

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
May 2, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on May 2, 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 Rich Harcrow, Justin Waggoner, Abby Stanhouse, Kelly Shipley, Ben Shahbazi, Clint Sutton, Jeff Baughman, Debbie Shelton, Eileen Fashoro, Nino Corbett, Channing Corbett, Yesenia Cavazos, 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 called for public comment. Mr. Shahbazi stated that he had a requested a feasibility analysis some months ago, and now his neighbor was similarly requesting a feasibility study for a daycare. He asked if the studies could be combined, since the properties are adjacent to each other. The Board confirmed that the studies could be combined if both parties agree, but the District will still be entitled to make a decision on each tract as to whether annexation, out-of-district service, or no service is appropriate.

Ms. Yesenia Cavazos of CVZ Land approached the Board. She noted that she had purchased an unrestricted reserve in the District with the intention of building two single-family homes. The property is within the District, but there are intersecting pipelines which make development and provision of District services challenging. She noted that the cost of a feasibility study was prohibitive for her and asked if the Board could make some other arrangements or if the Board would make some guarantees about whether service would be provided. The Board noted that without a feasibility study, the District does not have facts upon which to make a decision regarding the provision of services.

2. The Board discussed the capital improvements plan. The engineers presented the latest draft and reviewed changes made from the prior draft in some detail. The engineer added the cost of hydropneumatic tank and ground storage tank at water plant no. 2 to address the possibility of reworking and starting up the inactive well. The engineer has also shifted some of the priorities from year to year in order to minimize tax rate hikes whenever possible. Debbie Shelton noted that she is trying to level the bond issue sizes so that the tax rate impact can

be leveled as well. The engineer added information on page 4 in column 2 to provide a running snapshot of where the District is on all sanitary sewer rehabilitation projects. The timing for the lift station work was shifted to balance expenditures. The Board reviewed the CIP in some detail. The Board noted that it would be important for residents to understand why the CIP had increased so significantly over the past few years. In addition, it will be important to understand the narrative for the changes in the flood plain regulation that contributed to the higher cost of the sewage treatment plant expansion, flood plain mitigation, and berm construction.

3. Debbie Shelton presented a financial advisor's report. She noted that she is working with the engineer to smooth out the tax rate changes wherever possible in conjunction with the capital improvements plan. It appears that in the future, the District will be required to utilize all of its tax rate for debt service, and tax rate increases can be anticipated as a result of the implementation of the capital improvements plan and bond issuances.

4. The Board discussed public education and outreach. Next topics for discussion include hurricane preparedness and the Junior Park Ranger Program. The Board noted that residents are still not receiving text alerts, and Touchstone will investigate what can be done to address the issue.

5. The Board discussed the operations report. Rich Harcrow reported that the District will need to staff the wastewater treatment plant over the weekend due to the heavy rains.

Mr. Harcrow also reported that he had done some initial investigations on land near the surface water treatment plant that could be used for a forebay. He noted that Rampart does own 52.17 acres next to the surface water treatment plant. Eileen Fashoro addressed the Board on behalf of Rampart and stated that that land has a value for detention if and when Lakewood develops its property. Rampart is willing to discuss conveyance of the land. The Board asked the engineer to provide information to them on how much acreage would be needed for the construction of a forebay.

6. Nino Corbett presented a developer's report. He is working on completion of the lift station with the bonding company. He also sent a draft of a proposed maintenance agreement for the detention pond to the attorney for her review prior to the next meeting.

7. Nino Corbett addressed the Board regarding Newport Court LLC and their request for annexation of a 1.906-acre commercial parcel on the west side of FM 2100. Mr. Corbett noted that the property already has District water and sewer lines adjacent to it, and it appeared to be feasible for the Board to consider annexation. Upon unanimous vote, the Board approved Newport Court LLC's request for annexation and authorized the attorney and engineer to begin the necessary documentation.

8. Lori Aylett presented a brief attorney's report. By the next meeting, she hopes to have all items related to acceptance of the Newport Pointe lift station and a payment by the developer to Insurers Indemnity Company ready for the Board's approval.

9. The Board returned to the developer's report. Eileen Fashoro presented a proposal to convey 12 lots to the District. The lots are undeveloped and could be utilized as park or open space land. The Board noted that they would place the item on the next agenda for the

Board's consideration, and the Board requested that Mr. Harcrow and Director Hasse walk the lots.

Ms. Fashoro noted that Rampart owns a piece of property that they plan to develop, and it appears to have a sanitary sewer line on it that is not located in an easement. She requested that the Board authorize the District engineer to provide assistance in locating easements or providing further information.

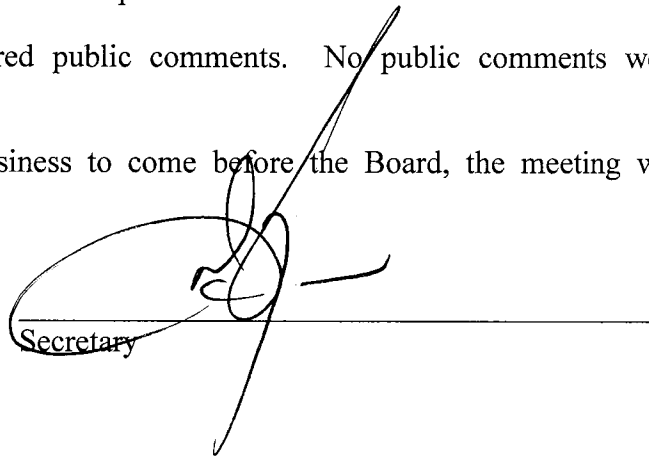
10. The Board briefly discussed the property acquisition from Newport POA. The District will need a title insurance policy and will make that request of the POA representative.

11. The Board received a parks report. Mr. Harcrow is obtaining quotes for dead tree removal on land that has been offered by the POA for donation, so that the District will have an idea of these costs.

12. Under pending business, Director Hasse asked if any engineering work had been done on water plant no. 2 restart. The engineer outlined the steps that they would take and noted that it would cost about \$75,000 to do the complete evaluation.

13. The Board considered public comments. No public comments were presented.

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



Secretary