The District has a very healthy reserve in the general fund. The Board reviewed their revenues and expenditures in detail. Upon unanimous vote, the Board approved the audit report and authorized its filing as required by law.

5. Director Chasteen presented a brief garbage report.

6. 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. Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 2 increasing the contract cost by \$13,750.38. Upon unanimous vote, the Board approved Change Order No. 1. Then, Ms. Shipley presented Pay Estimate No. 1 to Crostex Construction, Inc. for

construction of the Water, Sanitary Sewer, Force Main and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 4 in the amount of \$191,183.42. Upon unanimous vote, the Board approved Pay Application No. 1. Then, Ms. Shipley presented Pay Estimate No. 2 to Crostex Construction, Inc. for construction of the Water, Sanitary Sewer, Force Main and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 4 in the amount of \$401,742.36. Upon unanimous vote, the Board approved Pay Application No. 2. Then Ms. Shipley reviewed the four bids received for the construction of the Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 5 project and recommended that the District award the contract for the project to Crostex Construction, Inc. in the amount of \$2,257,000.00 for a calendar time of 110 days. Upon unanimous vote, the Board awarded the contract for the project to Crostex Construction, Inc. in the amount of \$2,257,000.00 for a calendar time of 110 days. Then Ms. Shipley presented Pay Application No. 2 to PLD Construction, LLC for Construction of the Clearing and Grubbing to Serve Newport Grove in the amount of \$92,137.50. Upon unanimous vote, the Board approved Pay Application No. 2. Then Ms. Shipley presented Pay Application No. 11 to FMG Construction Group, LLC for Wastewater Treatment Plant Operations Building in the amount of \$242,914.40. Upon unanimous vote, the Board approved Pay Application No. 11. Then Ms. Shipley presented Pay Application No. 9 and Final to Cruz Tex, Inc. for Sanitary Sewer Phase 3 Rehabilitation in the amount of \$96,445.10. Upon unanimous vote, the Board approved Pay Application No. 9 and Final. Then Ms. Shipley presented Change Order No. 1 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation increasing the contract cost by a net cost of \$27,300.00. Upon unanimous vote, the Board approved Change Order No. 1. Then Ms. Shipley requested authorization for the engineer to advertise for bids for the Newport Enclave Detention Pond Clearing and Grubbing Contract. Upon unanimous vote, the Board authorized the engineer to advertise for bids for the Newport Enclave Detention Pond Clearing and Grubbing Contract. Then, Ms. Shipley presented correspondence from the District to Harris County whereby the District will agree to maintain the detention basin in Newport Grove upon its construction and dedication to the District. Upon unanimous vote, the Board approved the correspondence as presented.

Next, Ms. Shipley addressed the invoices and requests from Purifics Water Inc. (“Purifics”). Ms. Shipley presented invoices 593, 603, and 612. Upon unanimous vote, the Board approved Purifics’ invoices 593, 603, and 612. Then, Ms. Shipley requested that the Board authorize Purifics to proceed with obtaining a Texas engineer stamp on the process drawings prepared for their equipment. Upon unanimous vote, the Board directed correspondence to Purifics making such request. Lastly, Ms. Shipley briefly reviewed the District’s updated Capital Improvements Plan (“CIP”). The Board agreed to review the updated CIP and discuss it further at the District’s May meetings.

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

7. The attorney noted that with approval of the District’s audit, the District is required to update the transparency report required by Tax Code Section 26.18. Upon unanimous vote, the Board authorized the attorney to update the compliance document.

8. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives and a list of approved brokers/dealers. The attorney noted that according to the Public Funds Investment Act, the District is annually required to review

its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. The Board reviewed the list of brokers/dealers to be authorized to engage in investment transactions with the District. Thereafter, upon unanimous vote, the Board adopted the Resolution and the broker/dealer list as presented.

9. The Board considered review of the District's investments for compliance with Senate Bill 253 adopted in the 85th Texas Legislature. The attorney reminded the Board that Senate Bill 253 prohibits the District from investing with entities that support terrorist organizations. The District's investment officer must periodically review a list of such entities that will be prepared by the Texas Comptroller of Public Accounts and made available on its website. The Board authorized the investment officer to perform periodic reviews to confirm compliance with Senate Bill 253.

10. The attorney discussed the continuing disclosure filing required with regard to the District's outstanding bonds. Pursuant to bond orders previously adopted, the District is required to annually update certain material information, including the audit, that might be of interest to District bondholders. Upon unanimous vote, the Board authorized the attorney to make the continuing disclosure filing as required by law.

11. The Board discussed District water supply issues with the engineer. The engineers presented three different options for addressing the District's water supply: (i) construction of a new well at the Surface Water Treatment Plant, (ii) construction of a new well at Water Plant No. 2, and (iii) rehabilitation of the inactive well at Water Plant No. 2. Construction of a new well will take around 18 months and cost in excess of \$3 million. Rehabilitating the inactive well at Water Plant No. 2 will take around one year and cost less than \$3 million. The engineers will need to conduct further studies to evaluate the feasibility of rehabilitating the inactive well. The engineers recommended that the Board authorize the engineers to construct a water model for a full evaluation of the District's water supply. After discussion, upon unanimous vote, the Board authorized the engineer to construct a water model for a full evaluation of the District's water supply and to conduct further studies to evaluate the feasibility of rehabilitating the well at Water Plant No. 2.

12. Ms. Theresa Summers presented her request for a feasibility study for service to Care 4 Kids academy at 17411 FM 2100. It was noted that the property is located outside of the District, so the District is not required to serve the property. If the Board determined that is feasible and advantageous to serve the property, the District will either need to annex the property or establish an out-of-District service contract. After discussion, upon unanimous vote, the Board authorized Ms. Summers to move forward with a feasibility study for service. Ms. Summers will make a \$5,000 deposit with the District so the engineers can move forward with the feasibility study.

13. Lori Aylett and Nino Corbett provided a brief update on the status of the completion of the Newport Pointe lift station and settlement with Insurors Indemnity Company. After discussion, the Board agreed to table the approval of the certificate of completion and the acceptance of the Newport Pointe Lift station Phase 1 and settlement agreement with Insurors Indemnity Company.

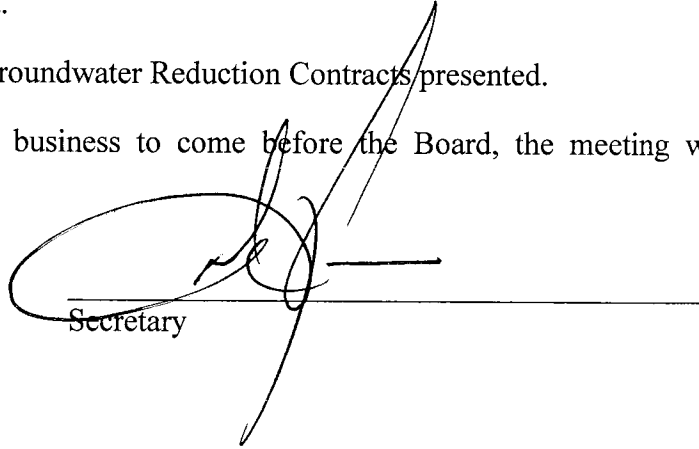
14. Ms. Aylett provided a brief attorney's report. She updated the Board on the District's discussions with the San Jacinto River Authority ("SJRA"). The SJRA discussion prompted Director Johnson to discuss the feasibility of the District creating its own reservoir for water storage. After discussion, the Board unanimously authorized the engineers to review the potential for land acquisition in support of construction of a forebay or other water storage structure.
15. The Board discussed the Drought Contingency Plan. Upon unanimous vote, the Board approved the attached Drought Contingency Plan as presented.
16. The Board discussed the Water Conservation Plan. Upon unanimous vote, the Board approved the attached Water Conservation Plan as presented.
17. Debbie Shelton provided an update on her work with the engineers on the District's CIP and the District's upcoming bond application.
18. Rhonda Giddeon presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 96.58% collected. Ten 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.
19. 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.
20. The Board discussed an operations and billing collection report, a copy of which is attached. The District accounted for 96% of the water produced. Upon unanimous vote, the Board approved the report as presented.
21. The Board discussed the proposal for property acquisition from Newport Property Owners Association ("POA"). Director Hasse updated the Board on his conversations with the POA and with the District's engineer. Ms. Shipley provided an update on the engineer's review of the property and informed the Board that the property falls within the floodplain. Therefore, the District would need to seek either a Letter of Map Revision ("LOMR"), formally removing the property from the flood plain or a LOMR-F, stating that the property is no longer in the flood plain, from FEMA. A LOMR-F is less complicated to obtain; however, the District's current insurance does not recognize a LOMR-F. After discussion, the Board agreed that the District should continue to pursue the property exchange. Upon unanimous vote, the Board instructed Director Hasse to continue negotiations with the POA.
22. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,432 key fobs have been distributed. The operator requested that the Board open the District's splash pads on Friday April 19. Upon unanimous vote, the Board approved the opening of the District's splash pads on Friday April 19. Upon unanimous vote, the Board approved the parks report as presented.
23. Mr. Corbett presented a brief developer's report.

24. Director Chasteen provided an update on the Newport Junior Park Rangers program. She informed the Board that the program has, to date, cost \$555 and that the first event will take place on April 27.

25. Director Chasteen proposed that the District's newsletter focus on the Newport Junior Park Rangers program. Director Chasteen will work with Andrea Martin on the newsletter. Then, Justin Waggoner provided a brief report on Touchstone District Services ("Touchstone") activities in the District.

26. There were no Groundwater Reduction Contracts presented.

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



Secretary