

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

June 20, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on June 20, 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, David Patterson, Jorge Diaz, Justin Waggoner, Channing Corbett, John Schnure, Bobby Skinner, Eileen Fashoro, Maria Mendoza, Britany Wilbourn, Brandon Lankford, 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. The Chair entertained public comments. Hearing none, the President continued with the Agenda.
2. Minutes of the meeting of May 16, 2024 were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.
3. Director Chasteen informed the Board that she and the operator successfully handled the payment inquiry from Lilly Hughes prior to the meeting.
4. One behalf of Frontier Waste, Director Chasteen presented a brief garbage report.
5. David Patterson presented a tax assessor collector’s report, a copy of which is attached. The District’s 2023 taxes were 97.65% 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.
6. Kelly Shipley presented the engineer’s report, a copy of which is attached. First, Ms. Shipley presented Change Order No. 3 to Lonnie Lischka Company LP for Lake “C” to serve Newport Pointe adjusting the contract cost by \$58,629.86. Upon unanimous vote, the Board approved Change Order No. 3. Then, Ms. Shipley presented Pay Estimate No. 4 and Final to Lonnie Lischka Company, LP for Construction of Lake “C” to serve Newport Pointe in the

amount of \$51,491.29. Upon unanimous vote, the Board approved Pay Application No. 4 and Final. Then, Ms. Shipley presented Pay Estimate No. 9 to Insurors Indemnity Company for Construction of Newport Pointe Lift Station Phase 1 to serve Newport Municipal Utility District in the amount of \$190,378.86. Upon unanimous vote, the Board approved Pay Application No. 9. Then, Ms. Shipley presented Pay Estimate No. 6 to Crostex Construction, Inc. for Construction of Construction of Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 2 in the amount of \$190,378.86. Upon unanimous vote, the Board approved Pay Application No. 6. Then, Ms. Shipley presented Pay Estimate No. 4 to Crostex Construction, Inc. for Construction of Construction of Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 3 in the amount of \$19,969.20. Upon unanimous vote, the Board approved Pay Application No. 4. Then, Ms. Shipley presented Pay Estimate No. 4 to Crostex Construction, Inc. for Construction of Construction of Water, Sanitary Sewer and Drainage Facilities and Paving and Appurtenances to serve Newport Pointe Section 4 in the amount of \$205,984.49. Upon unanimous vote, the Board approved Pay Application No. 4. Then, Ms. Shipley presented Pay Estimate No. 3 to PLD Construction, LLC for Construction of Construction of Clearing and Grubbing to serve Newport Grove in the amount of \$93,471.75. Upon unanimous vote, the Board approved Pay Application No. 3. Then, Ms. Shipley presented Pay Estimate No. 1 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$103,511.70. Upon unanimous vote, the Board approved Pay Application No. 1. Then Ms. Shipley reviewed the three (3) bids received for the Construction of the Mass Grading & Detention to Serve Newport Grove and recommended that the Board accept the bid from DC Contracting Services, LLC in the amount of \$1,341,048.15 and 85/95 calendar days construction time. Upon unanimous vote, the Board accepted the bid from DC Contracting Services, LLC. Then Ms. Shipley reviewed the five (5) bids received for the Construction of Offsite Water Line and Sanitary Force Main to Serve Newport Grove and recommended that the Board accept the bid from Bull-G Construction Limited Liability Company in the amount of \$692,693.00 and 40/50 calendar days construction time. Upon unanimous vote, the Board accepted the bid from Bull-G Construction Limited Liability Company. Then Ms. Shipley reviewed the one (1) bid received for the Construction of the Construction of the Phase 1 Clearing and Grubbing to Serve Enclave at Newport and recommended that the Board accept the bid from HB Hydro Ax, LLC in the amount of \$54,189.00 and 10/15 calendar days construction time. Upon unanimous vote, the Board accepted the bid from HB Hydro Ax, LLC.

Next, Ms. Stanhouse provided an update on the District's Surface Water Treatment Plant expansion. First, Ms. Stanhouse presented Change Order No. 2 to Purifics Water, Inc. modifying the pay schedule so \$1,000,000 is due by June 30, 2024 and the remaining \$1,572,440 is due after factory acceptance scheduled for September 2024. Upon unanimous vote, the Board approved Change Order No. 2. Next, Ms. Stanhouse presented Purifics Water, Inc. invoice No. 625 for \$1,000,000. Upon unanimous vote, the Board approved Purifics Water, Inc. invoice No. 625. Lastly, Ms. Stanhouse requested that the Board authorize LAN engineer Mr. Paul Wood to visit the Purifics Water, Inc. factory in New London, Canada to inspect the equipment and deliver payment of invoice No. 625. Director Johnson suggested that either a Board member or one of the operators also attend the inspection. Director Chasteen offered to go on the trip. Upon unanimous vote, the Board authorized Mr. Wood to travel to Purifics Water, Inc. Lastly, Ms. Stanhouse provided an update on the grant funding process she is working on with Congressman Dan Crenshaw's office. The Board thanked Ms. Stanhouse for her dedicated work for the District.

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

7. Ms. Aylett provided a brief attorney's report. She informed the Board that she is working with Lennar to prepare deeds for the land donations from Lennar. Then she requested that the Board approve a Resolution Requesting an Estimate of Value for Defined Area 1, which will be needed by the financial advisor in connection with the issuance of bonds for Defined Area 1. Lastly, she requested that the Board approve correspondence regarding the District's corrective action plan in conjunction with the management letter accompanying the District's 2021 audit. After brief discussion, upon unanimous vote, the Board approved the attached Resolution Requesting Estimate of Value for Defined Area 1 and authorized the corrective action plans correspondence regarding the District's 2021 audit.

8. Ms. Shelton provided a financial advisor's report. Ms. Shelton discussed the preliminary cash flow analysis that she prepared for the District in conjunction with the proposed November bond election.

9. 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.

10. 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.

11. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,502 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

12. The Board tabled the discussion of maintenance of District property at 16339 Taffrail Way and the request by adjacent landowner for purchase until the District has additional time to investigate the matter.

13. Ms. Aylett then requested authorization for her firm to work with the operator to compile and submit to CenterPoint Energy the information required to comply with the emergency operations and critical load status for District facilities. This report will register with CenterPoint Energy and other emergency operations agencies the District's critical water and wastewater infrastructure, and those facilities will be given priority for restoration of service after a hurricane or other disaster. In addition, the attorney will submit contact information to emergency operations agencies for the County and the State, as required by law.

14. The Board reviewed a Consumer Confidence Report (the "CCR"). Upon unanimous vote, the Board approved the CCR as presented and authorized its distribution through a URL on the water bill.

15. The Board considered the acquisition of three (3) lots from the Newport Property Owners Association (“POA”). After discussion, upon unanimous vote, the Board approved the acceptance of the three (3) lots from the Newport POA.

16. Ms. Fashoro presented a developer’s report on behalf of Rampart. Ms. Fashoro informed the Board that Rampart has an offer for the previously discussed 53 acre property and has valued this property at \$10,000 per acre. The Board will consider acquiring the property. Then, Ms. Corbett presented a brief developer’s report on Newport Pointe. Lastly, Mr. Kelly and Mr. Schnure provided an update on the Taylor Morrison development. Mr. Schnure and the Board discussed landscaping options for the parks in the development. The Board discussed the benefits of including additional splash pads in the new parks. The Board will take the landscaping suggestions under advisement.

17. Ms. Fashoro and the Board discussed the donation of lots from Rampart to the District. Director Hasse and the operators investigated the lots and recommended that the Board accept the donation. Upon unanimous vote, the Board accepted the donation of lots from Rampart.

18. The Board tabled the discussion of the conveyance of Detention Ponds A and B in Newport Pointe and Maintenance Agreement with Newport Pointe Property Owners Association, Inc.

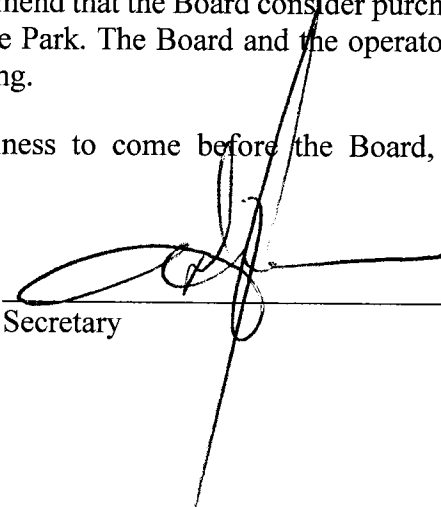
19. Director Chasteen provided an update on the Newport Junior Park Rangers program.

20. Justin Waggoner provided a brief report on Touchstone District Services (“Touchstone”) activities in the District.

21. There were no Groundwater Reduction Contracts presented.

22. Director Hasse recommend that the Board consider purchasing a permanent generator for the lift station at Flying Bridge Park. The Board and the operators will investigate and consider at the District’s July 18th meeting.

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


Secretary