

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
December 3, 2018

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on December 3, 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 Delilah Arolfo, Rich Harcrow, Andrea Martin, Jorge Diaz, Teague Harris, George House, and David Guidry.

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

1. The Board discussed the draft budget in some detail. Director Hasse discussed the option of raising the single-family residential rates by adding a \$5.00 base fee to offset the garbage cost and raising the water service rate by \$0.50 per active water account to offset the SJRA raw water fee. Director Chasteen asked if the Board decided to raise rates, how would they go about it. Delilah Arolfo informed the Board that they could amend the Rate Order at the next meeting with the District's attorney present, and once that was amended the operator would then send a copy to AVR to adjust the billing program to reference the new rate set by the Board. Director Johnson noted that the Board would need to explain to the residents the need for the increase and that they should place the information on the District's website, and the Board agreed. Director Chasteen noted that if the Board were to raise rates, she would like to raise them in small increments as to not overburden the residents at one time, and the Board agreed. The discussion on the budget was closed.

2. The Board next discussed the Rate Order. Director Hasse asked if there was any further discussion on raising the rate for single-family residential accounts, and no further questions were asked. The Board authorized the bookkeeper to present another draft of the budget, giving effect to the proposed increase of \$5.00 on the base rate and \$0.50 per thousand for the San Jacinto River Authority surface water fee, effective January 1, 2019.

3. The Board then discussed the operator's contract. Delilah Arolfo discussed the increase to the operations contract and reviewed it in detail with the Board. After a full discussion, upon motion duly made, seconded and unanimously carried, the Board voted to approve the operator's contract as presented.

4. Director Chasteen discussed changing Board positions annually and asked the Board what their thoughts were on that issue. Director Johnson said he felt that was a good idea, and it would give a better understanding to all Board members. Director Florus agreed. Director Hasse felt that this was good idea. The Board agreed that this item would be placed on the upcoming meeting agenda to be held on December 20, 2018 for action to be taken.

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


Secretary