

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
June 20, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on June 20, 2017, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following absent:

None.

Also present were David Kasper, Rich Harcrow, Cullen Francis, Josh McKethan, Delilah Arolfo, 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 complete, and "as-built" drawings have been delivered to the operator.

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. Director Cox requested additional information about the easement before the District accepts maintenance of the drainage pipe.

With regard to Newport Court, the project is complete, and the developer requested that the project be accepted by the District for maintenance. The operator and engineer will confirm that the project is ready for maintenance.

With regard to Newport, Section 8, Replat 4, construction is underway.

With regard to 2016 bond issue projects, the water tank rehabilitation project is ongoing. The software agreement for the water meter replacement project will be presented to the Board for review and execution at the District's regular meeting. Project design is approximately 70% complete for the water distribution system improvements in Gum Gully, and Cleanserve has completed cleaning and televising of the sanitary sewer lines.

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

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2. The Board next reviewed the operations and maintenance report, a copy of which is attached. Josh McKethan 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 May 25, 2017 was 140.215 million gallons. Total ground water produced was 24.022 million gallons, and total surface water was produced was 6.194 million gallons. Billed water was 27.736 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, completion of the SCADA tie-in once the tank is removed, and repair of the sodium permanganate line. 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 18.671 million gallons, with an average daily flow of 1.333 million gallons. There was 3.5" 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.

Rich Harcrow reported on maintenance performed at all facilities during the month which included installation of visitor signs at the entrance of the surface water treatment plant and Water Plant No. 1.

Rich Harcrow reported on the District work. There were seven water leaks and main line repairs, and 14 miscellaneous call outs. There were 20 regular taps and 20 sewer taps made during the month.

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

3. Rich Harcrow then presented a report on District parks, a copy of which is attached.

Andrea Martin 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.

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

4. Andrea Martin presented a billing and collections report. Total current billing was \$297,388.83, while total current payments were \$272,295.49. The 30-day arrears

were \$70,292.37 at the end of May, and as of today's meeting they were at \$27,388.09. There were 53 new connections in the District, of which 47 were owners and six were renters. Of those new connections, 18 were new homes, and 35 were pre-existing homes. 25 accounts were finalized, and there were 51 vacancies.

Ms. Martin next presented a report on behalf of Aggressive Waste.

5. Delilah Arolfo presented the Board with three quotes for the purchase of a generator for Water Plant No. 1. The quotes ranged from \$100,000 to \$200,000. Ms. Arolfo will prepare a spreadsheet comparing the quotes for review by the Board at the District's regular meeting.

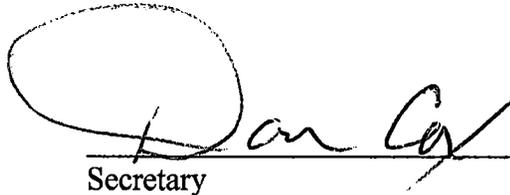
6. The Board next reviewed the quote provided by McCann Security for cameras. The Board asked the operator to prepare a price comparison report to include the price of the existing equipment and the price of the contract with new cameras for review and consideration at the District's regular meeting.

Director Hembree exited the meeting.

7. The Board discussed the operator's contract and proposal for amendment. The Board and the operator discussed the reasons for the amendment and increases in some detail. The Board agreed to take the request under advisement and to discuss it in more detail at a future meeting.

8. The Board next considered the District's participation in the Association of Water Board Directors. Upon unanimous vote, the Board authorized the District to become a member of AWBD.

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


Secretary