

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
August 27, 2018

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16703 Golf Club Drive, Crosby, Texas, on August 27, 2018, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

R. Gary Hasse, President
Earl B. Boykin, Vice President
Margarette Chasteen, Secretary
Deborah L. Florus, Assistant Secretary
DeLonne L. Johnson, Director

and the following director absent:

None.

Also present were Teague Harris, Rich Harcrow, George House, Carlos Castrejon, Don Cox, Chad Rochester, and Lori G. Aylett, attorney for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. Teague Harris presented an engineer’s report, a copy of which is attached. He expressed his appreciation to Professional Utility Services, because after the last meeting, he contacted and clarified with David Williams of the Texas Commission on Environmental Quality their requirements for a chlorine dioxide pilot study. If the District were treating a side stream of raw water that is not then delivered to customers, TCEQ approval would not be required. However, the District engineer is proposing to run a full scale pilot study and use the water in the public water system. Therefore, TCEQ approval will be required. The engineer plans to have an application for submittal ready by the next Board meeting. The engineer received a proposal for Evoqua for the pilot study. He noted that he was not requesting Board action today but asked that it be placed on a future agenda.

2. The engineer completed their conceptual cost estimates for the elevation of buildings and equipment at the sewage treatment plant in conjunction with the District’s FEMA mitigation study. The engineer also prepared estimates of a modified levee that would be elevated to Harvey plus one foot. The engineer believes that a raised FEMA certifiable levee can be constructed for the same costs or possibly less than costs of elevating the buildings and equipment. He did not ask the Board for any action on the cost estimates but stated that he wanted to make sure the Board wanted him to continue pursuing this alternative. The Board instructed the engineer to continue reviewing all mitigation options for the benefit of the District. The engineer completed a review of videos of pre-Harvey and post-Harvey sanitary sewer segments. Of the 52 sanitary sewer segments, eight of them were found to exhibit a demonstrably greater degree of deterioration. The engineer will provide this information to FEMA. The engineer noted that the current berm encompasses approximately 15 acres. A

reconstructed berm could still be configured to support an expansion of the wastewater treatment plant.

3. The Board discussed considerations for requests to use District property. Director Hasse noted that the District was going to own all detention ponds in any event and wondered if the ponds could be designed to have multiple uses, such as recreation. Director Chasteen urged the Board to consider the cost of maintaining the detention facilities. Chad Rochester noted while this was a good idea, his current tract under development is too small to design a detention pond for multi-use. Carlos Castrejon noted that he had not designed a multi-use pond in any of his communities. Director Johnson noted that he would not consider any request to use District property if it affected the floodplain or the floodway. After considerable discussion, the Board agreed that it was not necessary to adopt formal policies for the requests for use of District land. Instead, the Board will use the considerations developed by the attorney, engineer, and Board as a framework for considering any requests.

4. Lennar presented a request to use approximately 7,000 square feet of land within Reserve A of Newport Section 7. A copy of the request is attached to these minutes. The majority of the property is in the floodplain and is not suited for development. The requested portion is currently natural woods and is 130 feet from the District trail at its nearest point. The developer requested permission to use the land to clear, fill and grade an area to no steeper than a 4:1 slope, gentle enough for maintenance purposes. The developer proposed to replant the property with native species. The developer noted his desire to raise their lot elevations to be higher than the Harvey flood. Lennar designs its subdivisions to be 18-inches above historic flood of record. The attorney asked Mr. Castrejon how Lennar would proceed if the District did not grant the request to use the land. Mr. Castrejon indicated if the District's land is not used for fill and slope, the developer will have to build a retaining wall at the back of the lots, which would likely be visible from the trail area. The Board debated the request at some length. Director Johnson stated that he was not in favor of allowing any use of District land and noted that it was the developer's issue on how to develop its own property. Director Chasteen noted that the District's land could be preserved in a more aesthetically pleasing way if the developer's request is granted and the slope is replanted with natural vegetation. The attorney and engineer suggested that the fill easement could be made for the benefit of each individual homeowner, so that they would be responsible for maintenance of the fill area as necessary. Director Hasse stated that he would support allowing this use of District land so long as it was replanted with natural vegetation and the 4:1 slope was supported. Director Flores stated that she did not like the idea of a large retaining wall at the boundary of the District's property. After a thorough discussion, upon a 4-1 vote, with Director Johnson opposing, the Board voted to allow the use of the District property described by the developer, subject to the following terms and conditions: a fill easement will be granted adjacent to each individual lot for the benefit of the lot owner; Lennar will be responsible for preparing metes and bounds of the fill easements behind each separate lot; slope maintained at no steeper than 4:1 and the slope must be planted with native vegetation.

5. Chad Rochester presented a request to use District land, a copy of which is attached. The developer is proposing to use a tract of land of approximately 1.4 acres which is general rectangular as a detention facility. The developer noted that the land had been donated to the District and was not currently being utilized, and future land use seems limited because of the

size and location of the tract. The tract is landlocked between the developer's property and the flood control channel. The developer is proposing to build a detention pond with a 3:1 slope on the property. The positive impact includes increase in assessed value, because utilization of the District property allows for more efficient use of the developer's land. Negative impact would be reduction of trees on the property. Director Johnson stated that he would not be in favor of this request because the property was located in the floodplain. Teague Harris noted that the shape and location of the proposed detention pond on District property is better than Rochester could plan if he has to limit the detention facility to property he owns. In addition, because the District already owns the property, the District would not be required to purchase land in the future for a detention facility. The developer noted that in exchange for the District's agreement to use this property, he would also convey property that Rochester currently owns to the District. There is currently a segment of District trail and monument on Rochester property, and the developer is interested in conveying this at no cost. The attorney noted that if the Board wished to accommodate this request, the attorney could prepare a right-of-entry agreement allowing the developer and its contractors to enter onto District property to construct the detention pond. Upon motion made by Director Chasteen, seconded by Director Boykin, the Board voted with a vote of 3-2, with Directors Flores and Johnson opposing, to grant Rochester's request to use District land and to convey a right-of-entry agreement for the detention facilities to the developer, provided that the developer conveys the trail segment, pays the cost of the agreement preparation, and pays for cost of preparation of the metes and bounds description of the properties to be conveyed.

6. The Board discussed maintenance of the pilot channel and the detention pond on Port O'Call. Director Hasse noted that the District had accepted maintenance of some of the detention facilities while home construction was still ongoing. As a result, some of the pilot channels have silt in them. The operator will try to clean out the pilot channels, and the Board may consider revisions to its acceptance policies for detention facilities to assure that the developer cleans them before conveying them to the District in the future.

7. The Board had a workshop regarding duties and responsibilities of the attorney and engineer.

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


Secretary