

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

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on September 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 construction contracts are ready to be executed on the next phase of development of Newport, Section 8 replat. Director Cox inquired as to whether the flooding that occurred due to Hurricane Harvey would affect the replat and Mr. Kasper responded that the replat would not be affected.

With regard to new development in the District, Rochester is working on the design of the 11-acre subdivision on Golf Club Drive across from the surface water treatment plant, and bids are being taken for an 11 lot subdivision on County Club Drive.

With regard to 2016 bond issue projects, on behalf of the District operator, the engineer originally requested that CFG delay taking down Water Plant No. 1 until after October 1, 2017, and the contractor was agreeable to the requested delay. However, due to poor water quality in Lake Houston, the work at the water plant may need to be place on hold until the operator is comfortable with water quality in the SJRA canal. The operator recommends that the project be put on hold until January, 2018. There was discussion regarding the sewer plant and what actions could be taken to prevent future flooding. Possible improvements discussed included elevation of the control building and construction of a larger flood gate with pier for better access during a flood event. The engineer and operator will work together to prepare a list of scenarios to present to the Board at the next meeting.

On the water meter replacement project, the Board reviewed the proposed service contract with Verizon for monthly modem service at a cost of \$38 per month. After discussion,

*amp*

with a vote of four to zero, with Director Cox abstaining, the Board authorized execution of the service contract with Verizon.

The engineer will be submitting plans to Harris County and the City of Houston for improvement to the water distribution system – Gum Gully in the next two weeks.

Television inspection of critical line segments by Cleanserve is underway. The lines being televised consist of the 48” inches on Golf Club Drive, as well as the 24” line on South Diamondhead. The engineer reported that some debris entered the sewer plant while Cleanserve was inspecting the sewer lines. Cullen Francis informed the Board that the debris was from a corrugated liner to a sewer pipe. Mr. Kasper reported that he would have more information regarding the possible need to replace the sewer pipe once he reviewed Cleanserve’s reports and videos.

With regard to the 2017 Bond Application Report and Bond Anticipation Note, numbers will be presented at the District’s regular Thursday Board meeting. There was discussion regarding the purchase of a generator for Water Plant No. 1, and Mr. Kasper will provide additional information later in the meeting. The engineer discussed the sewer permit renewal and reported that preparation of the renewal would cost \$14,000. Upon unanimous vote, the Board approved preparation of the sewer permit renewal.

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

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 July 26, 2017 was 96.389 million gallons. Total ground water produced was 11.118 million gallons, and total surface water was produced was 19.104 million gallons. Billed water was 27.009 million gallons with an accountability of 96%.

Josh McKethan reported on completed and pending work at the surface water treatment plant and water plants. Pending work at the surface water treatment plant includes rehabilitation of the ground storage tank, EFS to decommission the hydropneumatic tank, replacement of the carbon pump, and camera upgrades by McCann. At Water Plant No. 1, the operator needs to complete rehabilitation of the hydropneumatic and ground storage tanks, and repair Booster Pump No. 2 due to damage sustained during Hurricane Harvey. At Water Plant No. 2, the operator needs to replace the two-inch air relief valve and the bad electrical component needs to be replaced.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for the month amounted to 28.874 million gallons, with an average daily flow of 1.069 million gallons. There was 52” of rainfall for the month. A disinfection violation and two hour peak violation were reported during the month.

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, seven sewer back-ups and sewer line repairs, seven sewer line maintenance and manhole repairs, and 10 miscellaneous call outs. There were five regular taps and six 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.

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, a copy of which is attached. Delilah Arolfo recommended removing penalties on customer accounts on an as-needed basis due to the fact that mail service was suspended due to Hurricane Harvey. Director Cox recommended suspending penalties on all customer accounts in the District. Upon unanimous vote, the Board authorized the operator to use their judgment on a case-by-case basis.

5. The Board next discussed maintenance of the District's detention ponds. After discussion, upon unanimous vote, the Board authorized the operator to maintain the District's pond on a work order basis until the District secures a new contract. The Board also agreed the District is not responsible for the Harris County Right-of-Way Area E, which belongs to Newport Court.

6. Delilah Arolfo updated the Board regarding the District's insurance claim due to Hurricane Harvey.

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

  
Secretary