

## **NEWPORT MUNICIPAL UTILITY DISTRICT**

### **Minutes of Special Meeting of Board of Directors**

**June 5, 2025**

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16401 Country Club Drive, Crosby, Texas, on June 5, 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 Debbie Shelton, Terri Shepherd, Leslie Celestine-Thomas, Abby Stanhouse, Kelly Shipley, Andrea Martin, Nino Corbett, 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. No public comment was presented.
2. Terri Shepherd presented the Agreed-Upon-Procedures report of McCall Gibson Swedlund Barfoot Ellis, PLLC related to construction, engineering and related costs to purchase facilities constructed by Newport Pointe, Ltd. for the benefit of the District. Ms. Shepherd reviewed the procedures with the Board in some detail. She noted that it appeared that the cost of the water line extension, force main extension, and lift station, along with applicable interest as calculated pursuant to rules of the Texas Commission on Environmental Quality, totaled \$2,707,287.25. The engineer confirmed that the local office of the Texas Commission on Environmental Quality had already conducted a prepurchase inspection, and therefore all prerequisites to payment for the facilities have been satisfied. Upon unanimous vote, the Board approved the Agreed-Upon-Procedures report as presented and authorized payment for the facilities at the bond closing.
3. The attorney presented a conveyance of facilities and noted that upon payment for the facilities, the developer will convey them for permanent maintenance to the District. Upon unanimous vote, the Board approved the conveyance of facilities as presented.
4. Kelly Shipley and Abby Stanhouse presented an engineer's report including discussion on long-term water planning. First, they presented a map of the District and area water districts. The operator noted that the maps should be updated to reflect additional land that has been annexed into Harris County MUD 578, land in a MUD in the Crosby Farms development, and other known developments. The attorney suggested that the map be overlaid with an aerial Google Earth map, so that the active developments can be readily identified. The engineer noted that they would revise the maps according to the suggestions.

Ms. Stanhouse noted that the District currently has capacity for 5,000 Equivalent Single-Family Connections (ESFCs) based upon the TCEQ-recommended average usage of 360 gallons per day per connection. At the District's total buildout, which is estimated to occur in 2035, the District will have 6,700 ESFCs. This includes development in Newport Pointe, Newport Grove, and The Enclave. This also includes full build-out of homes in MUD 578 that the District is obligated by contract to serve.

The District engineer reviews and updates projections every year. The engineer also evaluates data received from the District operator on actual usage. District customers actually use a lower amount of water per day than the TCEQ benchmark of 360 gpd per connection. District residents use about 230 gpd per connection.

The District's current surface water treatment plant capacity is 2.5 million gallons per day (mgd) or just over 900 million gallons per year. The District's contract with the San Jacinto River Authority provides a firm take-or-pay commitment of 1.85 mgd of raw water, and the District can take up to 30% more than that if SJRA supplies are available. With the Purifics installation and plant expansion, the District will be capable of producing 4 mgd or 1,460 million gallons per year. The District will also have more available water because the Purifics treatment process does not waste water.

The engineer turned her analysis to the District's groundwater supply. The District currently has one water plant in operation with a capacity of 2.6 mgd or 950,000,000 annually. This well covers the District's projected demands for the next five years. This year, the District undergoes a Harris Galveston Subsidence District surface water conversion milestone. The District will also be able to grow on groundwater through the next subsidence district milestone in 2035.

The engineer projected that the District would have 125,000,000 gallons of groundwater to sell each year. In 2027, after the conversion is complete and before the District is fully developed, the District may have much as 220,000,000 of groundwater to sell. For 2035 and beyond, the District will have 140,000,000 of groundwater credits available for sale, assuming no changes in the District's permit allocation or the Harris Galveston Subsidence District regulatory plan.

According to current development projections, the District will need 880,000,000 gallons for its use in 2035, leaving 580,000,000 gallons of residual water availability based on the plant's capacity. This calculation does not take into account the San Jacinto River Authority contract allocation, which will need to be increased. The District could have up to 4,400 connections of excess capacity, even after the District is at full development. However, it is important to note that the limiting factor will be the District's distribution system and the location of any tract that could potentially be served. The engineer also pointed out that when the District has 6,000 ESFCs, additional elevated storage will be required. At 7,500 ESFCs, another ground storage tank will be required. At 8,000 EFSCs, the District will be required to upgrade its booster pump and raw water intake.

The Board discussed the District's ideal customer. The District can easily sell more groundwater credits and can enter into those contracts on a long-term basis. The District may also court existing MUDs or startup developments. The Board requested that the engineer add to their

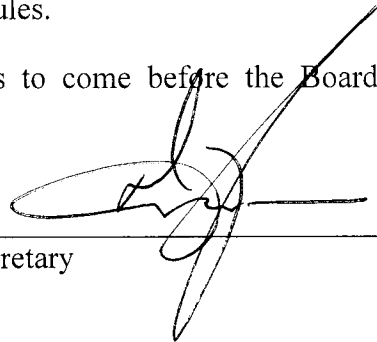
report any development inquiries that they receive. The Board noted that they wanted to be accommodating when it comes to the sale of water or water credits.

5. Lori Aylett presented an attorney's report. The transcript for the District's bond issue is at the Attorney General for review. The District will use a secure portal with encryption for wiring bond funds at the closing.

Andrea Martin presented one item under the operations report. The District received one request for operation of a food truck in the parks. The Board noted that the District's existing park rules do not allow for commercial enterprises in the District's park, and the Board declined to make an exception to the District's rules.

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

Secretary

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over a horizontal line.