

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
October 29, 2018

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on October 29, 2018, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following director absent:

Earl B. Boykin, Vice President.

Also present were Chad Rochester, George House, Rich Harcrow, Delilah Arolfo, Andrea Martin, George Rochester, Teague Harris, Don Cox, 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. The Board reviewed developers' reports. Chad Rochester addressed the Board regarding his proposal for modifications to the previously approved use of District property for construction of a detention pond. He stated that he wanted to modify the design of the detention pond to be constructed on District property so that detention could be provided for both Section 10 and Section 6. Rich Harcrow provided information indicating that maintenance for one larger detention pond would be approximately \$9,204.55 per year, while maintenance for two smaller ponds would be \$8,520 each. If two ponds are located on Rochester land, Rochester can build 69 lots. If there are two ponds, one on Rochester land and one on District land, Rochester can yield 71 lots. If there is a single detention pond on District land sized large enough to accommodate detention for both sections, the developer can build 75 lots. The addition of more lots and homes would yield more debt service and maintenance tax revenues for the District. The developer offered to plant a wooded buffer zone area with native trees and canopy. Teague Harris noted that in terms of hydraulic impact, the District engineer made an initial first review of the water models and does not expect there to be much impact on Gum Gully. He stated that the model would not be a zero impact but the impact is so small that it should not influence the District's decision. The Board noted that there was economic benefit to using one pond versus two. If two ponds are constructed, the developer would be required to clear more property resulting in a less wooded look in the subdivision. Director Johnson stated his opposition to all of the options. He stated his opinion that he does believe that the values will be added as estimated by the developer. Chad Rochester did note that he was not planning to use LGI as a builder and was consulting with other builders. Director Hasse noted that he would want a one year guarantee on any plantings and landscaping work done by the developer, and the developer stated that he would agree to that. After full discussion, Director Johnson made a motion to close discussion, and motion was seconded and carried. Director Chasteen

made a motion to accept the scenario two proposal, with one oversized detention pond located on District property, with the developer to add landscaping buffers and offer a one year warranty. The motion was seconded by Director Flores, and carried with a vote of 3-1, with Director Johnson opposing. The Board authorized the attorney to prepare a right-of-entry agreement using a 20-foot maintenance berm and a vegetation plan.

2. The attorney noted that the fill easement with Lennar was still on hold because they have not filed a replat of Section 7 yet.

3. The Board discussed the meeting and office building. Director Hasse provided updated renderings of proposed building. The Board reviewed them and thanked Director Hasse for the information. By the next meeting, Director Hasse will provide rough cost estimates based upon his experience as a home builder.

4. The Board considered insurance renewals. This year, the District is required to purchase all flood insurance on structures through the NFIP and TML. The District was therefore required to get latitude and longitude information on all structures. The District engineer spent a substantial amount of time working on the estimates of value to make sure that all District facilities were covered. It appeared that the District's insurance renewal would cost \$95,814 and would include flood sub limit of \$2,500,000 for properties in Flood Zone AE. Delilah Arolfo expressed concern that the engineer had changed some of the addresses as the addresses were related to pending FEMA claims. The engineer and operator discussed the subject in much detail. The engineer noted he had provided the information in the format requested by the District's insurance agent. The operator, the engineer, insurance agent and attorney will coordinate to assure that the District's FEMA claims are protected and the District's insurance policies are renewed in good order. Upon unanimous vote, the Board approved renewal of the District's insurance policies at a cost not to exceed \$100,000.

5. At 4:10 p.m., the Board convened under executive session pursuant to Texas Government Code §551.071 and §551.074 for the Board to receive advice from the attorney and the Board to discuss duties of a public officer. At 4:34 p.m., the Board reconvened in regular session. No motions were made.

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


Secretary