

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

July 25, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on July 25, 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 Court project is complete, and the developer has requested that the project be formally accepted for maintenance by the District.

With regard to Newport Place (Rochester), Rochester has acquired 11 acres on Golf Club Drive across from the surface water treatment plant. Mr. Rochester has requested that the District amend its preconstruction agreement with the developer to include the new acreage.

With regard to 2016 bond issue projects, the water tank rehabilitation project is ongoing and the first 500,000 ground storage tank at the surface water treatment plant is nearly complete. On the water meter replacement project, a preconstruction meeting was held on July 13, 2017. The contractor plans to have installation of the base station and software at the District's office complete by the end of September. Once complete, the contractor will install the meters. Meter installation is estimated to take four months.

The engineer presented a draft cost summary report for the 2017 bond application.

The engineer reported that a resident on Bollard Drive wants to construct a concrete driveway over a utility easement where a District sanitary sewer line is located. The engineer recommended that the District authorize the project, subject to the resident's payment of legal costs associated with review and preparation of a consent to encroachment. The Board will discuss the matter further with the District's attorney at the District's regular meeting.

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

amp-

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 June 26, 2017 was 124.655 million gallons. Total ground water produced was 15.560 million gallons, and total surface water was produced was 14.366 million gallons. Billed water was 28.018 million gallons with an accountability of 98%.

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 replacement of the fuse holder and faceplate on the generator charger by Loftin Equipment, removal of the generator from the trailer and addition of an automatic transfer switch, and camera upgrades by McCann. There has been a problem with turbidity, and the operator is doing a free burn of chlorine to resolve the issue. There was also a lighting strike at the plant, but no major damage was done. The operator is investigating the cost of surge protection for the entire plant. At Water Plant No. 1, the operator needs to complete rehabilitation of the hydropneumatic and ground storage tanks.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for the month amounted to 21.671 million gallons, with an average daily flow of 0.722 million gallons. There was 6.5" 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 the District work. There were 10 water leaks and main line repairs and six miscellaneous call outs. There were 21 regular taps, 21 sewer taps, one double long water tap, and one double long sewer tap 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.

Mr. Harcrow discussed the detention ponds and provided photographs of work performed by Upstream Environmental. Mr. Harcrow contacted Upstream Environmental regarding the drainage ditch that runs behind Newport Court as the contractor did not mow the area. Mr. Mullard, of Upstream Environmental, indicated that they were unaware that they were supposed to mow the drainage ditch and would need to submit an estimate for the work to be performed. The operator confirmed that they had made the contractor aware of the ditch during the field inspection that was performed prior to submission of their bid. The Board tabled further consideration of the matter until the District's regular meeting at which the District's attorney would be present.

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

4. Andrea Martin presented a billing and collections report and a report on garbage collection.

5. The Board discussed the operator's contract and proposal for amendment. After review, upon unanimous vote, the Board approved the amendments to the contract as presented.

6. The Board next considered a Water Supply and Groundwater Reduction Agreement with Harris County Municipal Utility District No. 525. Director Hasse reviewed the offer presented by MUD 525 and the benefits to the District. Director Cox reported that he wanted to see the benefit to the District and its residents before making any decision and requested a spreadsheet indicating the amount of revenue the District would gain by entering into the agreement.

Delilah Arolfo briefly discussed the SJRA's take-or-pay contract with the District. She reported that the water line for the International Union of Operating Engineers would have to be flushed at the dead end, resulting in water loss. If the District enters into an agreement with MUD 525, the District would not have a dead-end line, as the water would continue into the MUD 525 system. MUD 525 would take the water, rather than the District having to flush a dead-end. Ms. Arolfo recommended that MUD 525 pay for the meter and installation of all equipment and turn it over to Newport as District property.

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


Secretary