

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Meeting of Board of Directors  
April 25, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on April 25, 2017, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Jim Hembree, President  
R. Gary Hasse, Vice President  
Margarette Chasteen, Assistant Secretary  
David P. Guidry, Director

and the following absent:

Don Cox, Secretary.

Also present were David Kasper, Delilah Arolfo, Brandon Smith, Cullen Francis, Rich Harcrow, Josh McKethan, and Andrea Martin.

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

1. David Kasper presented an engineer's report, copy of which is attached. Mr. Kasper reported that the Newport Place (Rochester) construction project is nearing completion and Newport, Section 12 (formerly Villas II) is now 100% complete.

Mr. Kasper reported that the developer requested that the Board execute a maintenance letter to Harris County indicating the District's acceptance to maintain a segment of the drainage pipe from a rear lot area to the street. Mr. Kasper noted that the County will not approve the plans until the District accepts maintenance of the segment of the drainage pipe. The Board tabled consideration of the maintenance letter until the District's April 27, 2017 regular meeting. Ms. Arolfo suggested televising the line to inspect the condition of the drainage line, and the Board concurred.

With regard to Newport Court, the project is complete and the developer requested that the project be accepted by the District for maintenance. Director Hembree noted that he had budgeted for the cost of maintaining the detention pond, but the operator believes that new quotes would be helpful now that the actual scope of the project is known. The engineer presented Change Order No. 1 which modifies that final quantities installed and reduces the final contract amount by \$13,359.44. Upon unanimous vote, the Board approved the change order as presented.

The engineer reported that the developer requested capacity letters for Newport, Section 8 Replat, Sections 2, 3 and 4. Upon unanimous vote, the Board approved the capacity letters as presented.

The engineer reported that the developer of Country Club Drive Tract 14-A has requested Board input on the possibility of extending the sanitary sewer line on County Club

*amp*

Drive to serve lots proposed to subdivide. The Board discussed the matter further, but took no action.

With regard to 11 acres on Golf Club (Rochester), the developer has requested a reimbursement agreement for this tract.

Design of the water line crossing of Gum Gully is approximately 70% complete. The Board approved a proposal to televise the sewer lines at a cost of \$52,680.

Upon unanimous vote, the Board approved the engineer's report as presented.

2. The Board considered an Advanced Metering Infrastructure (AMI) Agreement with Sensus USA, Inc. The Board tabled execution of the agreement until the April 27, 2017 regular meeting. Upon unanimous vote, the Board approved the purchase of one base station for the metering system at a cost of \$30,000, equipment totaling \$5,500, software hosting totaling \$11,162.50 and system configuration of \$25,225.50.

3. The Board next reviewed the operations and maintenance report, a copy of which is attached. Brandon Smith reported on operations of the water system in the District. Ground water permitted through February 28, 2018 was 206 million gallons, and remaining ground water as of March 28, 2017 was 180.982 million gallons. Total ground water produced was 18.318 million gallons, and total surface water was produced was 4.415 million gallons. Billed water was 20.564 million gallons with an accountability of 98%.

Brandon Smith reported on completed and pending work at the surface water treatment plant and Water Plant No. 1. With regard to the surface water treatment facility, the Board requested that the calibration reports be e-mailed to the Board members. Pending work includes removal of HPT by EFS, complete SCADA tie once the HPT is removed, and replacement of the meter for potable process water. The operator will coordinate with Clark Northup on the leak at the ground storage tank. At Water Plant No. 1, the operator needs to complete the SCADA installation and programming, as well as troubleshoot the air compressor running in auto for HPT.

There was discussion regarding the water leak at the ground storage tank and the protocol for notification when the leak was detected. The operator reported that she had discussed the leak with Director Chasteen during a walk-through. The operations personnel also notified the District engineer and an inspector engaged by the engineer. Director Hembree asked why he and other Board members were not notified of the leak, and the operator replied that she had reported to the District engineer and inspector. She also noted that the District had previously appointed Director Hasse as a field contact for any emergency work and asked for confirmation that this is the protocol that the Board would like to follow going forward. The Board agreed that this would be the proper protocol.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for the month amounted to 23.865 million gallons, with an average daily flow of 0.769 million gallons. There was 4.35" of rainfall for the month. There were no violations noted at the facility.

Cullen Francis next reported on work completed at the wastewater treatment plant and District lift stations.

Brandon Smith reported on maintenance performed at all facilities during the month which included replacement of the exhaust fan for the CL2 room and replacement of the belts on the lagoon blower system at the surface water treatment facility. At Water Plant No. 1, the operator cleaned rate valves and replace O-rings on the rotameter, replaced the sight glass on HPT, and replaced the bottom brass valves for the sight glass on HPT.

Rich Harcrow reported on the District work. There were 11 water leaks and main line repairs, 11 sewer back-up and sewer line repairs, and nine miscellaneous call outs. There were 21 regular taps and 21 sewer taps made during the month.

Upon unanimous vote, the Board approved the operator's report.

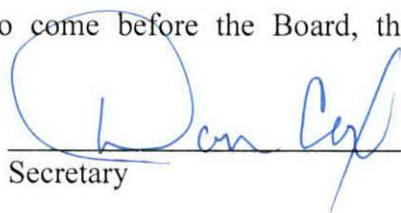
4. Brandon Smith then presented a report on District parks. Operations personnel reported on an incident that occurred in Port O'Call Park. A firearm was discharged in the park, and the Harris County Sheriff's Department requested camera footage of the incident, which the operator provided. Upon unanimous vote, the Board approved the District parks report.

5. Director Hembree reported that he had been working on renewal of the District's electricity contract and requested Board approval to secure rates. Upon unanimous vote, the Board authorized Director Hembree to secure electricity rates on behalf of the District.

6. The Board briefly discussed correspondence received from Rampart regarding illegal dumping near the sewage treatment plant road. The Board requested that the operator obtain quotes for placement of a gate at the entrance to the access road off South Diamondhead.

7. There was a lengthy discussion regarding whether the District had capacity to serve Harris County Municipal Utility District No. 525. The operator and engineer confirmed that the District had capacity to serve MUD 525. Director Hasse stated his opinion that the District could achieve additional revenues by entering into the agreement. Director Guidry stated the opinion that Newport MUD first had a duty to sell to its customers and has no obligation to sell water outside its boundaries. Director Chasteen noted that there could be financial benefits to selling water, and the District could gain almost a million dollars in revenue. Director Hembree stated that he would not be in favor of an agreement with MUD 525 on a short term basis. Director Hasse indicated that he was not pleased by the way the negotiations had ended at the last Board meeting at which the MUD 525 developer was present, and Director Chasteen agreed that the District should reach out to MUD 525 and make an offer in good faith. Directors Hembree and Guidry disagreed, noting that there was no action for the Board to take until MUD 525 sent a counter-proposal. No action was taken.

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

  
Secretary