

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

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

and the following absent:

None.

Also present were Delia Yanez, Mandi Guerra, Delilah Arolfo, Brandon Smith, Andrea Martin, Nino Corbett, Rich Harcrow, Cullen Francis, 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. Minutes of the meetings held April 25, 2017, April 27, 2017 and May 11, 2017 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Delia Yanez presented a tax assessor/collector's report, a copy of which is attached. 2016 taxes were 96.67% collected, while all prior years were over 99%. Nine checks were presented for the Board's review and approval, and two wire transfer were made. The District received preliminary values from the Harris County Appraisal District, and the District's initial taxable value is \$498,284,496. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented and authorized payment of bills with the checks drawn on the tax fund.

3. Mandi Guerra presented a bookkeeper's report, a copy of which is attached. The District has 9.85 months of reserves in the operating fund. After payment of today's bills, the District will have a balance in the operating fund of \$4,004,569.64. The capital projects fund stands at \$2,766,799.39. The debt service fund balance is \$1,350,291.10. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills listed on the report.

4. Andrea Martin presented a billing and collections report. Total current billing was \$271,707.95, while total current payments were \$277,308.30. The 30-day arrears were \$49,583.20 at the end of April, and as of today's meeting they were at \$14,448.96. There were 40 new connections in the District, of which 32 were owners and eight were renters. Of

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those new connections, 10 were new homes, and 30 were pre-existing homes. 18 accounts were finalized, and there were 67 vacancies.

Ms. Martin next presented a report on behalf of Aggressive Waste. One yellow tag was issued for non-compliant household trash, and 13 yellow tags were issued for non-compliant heavy trash. Two customer complaints regarding trash service were received during the month, both of which related to delayed pickups due to mechanical problems with the truck. Director Chasteen asked Ms. Martin to inquire as to when Aggressive Waste will be getting new trash collection trucks so that the customers can remain informed. Ms. Arolfo noted that she can keep customers informed via e-mail and the operator's Facebook page.

Upon unanimous vote, the Board approved the billing and collections report as presented.

5. Nino Corbett reported on the status of his company's development. The contractor will oversee the detention pond next Tuesday, and then it should be ready to convey to the District. David Weekley has sold three homes in the development.

Eileen Fashoro reported on the activities of Rampart. DH Homes has seven acres under contract on County Club Drive. Rochester is the final stages of having deed restrictions approved for its Section 9 development. LGI will be the builder, and they are planning 83 lots on South Diamondhead. Homes will have a minimum square footage of 1,414-feet and brick on three sides. Lot dimensions are 45 feet by 110 feet and the price point will be \$190,000 to \$200,000 per home. Rampart also has several unrestricted reserves that were going to be part of the expansion of the golf course but will now likely be sold. They may also be selling six lots along Chart Drive. The developer is also planning to develop about three lots near the walking trail that Lennar recently installed. Rampart plans to keep a reserve there for parks and recreational purposes. In response to a question from the Board, Ms. Fashoro indicated that Rampart had about 25 to 30 development lots left, and also all the undeveloped lots in Section 7. Director Hasse commented on the drainage structures on the homes on Chart and the elevation of the homes on Broadwater.

6. The Board briefly discussed the cost summary for the bond anticipation note and the bond application report. The engineer has not yet completed the cost summary, but he is working diligently on the report. Nino Corbett stated that he had not yet decided whether to participate with Lennar in the costs of the bond anticipation note.

7. There were no customer service inquiries for the Board's consideration.

8. The Board reviewed the operations and engineering reports. Brandon Smith noted that he spoke with McCann about camera security, and an upgrade with 1080p will require pulling new cable. He requested that the attorney put a contract with McCann on the next agenda.

The operator next discussed the status of the private lift station at Newport Village Apartments. The operator performed a site inspection on May 11, 2017 and found that the pumps were not in proper operational mode. The grease and debris was cleaned from the ground, and the operator did contact Harris County Pollution Control and the Texas Commission

on Environmental Quality. The operator reported that the lift station is operational now but needs a second backup pump to prevent sanitary sewer overflows. The operator provided an estimate of \$4,670 to make the necessary pump installation, and according to the District's rate order, the District will assess a 20% administrative charge if the District makes the repairs. The Board authorized the operator to continue with rate order procedures and make the necessary repairs, if they are not undertaken by the apartment owner.

With regard to the International Union of Operating Engineers, Bellows has called for an inspection of the outfall. Harbaugh will be the new chief engineer for the project, and the operator plans to meet with them to discuss the next phase of construction. Pursuant to the prior agreement, the District will maintain the detention pond and bill IUOE for the operating costs. Directors Chasteen and Guidry expressed an interest in attending the meeting with International Union of Operating Engineers. The operator is working on the Consumer Confidence Report and will present it at the June meeting for the Board's review.

Rich Harcrow indicated that the operator has not received "as-builts" from Rochester, and the attorney noted that she would e-mail the developer today and request all of the necessary information.

9. The Board reviewed a Detention Pond Maintenance Agreement with Upstream Environmental. The attorney reported that the contract had submitted the necessary Form 1295, and she discussed the agreement in detail with the Board and the operator. The effective date of the contract is June 1, 2017. Upon unanimous vote, the Board approved the contract with Upstream Environmental as presented.

10. Lori Aylett presented an attorney's report. Her office completed and filed a notice to purchasers for Newport MUD and for the defined area. Director Cox requested that he receive a copy of both. In response to a question from the Board, the attorney noted that the District could enter into a contract for cleaning and maintenance of its park restrooms, if that service is no longer to be provided by the operator. The Board members noted that they would investigate the names of cleaning services used by other area businesses. The Board also requested that the attorney put an item on the next agenda regarding a contract with BrightView Landscape Services. Those services are also currently provided by the District operator. Finally, Brandon Smith noted that he was moving to Frisco, Texas and would be taking advantage of another employment opportunity. He expressed his appreciation to the Board and stated that it was a pleasure to work with them. The Board thanked him for all of his hard work and effort.

11. The Board considered a Resolution for Adoption of Order Establishing (1) Policy for Water and Waste Collection and Disposal Service and (2) Rules and Regulations Governing Sewer House Lines, Sewer Connections and Water Main Connections. Likewise, the Board considered an Order for Adoption of Schedule of Water and Waste Collection and Disposal Service Fees and Rates. Upon unanimous vote, the Board approved the attached orders as presented.

12. At 11:30 a.m., the Board convened in executive session pursuant to Texas Government Code §551.071 to discuss pending or threatened litigation and receive legal advice from the attorney. At 11:37 a.m., the Board reconvened in regular session. Upon unanimous

vote, the Board authorized the attorney to file a forcible entry and detainer law suit against the person or persons encroaching on District park property.

Delilah Arolfo also reported that there had been some unauthorized disposal of wastes at or near the same area of the encroachment. Her office notified the Harris County Pollution Control Department and will continue to monitor the situation for unauthorized dumping and cross-connections.

13. The Board considered election of officers. Director Hembree stated that it was his desire to continue serving on the Board, but he thought it would be appropriate for the Board to consider other officers. Director Guidry made a motion to appoint Gary Hasse as Board President, and that motion was seconded by Director Chasteen. There were no further nominations, and upon unanimous vote, the Board elected Gary Hasse as Board President.

Director Guidry made a motion to appoint Don Cox as Vice President, and that motion was seconded by Director Hembree. There were no further nominations, and upon unanimous vote, the Board elected Don Cox as Vice President.

Director Hasse made a motion to appoint Margarete Chasteen as Secretary, and that motion was seconded by Director Hembree. There were no further nominations, and upon unanimous vote, the Board elected Margarete Chasteen as Secretary.

Director Hembree made a motion to appoint David Guidry as the Assistant Secretary, and that motion was seconded by Director Hasse. There were no further nominations, and upon unanimous vote, the Board elected David Guidry as Assistant Secretary.

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


Secretary