

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
May 23, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on May 23, 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
Don Cox, Secretary
Margarette Chasteen, Assistant Secretary
David P. Guidry, Director

and the following absent:

None.

Also present were 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. The Board reviewed a written engineer's report. The engineer was not present at the meeting due to jury duty. All action items were tabled for a future meeting.

2. 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 April 26, 2017 was 164.237 million gallons. Total ground water produced was 16.745 million gallons, and total surface water was produced was 8.151 million gallons. Billed water was 21.707 million gallons with an accountability of 96%.

Josh McKethan reported on completed and pending work at the surface water treatment plant and Water Plant No. 1. Pending work at the surface water treatment plant includes removal of the hydropneumatic tank by EFS, complete SCADA tie once the tank is removed, and to review quotes for security camera upgrades and maintenance. The operator continues to work with the TCEQ and the District's engineer to amend the existing monitoring plan for approval of changing disinfectant to liquid bleach and LAS. At Water Plant No. 1, the operator needs to complete the SCADA installation and programming.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for the month amounted to 18.536 million gallons, with an average daily flow of 0.617 million gallons. There was 1.95" 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 jetting the line and splitter box that was clogged with sludge at the surface water treatment facility. At the parks, the operator replaced lighting in the storage room at Port O-Call Park and South Diamondhead Park. A wind sock for chemical safety procedures was installed at Water Plant No. 1.

Rich Harcrow reported on the District work. There were seven water leaks and main line repairs, six sewer back-up and sewer line repairs, and six miscellaneous call outs. There were 24 regular taps and 23 sewer taps made during the month.

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

3. Brandon Smith then presented a report on District parks, a copy of which is attached. Ark Concrete installed new park entrance signs at Port O'Call Park, South Diamondhead Park and Flying Bridge Park on May 15, 2017.

Mr. Smith presented a proposal from McCann to upgrade the security cameras at Flying Bridge Park, South Diamondhead Park, the surface water treatment plant, and Water Plant No. 1. Director Cox inquired as to how good the new cameras would be compared to the existing equipment, and requested a demonstration to view the quality of the new camera system before making a decision. Director Hasse inquired about the type of cable to be installed. Mr. Smith will contact McCann to schedule a system demonstration and obtain further information regarding the type of materials to be used.

There were three party requests for the Board's consideration. Upon unanimous vote, the Board approved the party requests as presented.

Upon unanimous vote, the Board approved the District parks report.

4. Director Hembree reported that that Professional Utility Services Inc. wanted to amend the scope of the work order billing system. Director Hembree gave a brief history of the operator's contract and overview of the current contract, which was intended as a turnkey operations contract. The operator currently only charges for equipment and overtime callouts but would prefer to go back to the work order system where they charge a base fee for certain routine operations and then charge on a work order basis for all hours worked and equipment used on a non-routine basis. Director Hembree's opinion was that this work order system would be a better system for the District. Professional Utility Services will submit a new pricing schedule for the Board's review and approval at a future meeting.

5. Director Hasse inquired as to the District's tap fees and wanted to confirm that the tap fees paid by the builders were not being used to keep the District's tax rate artificially low. Director Hasse noted concern that when construction revenue stops, the District may need to raise taxes due to reduced income. Director Hasse recommended two separate tap fees, one for a "long" tap and one for a "short" tap. After a brief discussion, the matter was tabled with no decision made by the Board.

6. Delilah Arolfo reported that she obtained three bids from landscaping companies to outsource maintenance of the parks and trails currently being performed by Professional Utility Services. BrightView Landscape provided a bid in the amount of \$234,000 annually. Hou-Scape provided a bid in the amount of \$150,577.81 annually, but was unwilling to accept the work due to the scope of work and distance they would have to travel, and Yellowstone Landscape provided a bid in the amount of \$260,000 annually. The Board requested that the attorney review the contract of BrightView before any action is taken.

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


Secretary