

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
November 13, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on November 13, 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, Delilah Arolfo, Andrea Martin, Debbie Shelton, Josh McKethan, Daniel Pereyra, and Travis Benes.

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

1. The Chair deviated from the normal order of the agenda to discuss a detention pond maintenance contract. Daniel Pereyra and Travis Benes of Environmental Allies responded to questions from the Board regarding their company's proposal. After a brief discussion, it was agreed that Rich Harcrow would be the liaison between the District and Environmental Allies. Furthermore, it was agreed that Mr. Harcrow will contact Environmental Allies when service is needed and the District will only be billed when Environmental Allies is called out.

2. The Board next discussed the District's 2017 tax rate. Director Chasteen inquired about the insurance renewal amounts as they will affect the 2018 budget. Director Chasteen also inquired as to whether the District would be reimbursed for costs for repairs incurred due to Hurricane Harvey. Delilah Arolfo responded to Director Chasteen's inquiries and stated that she had not yet received insurance renewal amounts and had no information regarding the time frame for reimbursement to the District on the hurricane claim. Directors Chasteen and Hasse expressed the opinion that the overall tax rate be maintained at the same rate as last year. Director Cox stated his opinion that the tax rate should be lowered and made a motion to set the rate, but the motion was not seconded. After lengthy discussion, the Board requested that Ms. Shelton review the proposed budget and the bonds and present a final recommendation on the tax rate at the District's Thursday meeting. The Board tabled further consideration of the matter.

3. David Kasper presented an engineer's report, copy of which is attached. Mr. Kasper reported that a Notice to Proceed was issued on September 12, 2017 for Newport, Section 8, Replat 3.

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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.

With regard to 2016 bond issue projects, CFG has started blasting operations on the hydropneumatic tanks at Water Plant No. 1. Director Hasse inquired about the leaking ground storage tank at the surface water plant, and the engineer stated that repair work on the project would begin when the work at Water Plant No. 1 is completed. With regard to the water meter replacement project, the meters and SIM card have arrived and installation will begin shortly. Comments have been received by Harris County for the Gum Gully crossing water distribution system improvements, and the engineer is working on revisions in response.

The engineer next discussed the purchase of generator. The engineer presented two proposals from Taylor Power Systems. The first proposal was for a 450 kilowatt gas generator in the amount of \$197,827 and the second proposal was for a 500 kilowatt diesel powered generator in the amount of \$126,020. After review of the proposals, the Board requested that the engineer obtain additional cost information on each option available and tabled the matter until the District's Thursday meeting.

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

4. 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 October 25, 2017 was 60.314 million gallons. Total ground water produced was 9.604 million gallons, and total surface water was produced was 15.386 million gallons. Billed water was 23.292 million gallons with an accountability of 98%.

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 replacement of the hatch on the new ground storage tank, EFS to decommission the hydropneumatic tank, and replacement of the carbon pump. At Water Plant No. 1, the operator needs to complete rehabilitation of Hydropneumatic Tank No. 1 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, work completed at the wastewater treatment plant and District lift stations.

Rich Harcrow reported on the District work. There were eight water leaks and main line repairs and two sewer back-ups and sewer line repairs. The operator responded to various miscellaneous call outs during the month.

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

5. 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.

6. Andrea Martin presented a billing and collections report, a copy of which is attached. There was no garbage report to present.

7. Delilah Arolfo next discussed the claim filed with FEMA. Ms. Arolfo requested that the District consider the FEMA claim a special project with a rate to be charged to the District by the operator for her time of \$125 per hour. After discussion, upon unanimous vote, the Board authorized Ms. Arolfo to bill the District an hourly rate of \$125 for her time spent on FEMA and \$90 per hour for Andrea Martin's time. Ms. Arolfo then updated the Board on the status of several damage claims and the mitigation project. The Board commended the operator on their hard work in conjunction with the insurance and FEMA claims.

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


Secretary