

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

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16401 Country Club Drive, Crosby, Texas, on January 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 Billy Killian, Kelly Shipley, Abby Stanhouse, Rich Harcrow, Jeff Baughman, Clint Sutton, Andrea Martin, Christina Matzonkai, Jeff Haley, Juan Alexander, Debbie Shelton, Delia Yanez, Jorge Diaz, Nino Corbett, Eileen Fashoro, Justin Graham, Aaron Aguila, Bobby Skinner, Ben Shahbazi, Brandon Lankford, Lori G. Aylett, and Douglas McNiell.

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 December 21, 2023 and January 4, 2024 were presented for the Board’s review and approval. Upon unanimous vote, the minutes were approved as presented.

3. Billy Killian provided a brief garbage collection report.

4. Kelly Shipley presented the engineer’s report, a copy of which is attached. First, Ms. Shipley presented Change Order No. 1 to Purifics Water Inc. for an upgrade to the DeWRS platforms. Upon unanimous vote, the Board approved Change Order No. 1. Next, Ms. Shipley requested approval of the supplemental engineering services agreement for Purifics Water Inc. for continuous ultra-filtration support as needed by the client through June 2024. Upon unanimous vote, the Board approved supplemental engineering services agreement.

Next, Ms. Shipley requested authorization to design the Water Plant No. 2 replacement well at the surface water treatment plant. Upon unanimous vote, the Board authorized the design of the Water Plant No. 2 replacement well. Then, Ms. Shipley requested the Board’s authorization to prepare the renewal application for the storm water quality permit for the International Union of Operating Engineers (“IUOE”) detention ponds. Upon unanimous vote, the Board authorized the engineer to prepare the renewal application. Next, the engineer informed the

Board that the engineers can rollover the District's 2024 Texas Water Development Board ("TWBD") funding application for the 2025 fiscal year application process. The Board requested that the engineers do so.

Lastly, Ms. Shipley presented four utility commitments to the Board: (i) Newport Enclave 20.785-acre tract on South Diamondhead Boulevard reissued for Davidson Homes, LLC, (ii) Newport Pointe Amenity Center, (iii) Crosby Volunteer Fire Department, and (iv) Shops at Newport. Upon unanimous vote, the Board approved the utility commitments.

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

5. The engineers and the Board discussed the preliminary engineering report for Water Plant No. 1, including a potential hydrogen sulfide treatment and options for well inspection such as a camera survey. The engineers requested the Board authorize a pilot study to determine the optimal levels of chlorine to kill the H₂S bacteria. Upon unanimous vote, the Board authorized the pilot study. Then, Director Johnson discussed whether Water Plant No. 1 should run on vertical turbines in order to make maintenance easier. Upon unanimous vote, the Board authorized the engineers to evaluate the impact of changing Water Plant No. 1 to a vertical turbine.

6. Lori Aylett provided a brief attorney's report. During the month, she worked with the engineer on the Purifics contract change order. She also attended a meeting with representatives of IUOE regarding their plans to install a water storage tank at their site.

7. Debbie Shelton presented a financial advisor's report. She is waiting for preliminary values for Defined Area 1 from Harris Central Appraisal District. The value added by Newport Pointe will likely be adequate to justify issuance of bonds secured by a tax in Defined Area 1.

8. Delia Yanez presented a tax assessor collector's report, a copy of which is attached. 2022 taxes were 99.29% collected. Nine 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.

9. The Board discussed 2024 tax exemptions. The District currently offers an over-65 or disabled exemption of \$37,500. After consideration, upon unanimous vote, the Board voted to adopt the attached Order Adopting Residence Homestead Exemption for Persons 65 or Older or Disabled, with the order reflecting an exemption of \$37,500.

10. There was presented the attached Order Levying Additional Penalty for Delinquent Taxes. The order levies a 20% penalty on 2024 delinquent taxes for business personal property on April 1, 2024, and for real property on July 1, 2024. Upon unanimous vote, the Order was adopted as presented.

11. 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.

12. The Board discussed an operations and billing collection report, a copy of which is attached. The District accounted for 88% of the water produced.

Ms. Andrea Martin informed the Board that Professional Utility Services Inc. has been acquired by Si Environmental. Ms. Martin introduced Mr. Jeff Haley and Mr. Juan Alexander of Si Environmental to the Board. Mr. Haley informed the Board that there will be no changes to the District's operations. The Board welcomed SI to Newport. The operator discussed the remainder of the report and upon unanimous vote, the Board approved the report as presented.

13. The Board tabled the consideration of utility account write-offs until the District's February meeting.

14. The Board reviewed the annual CPI adjustments for the groundwater reduction contracts. The 2023 groundwater reduction contract rate was \$5.00 per 1,000 gallons. The Board authorized the attorney to offer new ground water reduction agreements for the increased price of \$5.25 per 1,000 gallons.

15. Ms. Aylett requested authorization to update the District's annual Tax Code § 26.18 Compliance. Upon unanimous vote, the Board authorized Ms. Aylett to update the District's annual Tax Code § 26.18 compliance document to reflect the new tax year.

16. The Board discussed a parks and recreational facilities report, a copy of which is attached. 1,403 key fobs have been distributed. Upon unanimous vote, the Board approved the parks report as presented.

17. Ms. Aylett provided an update on the District's negotiations with USIC for utility locating and marking services. Her office will continue to work with USIC, and Ms. Aylett will provide further updates at the District's upcoming meeting.

18. Nino Corbett provided a brief developer's report for the Newport Pointe development. Then Eileen Fashoro provided an update on Rampart's development activities. Lastly, Justin Graham, Aaron Aguila and Bobby Skinner provided development updates and informed the Board that they expect model homes to be constructed on the Taylor Morrison development by January 2025.

19. The Board considered the location of the District's administration building. The Board discussed whether the administration building should be constructed at a separate location than the water plant in order to preserve space for additions to the plant. After discussion, the Board unanimously authorized Director Hasse to collect data on possible locations for the construction of the administration building.

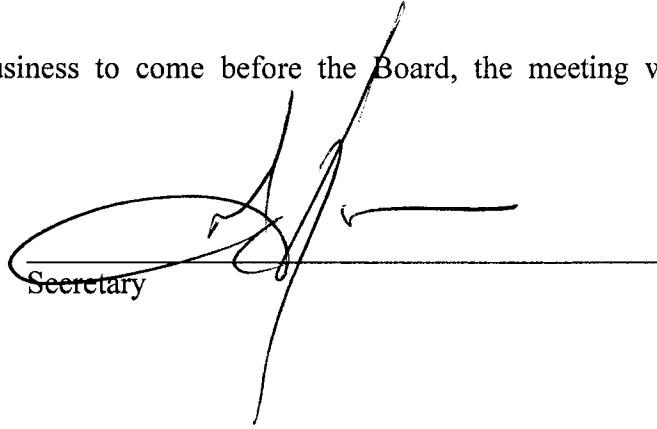
20. The Board discussed authorizing the proxy vote of District-owned lots for purposes of establishing a quorum for the Newport Property Owners Association ("NPOA") meeting. Upon unanimous vote, the Board authorized the proxy vote of District-owned lots for purposes of establishing a quorum for the NPOA meeting.

21. Director Chasteen suggested that the Board authorize her and Director Johnson to form a committee to communicate and coordinate with Touchstone District Services.

Upon unanimous vote, the Board authorized a committee of Directors Chasteen and Johnson to communicate and coordinate with Touchstone District Services.

22. Ms. Aylett presented three groundwater reduction contracts with Kenneth A Kirsch; Limeco, Inc.; and, Gregory Ford, DVM. The Board approved the three groundwater reduction contracts as presented.

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



Secretary