

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 20, 2025

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on February 20, 2025, 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 Brandon Lankford, Billy Killian, Abby Stanhouse, Sarah Rose, Andrea Martin, Rich Harcrow, Debbie Shelton, Rhonda Gideon, Jorge Diaz, 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 President entertained public comments. No public comment was presented.
2. Minutes of the meeting of January 16, 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 introduced Ms. Sarah Rose who attended the meeting as a training exercise. First, Ms. Stanhouse presented updates and developer projects. Ms. Stanhouse presented Pay Estimate No. 7 and Final to Crostex Construction, Inc. for Construction of the Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to Serve Newport Pointe Section 3 in the amount of \$13,723.18. Next, Ms. Stanhouse presented Pay Estimate No. 8 to Crostex Construction, Inc. for Construction of the Water, Sanitary Sewer and Drainage Facilities to Service Newport Pointe Section 4 in the amount of \$12,127.50. Then, Ms. Stanhouse presented Change Order No. 1 to DC Contracting Services, LLC for the Mass Grading and Detention to Serve Newport Grove project decreasing the contract price by \$71,152.70. Then, Ms. Stanhouse presented Change Order No. 1 to Bull-G Construction, LLC for the Offsite Water Line and

Sanitary Force Main to Serve Newport Grove project increasing the contract amount by \$142,204. Then, Ms. Stanhouse presented Pay Estimate No. 2 to Bull-G Construction, LLC for Construction of the Offsite Water Line and Sanitary Force Main to Serve Newport Grove in the amount of \$212,751. Next, Ms. Stanhouse presented Change Order No. 1 to TexasSite, LLC for Water, Sanitary Sewer, and Drainage Facilities to Serve Newport Grove Section 1 increasing the contract amount by \$5,950. Then Ms. Stanhouse Presented Pay Estimate No. 1 to TexasSite, LLC for Water, Sanitary Sewer, and Drainage Facilities to Serve Newport Grove Section 1 for \$639,265.50. Then, Ms. Stanhouse presented Pay Estimate No. 2 to TexasSite, LLC for Water, Sanitary Sewer, and Drainage Facilities to Serve Newport Grove Section 1 for \$751,116.04. After discussion, upon unanimous vote, the Board approved all the pay estimates and change orders as presented. Next, Ms. Stanhouse presented the three (3) bids received for the Construction of the Water, Sanitary Sewer, Force Main, Drainage and Detention Facilities to Serve Enclave at Newport. Ms. Stanhouse recommended the Board award the contract to Blazey Construction Services, LLC for the total amount bid of \$1,906,856.16 and 60/70 calendar days construction time. Upon unanimous vote, the Board awarded the contract to Blazey Construction Services, LLC.

Next, Ms. Stanhouse presented updates on District projects. First, Ms. Stanhouse presented Pay Application No. 13 & Final to FMG Construction Group for Wastewater Treatment Plant (“WWTP”) Operations Building in the amount of \$120,743.33. The attorney confirmed with the engineer that the WWTP building has been added to the District’s insurance coverage. Then, Ms. Stanhouse presented Pay Application No. 9 and Final to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$146,632.64. Then, Ms. Stanhouse presented Pay Application No. 2 and Final to Alsay, Inc. for Water Plant No. 2 Water Well No. 1 Camera Survey and Water Analysis in the amount of \$28,450.50. After discussion, upon unanimous vote, the Board approved Pay Application No. 13 and Final; Pay Application No. 9 and Final; and Pay Application No. 2 and Final. Then, Ms. Stanhouse presented the five (5) bids received for the Sanitary Sewer Phase 5 Manhole Rehabilitation. Ms. Stanhouse recommended the Board award the contract to T Gray Utility/AIMS, LLC for the base bid amount of \$256,217 and 120 calendar day’s construction time. Upon unanimous vote, the Board awarded the contract to Utility/AIMS, LLC.

Next, Ms. Stanhouse presented Purifics Invoice No. 678 in the amount of \$15,000 for storage of the equipment. Upon unanimous vote, the Board approved Purifics Invoice No. 678.

Lastly, the Board, the engineer, the financial advisor, and the attorney discussed Bond Issue No. 2 for Defined Area No. 1. Ms. Stanhouse noted that the application will likely not be ready for two to three months. The attorney noted that she is working to comply with all Texas Commission on Environmental Quality (“TCEQ”) regulations regarding providing documentation of a bonafide transaction for land subject to reimbursement in the bond issue. In order to comply with the regulation, she requested, and the Board approved an appraisal for detention pond land in Newport Pointe in the amount of \$3,000. Upon unanimous vote, the Board authorized an appraisal.

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

5. Ms. Elizabeth Philley did not attend the meeting to discuss park operation hours and dates.

6. Ms. Aylett informed the Board she is still waiting on final exhibits for the Out-Of-District Water Service Agreement for Newport Plaza and Them Sum.

7. The engineer presented the request from District engineer for use of Newport MUD's sewage treatment plant design and photographs for a presentation at Texas Water Conference. Upon unanimous vote the Board approved the engineer's request.

8. Lori Aylett presented the attached Order and Application to Texas Environmental Quality for Approval of Bonds for the District's Defined Area No. 1's Bond Issue No. 2 in the amount of \$2,810,000. The discussion of the bond issue occurred during the engineer's report. After discussion and review, upon unanimous vote, the Board approved the Order and Application to Texas Environmental Quality for Approval of Bonds.

9. Douglas McNiel provided an overview of the 89th Texas Legislative Session and presented a summary of the bills that have been introduced.

10. Debbie Shelton discussed Bond Issue No. 2 for Defined Area No. 1.

11. Rhonda Gideon presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 99.09% collected and the District's 2024 taxes were 86.24% collected. Nine (9) 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.

12. There was presented the attached Resolution Authorizing Petition Challenging Appraisal Records. The attorney noted that the preliminary tax roll comes out in May, and the tax assessor has a limited amount of time to challenge any errors or omissions that she sees on the preliminary roll. The tax assessor should be authorized to make such challenges on the District's behalf. Upon unanimous vote, the Board approved the Resolution as presented.

13. The Board considered the Resolution Requesting Certified Estimate of Taxable Value of Properties within Newport Municipal Utility District. The Financial Advisor needs the certified estimate of value to begin preparing the future bond issues for the District. Upon unanimous vote, the Board approved the Resolution Requesting Certified Estimate of Taxable Value of Properties within Newport Municipal Utility District.

14. 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.

15. 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. The operator discussed the billing and collections report. The operator presented Proposal #11-1438 from American Paving LLC for widening the five curb areas of the walking trail in the amount of \$7,345. Upon unanimous vote, the Board approved the report as presented and approved Proposal #11-1438.

16. The Board discussed the utility account write-offs. It was noted that the District has a substantial amount of standby accounts and that it is very unlikely the District will ever collect from these accounts. After discussion, the Board voted unanimously to approve the write-offs of the suggested accounts, including the discussed standby accounts.

17. The attorney noted that the District was required to review the Federal Trade Commission ("FTC") identity theft red flag program on an annual basis. The attorney and operator recommended that no changes be made to the program. Accordingly, upon motion duly made, seconded and unanimously carried, the Board voted unanimously to adopt the attached Resolution Affirming Identity Theft Prevention Program.

18. Ms. Aylett then discussed with the Board the requirements of Texas Local Government Code Chapter 203, Subchapter D (Senate Bill 625). The law requires districts to annually provide certain records and information concerning the District's finances and tax rates to the Texas Comptroller of Public Accounts. The comptroller has created a special information database on their website, where the information will be assembled, updated, and made available to the public free of charge. The required information is already publicly available in other places, but the law requires submission of the information to the comptroller. The information includes the name of the District, the names of the Board members, any employees, addresses, websites if applicable, names of certain consultants, the total amount of bonds authorized by District voters, the aggregate principal amount of bonds issued, the tax rate, and audited financial information. Upon unanimous vote, the Board authorized the attorney to prepare and file the required report by the April 1, 2025 deadline.

19. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,598 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

20. Mr. Nino Corbett presented the developer's report for Newport Pointe. Representatives of Newport Grove were not present but indicated in a written report that they are seeking approval to advertise for bids for the Phase 1 Landscape Improvements. After discussion, upon unanimous vote, the Board approved the advertisement for bids for the Phase 1 Landscape Improvements in Newport Grove.

21. Ms. Aylett informed the Board that the District's contract with CityWide Audio for Surface Water Plant, Water Treatment Plant, Flying Bridge Plant and South Diamondhead Plant is up for its annual renewal. Upon motion duly made, seconded and unanimously carried, the Board voted unanimously to renew the District's contract.

22. The attorney informed the Board of a request from New Cingular Wireless PCS, LLC for a Structure Lease Agreement to lease space on the elevated water tank at Newport's water treatment plant. After discussion, the Board agreed that \$2,500 per month for a five-year term would be suitable lease terms. Director Johnson noted that these lease agreements have the added benefit of strengthening emergency communication infrastructure. After discussion, upon unanimous vote, the Board approved the attorney to move forward with the lease negotiations with the agreed upon terms. The attorney also reported receipt of a second lease agreement proposal

from GTE Mobilnet, which arrived after the agenda was set. The attorney will place an item on the next agenda.

23. The Board discussed public education and outreach.

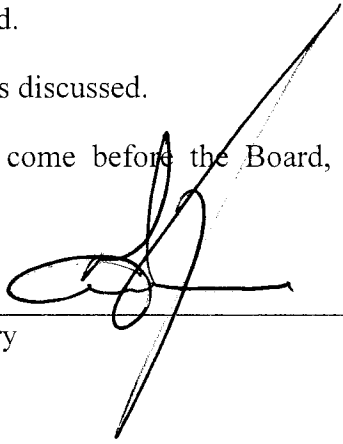
24. There was considered the engagement of Arbitrage Compliance Specialist, Inc. to perform 10th year arbitrage report for \$5,295,000 Series 2013 Refunding Bonds; an interim arbitrage report for \$3,535,000 Series 2016 Refunding Bonds; an interim arbitrage report for \$5,500,000 Series 2016A Unlimited Tax Bonds; 5th year arbitrage report for \$7,500,000 Series 2020A Unlimited Tax Bonds; 5th year arbitrage report and yield reduction analysis for \$1,410,000 Series 2020B Unlimited Tax Park Bonds; and 5th year arbitrage report and yield reduction analysis for \$20,840,000 Series 2021 Unlimited Tax Bonds. The attorney noted that the rising interest rate climate increases the importance of these reports. Upon unanimous vote, the Board authorized the engagement of Arbitrage Compliance Specialist, Inc. to perform the recommended reports and analyses.

25. Ms. Aylett presented seven (7) groundwater reduction contracts with Taylor Jet; Houston Garden Center; Eastex Forest Products and CJ Coburn; Gregory Ford, DVM; Govinji Multiple Business, LLC; Limeco; and Kenneth A. Kirsch. Upon unanimous vote, the Board approved the seven (7) groundwater reduction contracts.

26. No Executive Session was held.

27. There was no pending business discussed.

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


Secretary