

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
October 17, 2024

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on October 17, 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, Jeff Haley, Rich Harcrow, Jeff Baughman, Debbie Shelton, Delila Yanez, Jorge Diaz, Justin Waggoner, Don Cox, Brandon Lankford, Eileen Fashoro, Ben Shahbazi, Thersa Summers, 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 September 19, 2024 and October 3, 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 requested that the Board approve the Agreement with Harris County Engineer Department for the maintenance of Lake D in Newport Pointe. Upon unanimous vote, the Board approved the maintenance agreement. The Ms. Shipley requested authorization to advertise for bids on the maintenance agreement. Upon unanimous consent, the Board authorized the engineer to advertise for bids for construction of Lake D in Newport Pointe within Defined Area No. 1.

Next, Ms. Shipley presented Pay Application No. 2 to Crostex Construction, Inc. for Construction of the Water, Sanitary Sewer and Drainage Facilities and Pacing and Appurtenances to Serve Newport Pointe Section 4 in the amount of \$502,943.18. Upon unanimous vote, the Board concurred with the developer’s payment of Pay Application No. 2. Then, Ms. Shipley requested authorization to advertise for bids for Newport Enclave Section 1 Water, Sewer

and Drainage. Upon unanimous vote, the Board authorized the developer's engineer to advertise for bids. Then, Ms. Shipley presented Pay Application No. 10 to AR Turnkey Construction Co., Inc. for South Diamondhead at Gum Gully Utility Relocation in the amount of \$128,480.85. Upon unanimous vote, the Board approved Pay Application No. 10. Then, Ms. Shipley presented Pay Application No. 5 to Nerie Construction, LLC for Sanitary Sewer Phase 4 Rehabilitation in the amount of \$80,411.27. Upon unanimous vote, the Board approved Pay Application No. 5. Then, Ms. Shipley requested authorization to advertise for bids for the Sanitary Sewer Rehabilitation Phase 5 Manhole Rehabilitation. Upon unanimous vote, the Board authorized the engineer to advertise the Sanitary Sewer Rehabilitation Phase 5 Manhole Rehabilitation project.

Next, Ms. Shipley informed the Board that the District has completed the lead and copper survey and will meet all deadlines.

Next, Abby Stanhouse provided an update on the investigation into the odor issues at Water Plant No. 1. The engineers are looking into the presence of elemental sulfur and H₂S. Ms. Stanhouse recommended that the Board move forward with a \$500 test to test the elemental sulfur and the H₂S. Upon unanimous vote, the Board approved the \$500 test. Then, Ms. Stanhouse recommended that the Board consider installing a mixer at Water Plant No. 1 to alleviate the odor issue. The engineers estimate that the purchase and installation of a mixer will cost \$30,000.

Then, Ms. Shipley presented one (1) utility request from Rampart Properties, LLC for thirty (30) proposed townhomes on 3.79 acres in Newport Villages. Upon unanimous vote, the Board approved the Utility Commitment request.

Lastly, the engineers presented the supplemental engineering report. The engineers reviewed the one (1) bid received for the Newport Municipal Utility District Surface Water Treatment Plant Expansion from Industrial TX Corp. for a base bid of \$9,575,000, an alternative bid of \$9,625,000 and 730 calendar days. The engineers explained their process for seeking out bids for the project to the Board. The Board questioned if it would be wise to rebid the project. The engineers noted that the current water and wastewater construction market gives contractors a lot of room to pick and choose the projects they bid on and that it is unlikely rebidding this project will lead to a materially better outcome. The engineers also noted that Industrial TX Corp. is an excellent contractor and is very well suited to handle this project. Upon unanimous vote, the Board awarded the contract for the Newport Municipal Utility District Surface Water Treatment Plant Expansion from Industrial TX Corp. for an alternative bid of \$9,625,000 and 730 calendar days.

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

5. Lori Aylett did not have an attorney's report.

6. Debbie Shelton gave the financial advisor's report, including the status of the District's Series 2024 bond sale. The District advertised for bids for sale of the \$3,500,000 Defined Area No. 1 Unlimited Tax Bonds, Series 2024. The District received five bids, and the lowest bid was from Samco Capital Markets with a net effective interest rate of 4.436776%. Debbie Shelton recommended that the bonds be sold to Samco Capital Markets. Ms. Shelton also presented a pricing book and disclosures, which are attached hereto.

7. Upon motion made and duly seconded, the Board voted unanimously to adopt the Order Awarding the Sale of the District's Series 2024 Unlimited Tax Bonds, which order is attached to the minutes.

8. The Board reviewed a bond order for the Series 2024 Unlimited Tax Bonds. Ms. Aylett reviewed the bond order and described terms by which the District is issuing the bonds. The bond order includes the legal authority enabling the District to issue bonds, the maturities and interest rates on the bonds as determined by the underwriter's bids and conditions that the District will follow to assure that interest on the bonds remains exempt from federal taxation. The bond order includes the District's covenant to levy taxes each year in an amount adequate to support the bonds. Furthermore, the District covenants to provide continuing disclosure of information as required by rules of the Securities Exchange Commission and other applicable agencies. After discussion, upon motion duly made, seconded, and unanimously carried, the Board voted to adopt the bond order for the Series 2024 Unlimited Tax Bonds which orders are attached to the minutes.

9. It was mentioned that the District is required to issue an Official Statement for the Series 2024 Unlimited Tax Bonds. Ms. Shelton described procedures that will be followed to update the Preliminary Official Statement and provide actual information resulting from the sale of the bonds. The Official Statement will be prepared and reviewed by the District's consultants and disclosure counsel and will be printed and distributed to the underwriter and all purchasers of the bonds. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to approve and authorize completion of the Official Statement and to distribute the Official Statement as required by law.

10. It was mentioned that the District will require that services of a paying agent/registrant bank with regard to the Series 2024 Unlimited Tax Bonds. After discussion, upon motion made and unanimously carried, the Board voted to approve and authorize execution of a paying agent/registrant agreement with Bank of New York Mellon Trust Company, N.A. for the Series 2024 Unlimited Tax Bonds.

11. After discussion, upon motion duly made, seconded and unanimously carried, the Board voted to adopt resolutions authorizing the District's directors and consultants to take all necessary actions to secure approval of the Series 2024 Unlimited Tax Bonds and delivery of the bonds to the underwriter.

12. The Board next confirmed the prior engagement of McCall Gibson Swedlund and Barfoot, PLLC to perform Agreed Upon Procedures Report for reimbursement of the developer from proceeds of Series 2024 Unlimited Tax Bonds. The auditor will prepare the report for the District's regular November meeting.

13. Delila Yanez presented a tax assessor collector's report, a copy of which is attached. The District's 2023 taxes were 98.73% collected. Four (4) 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.

14. The tax assessor-collector confirmed publication of the District's proposed 2024 tax rates for the District, Defined Area No. 1 and Defined Area No. 2. The Board opened

the public hearing on the proposed 2024 tax rate at 5:17 pm. Hearing no public comments, the Board closed the public hearing on the proposed 2024 tax rate at 5:19 pm.

15. Ms. Aylett presented the Order Adopting Appraisal Roll and Levying Tax for 2024 for the District, the Order Adopting Appraisal Roll and Levying Tax for 2024 for the Defined Area No. 1, and the Order Adopting Appraisal Roll and Levying Tax for 2024 for the Defined Area No. 2 to the Board. The Order for the District reflects a total tax rate of \$0.6226 per \$100 assessed valuation, composed of a debt service tax rate of \$0.3150 and a maintenance and operations tax rate of \$0.3076. The order for the Defined Area No. 1 reflects a debt service tax rate in the Defined Area No. 1 of \$0.7774. The order for the Defined Area No. 2 reflects a maintenance and operations tax rate in the Defined Area No. 2 of \$0.7774. Upon unanimous vote, the Board approved the attached Order Adopting Appraisal Roll and Levying Tax for 2024 for the District, the attached Order Adopting Appraisal Roll and Levying Tax for 2024 for the Defined Area No. 1, and the attached Order Adopting Appraisal Roll and Levying Tax for 2024 for the Defined Area No. 2.

16. Ms. Aylett then presented the three Amendments to Statement of Directors Furnishing Information Required by Section 49.455(b), Texas Water Code, as Amended, one related to District and the others related only to the Defined Areas. The attorney noted that the Amendments to Statement of Directors are updated anytime the District adopts a new tax rate and are filed in the real property records of Harris County. Potential purchasers of property in the District and in the Defined Areas are on notice that they are located in the District and Defined Areas, if applicable, and they are on notice as to the current tax rate of the District and Defined Areas, if applicable, and other related information. Upon unanimous vote, the Board approved the Amendments to Statement of Directors.

17. Ms. Aylett informed the Board that she would be updating the District's Tax Code § 26.18 compliance document by posting the adopted tax rates on the District's webpage.

18. 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.

19. 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. Upon unanimous vote, the Board approved the report as presented.

20. The engineer reported that they have completed the lead service line inventory required by EPA and Texas Commission on Environmental Quality regulations. The inventory has been submitted in advance of the October 24, 2024 deadline.

21. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,572 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

22. 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.

23. The Board reviewed the Out-Of-District Water Service Agreement for Newport Plaza. Ms. Aylett informed the Board that the agreement for Them Sum will have the same terms. After discussion, the Board approved the Out-Of-District Water Service Agreement for Newport Plaza and Them Sum, subject to final negotiations between the attorney and representatives of Newport Plaza and Them Sum.

24. No developer's reports were presented.

25. 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.

26. The Board tabled the discussion of the purchase of real estate.

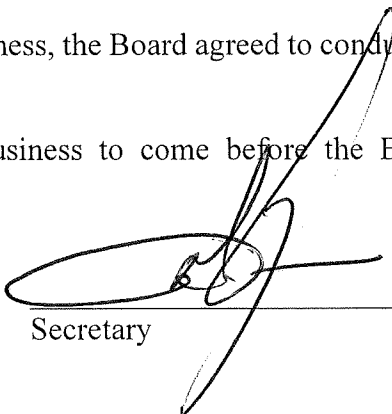
27. The Board reviewed the operator's contract. Andrea Martin discussed changes made to the prior draft to address concerns of the Bond, including provision of more details of duties performed under the basic operations fee, cleaning of the splash pads, and administration costs. The Board noted their satisfaction with the contract and the responsiveness of Si in addressing their concerns. Upon unanimous vote, the Board approved the operator's contract with Si Environmental LLC as presented.

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

29. No Executive Session was held.

30. Under pending business, the Board agreed to conduct its regular meeting on Thursday, November 21 at 4:30 p.m.

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



Secretary