

## NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

July 18, 2019

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on July 18, 2019, 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 Rich Harcrow, Andrea Martin, Clint Sutton, Delilah Arolfo, Esther Shaver, Jorge Diaz, Kelly Shipley, Bill Rosenbaum, Chad Rochester, Mike Nelson, Carlos Castrejon, Sherry Wells, Eileen Fashoro, Simon Vandyk, Don Cox, Margaret Benham, Bill Benham, Archie Benham, Joe Denman, Linda Denman, Fred Baker, Billy Killian, John Ledwig, Jennifer Seipel, and Lori G. Aylett, the 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 minutes of the meetings of June 20, 2019 and June 25, 2019 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Esther Shaver presented a tax assessors/collector's report, a copy of which is attached. The District's 2018 taxes were 97.50% collected, and all prior years were over 99% collected. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented.

3. Jorge Diaz presented a bookkeeper's report, a copy of which is attached. The District has over 9.33 months of operating reserves. The bookkeeper reviewed the checks and expenditures in detail with the Board. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of checks listed thereon.

4. Under customer inquiries, Bill Benham addressed the Board regarding his parents' request for a refund of a deposit made in connection with their renting a home in the District, which was necessitated by a fire at their primary residence in the District. After a brief discussion, upon unanimous vote, the Board voted to refund the deposit to the Benhams. The District's operator confirmed that her company had issued the refund check from their own account earlier in the day.

Several members of the public asked questions regarding whether a fire hydrant located near the Benham's house was operational on the day of the fire. The operator confirmed that the hydrant was tested following the incident, and no issues were reported. Members of the public also inquired into the maintenance schedule of District fire hydrants. The operator confirmed that hydrants are inspected every one to two years. Bill Benham requested a copy of the District's records showing maintenance of all District fire hydrants during the prior two years, and the District president assured him that such request would be accommodated. The Board also discussed its plan to schedule a meeting with the local volunteer fire department to discuss how the two groups can better work together to serve the community.

Another resident complained about the method of dividing the community into two zones for garbage pick-up. The garbage contractor confirmed that it was their decision and choice of how the division was made. The resident pointed out that those members of the community with Monday collections would always have three holidays. The representative of Frontier stated that they may request accommodations on the holiday schedule after they settle into the routine.

John Ledwig addressed the Board and stated that he was moving into the home previously owned by the Veach family. He requested temporary access across the District's park property to facilitate move-in. The Board welcomed Mr. Ledwig to Newport and instructed the operator to accommodate his request.

Finally, Sherry Wells, a realtor with Alliance, stated that she was representing the Medico family, who owns 330 acres in neighboring Harris County WCID 70 (Lake Shadows). She stated that WCID 70 did not have the capacity to serve her client's tract and requested permission to begin a discussion with the District engineer and attorney. The Board authorized its consultants to have preliminary discussions regarding the matter with the Medico family's representative.

5. The Board performed a brief mid-year budget review. The bookkeeper reviewed the District's revenues and expenses, stating that the figures appeared to be in line.

6. The Board next discussed the developers' reports. Eileen Fashoro stated that she had nothing to report on behalf of Rampart at this time.

Carlos Castrejon reported on activities of Lennar. In Section 7, he reported that sales are slightly ahead of where they were this time last year. There have been 24 sales year-to-date.

Chad Rochester reported on his development activities. The notice to proceed was issued on Monday for water, sewer and drainage construction in Sections 6 and 10.

With regard to the Section 9 detention pond, the District engineer reported that the entrance to the site is not adequate for maintenance crews to access the area. In order to remedy the situation, the engineer discussed the installation of a culvert by Rochester Enterprises, LLC, which would provide the necessary access. Mr. Rochester acknowledged the need to construct the culvert and stated that he would report back with their construction schedule. In addition,

Mr. Rochester noted that the hydro-mulch did not appear to be germinating, so the developer is testing the soils. Riprap will be added to the bottom of the pond.

7. The Board reviewed a request for a utility commitment for Rochester Enterprises for 45 equivalent single family connections on 7.4857 acres on Golf Club Drive. The engineer stated that the District had capacity to serve the tract, which is in the District's boundaries. Upon unanimous vote, the Board approved issuance of the utility commitment as requested.

8. The Board discussed the operations report, a copy of which is attached. Clinton Sutton provided information about operation of the District's water facilities. The District had 99% water accountability. The sewage treatment plant operated with no permit violations. The operator provided a new chart depicting rainfall and flows at the sewage treatment plant, which will assist in determining the levels of inflow and infiltration.

Rich Harcrow gave an operations report and reported on all District work.

The operator reported receipt of numerous complaints from the new homes regarding a "chemical smell" in the water. The operator has done testing, and the water is compliant with all state and federal drinking water regulations. The operator continues to investigate and take samples. The operator suspects that there may be some issue with the type of plumbing fixtures being used by the builders.

Andrea Martin presented the billing and collections report. Total current billing was \$338,502.33, while total current payments were \$342,999.24. The current arrears as of today's meeting totaled \$22,581.37. Deposits in house totaled \$519,517.50. Upon unanimous vote, the Board approved all operations, and billing and collections reports.

Frontier Waste presented a report on their garbage collection activities. They are planning an ice cream social to let residents meet the new contractor and see one of their trucks in action.

9. The Board received a report on parks and recreational activities. At Port O'Call Park, the restrooms were painted. Rich Harcrow provided a quote for the purchase of a Bobcat all terrain vehicle for use on the parks and trails. It has good maneuverability and will assist operations personnel in faster clean-up of debris after rain storms. Upon unanimous vote, the Board authorized the purchase at a cost not to exceed \$25,000. At Flying Bridge Park, the sign displaying the park rules was replaced, and a vehicle was reported stolen from the site. With respect to the trails, three trees adjacent to a resident's fence were removed. Upon unanimous vote, the Board approved the parks and recreational facilities report as presented.

10. Bill Rosenbaum and Kelly Shipley presented a District engineer's report, a copy of which is attached.

The engineer reviewed with the Board a draft of the projected District buildout. The District will need to expand its sewage treatment plant by 500,000 – 700,000 gpd, and planning will need to begin in the next few months.

Regarding Bond Issue No. 6, the engineer received comments to their summary of costs and draft report. Those changes are being incorporated, and the report is being finalized.

Regarding the generator platform, the engineer was hoping that plans would be ready, but Harris County officials are requiring additional hydraulic analysis and may require 20-foot pilings. The engineer is scheduling a meeting with the County to discuss.

The Board reviewed a request from Harris County MUD 544 for a long-term groundwater credit agreement. They requested 115,000 gallons per day on a permanent basis. After a review of the District's groundwater needs and current commitments, the engineer recommended that the District decline the request at this time, and the Board concurred.

Lastly, the engineer discussed a letter received from Friendswood Development Company regarding development of a 38-acre tract for single family residential. The tract is not within the District and would need to be annexed in to the District. The engineer will analyze the request in more detail. Upon unanimous vote, the Board approved the engineer's report as presented.

11. The Board then discussed land donations by Rampart and Lennar. With regard to the lots to be donated by Rampart, Eileen Fashoro stated that the adjacent landowner would like to purchase a portion of one of the lots and may already be utilizing it for his own purposes. Ms. Aylett noted that it would be best for Rampart to reach an agreement with the adjacent landowner prior to conveying any portion of the lots to the District. After discussion, the Board tabled donation of the lots by Rampart asked the operator to confirm whether the lots were being encroached upon by the neighboring landowner. With regard to the Lennar donation, the Board discussed possible use of the area for trails. After discussion, the Board agreed to table Lennar's donation of property, pending the operator's review of the property.

12. Simon Vandyk then gave a presentation on behalf of Touchstone District Services regarding election education and public outreach services. He provided written materials showing how Touchstone has assisted in public education regarding bond elections. He fielded several questions from the Board regarding pricing and services provided. After discussion, the Board elected to table the matter and asked whether Mr. Vandyk would be willing to provide client references. Mr. Vandyk agreed to do so and thanked the Board for their time.

13. With regard to the architectural design of Meeting/Emergency Operations Building, the attorney reported that she has not yet received a contract from BKP Design.

14. Lori Aylett presented an attorney's report, stating that the majority of the legal work done in the prior month related to current development projects, land donations from developers, and responses to inquiries regarding maintenance and operations.

15. The attorney stated that there were no groundwater reduction contracts for consideration this month.

16. The engineers then reviewed with the Board the capital projects plan. The plan includes future developer contribution items, District facilities, contingencies, engineering,

and other non-construction costs. The Board discussed the upcoming projects identified on the plan as they relate to the District's upcoming bond election.

17. The attorney then presented an Order Authorizing Filing Application for Approval of Texas Commission on Environmental Quality of District's Engineering and Parks and Recreational Projects and Issuance of Bonds. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the Order as presented.

18. The Board discussed an Order Calling Bond Election. Debbie Shelton presented a tax rate analysis explaining the likely changes in the District's tax rate necessitated by capital improvement projects required to be done by the District. The Board asked what the increase in tax rate would do the average District taxpayer's tax bill. After discussion, the Board elected to table the matter and place it on the August agenda for discussion.

19. The Board approved a letter of authorization for request of historical usage information for electricity. The District's electricity consultant, CGP, reviews the market periodically and recommends new contracts for electricity services, when appropriate.

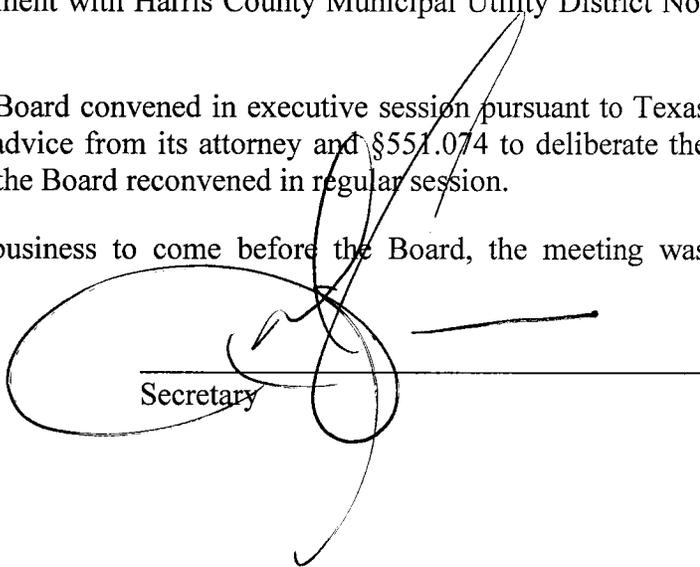
20. The Board then considered the District's Rate Order and Rate Schedule. The attorney noted that the District should adopt a new Rate Order and Schedule as the terms of service for solid waste collection had changed. Upon unanimous vote, the Board approved the attached Rate Order and Rate Schedule as presented.

21. The Board discussed whether to add email and text alerts to the District's website contract with Off Cinco. After a brief discussion, the Board unanimously voted to add such alerts.

22. The attorney stated that there were no updates with respect to the water supply and groundwater reduction agreement with Harris County Municipal Utility District No. 525.

23. At 7:08 p.m., the Board convened in executive session pursuant to Texas Government Code §551.071 to receive advice from its attorney and §551.074 to deliberate the duties of a public officer. At 7:35 p.m., the Board reconvened in regular session.

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



Secretary