

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
November 2, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on November 2, 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 Andrea Martin, Delilah Arolfo, Rich Harcrow, Debbie Shelton, and Allyson Baker.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The President opened the meeting and declared that the purpose of the meeting was to have a workshop to develop a chart of accounts and review the draft budget for the fiscal year ending December 31, 2018. Directory Guidry reviewed and recommended expenses and general ledger codes for the District's chart of accounts. There was discussion regarding consolidation of expense accounts, changes to general ledger account names, and reclassification of certain expenses.

Director Hasse addressed the issue of law enforcement for the District's parks and trails. Director Hasse spoke with Dan Webb, which provided an annual cost of \$70,000 for law enforcement. Director Hembree stated his opinion that this expenditure is not needed as the homeowners association already pays for supplemental law enforcement and residents also pay these costs through their taxes. Director Hembree suggested the matter be discussed at a later meeting before the 2018 budget is adopted. Delilah Arolfo suggested a survey be placed on customer bills for feedback on the matter.

Upon unanimous vote, the Board approved amendments to the general ledger codes and chart of accounts as discussed.

2. There was discussion regarding the District's debt service tax and maintenance tax rates. After discussion, the Board agreed that the 2017 tax rates should be reconsidered. An item will be placed on the District's November 13, 2017 operations and maintenance meeting agenda.

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3. Director Guidry reported that he and Director Hembree will be finalizing the fiscal year ending December 31, 2018 budget and requested each Board member to determine a surplus amount for the general fund. Debbie Shelton addressed the Board and stated that her firm would ideally like to see a minimum of a six to seven month general fund surplus, but the District should aim for an eight to 12 month surplus.

4. Director Cox next discussed the meter installation project in the District and reported that overtime charges on the operator's monthly bill to the District should decrease as their office will no longer be manually reading the meters.

5. Delilah Arolfo updated the Board on FEMA activities. A meeting is scheduled with the operator and FEMA representatives on November 7, 2017.

6. At 12:30 p.m., the Board convened into executive session pursuant to Texas Government Code §551.074 to discuss duties of a public officer. At 1:10 p.m., the Board reconvened in regular session.

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


Secretary