

## NEWPORT MUNICIPAL UTILITY DISTRICT

### Minutes of Meeting of Board of Directors

December 21, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on December 21, 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  
Jim Hembree, Director

and the following director absent:

David P. Guidry, Assistant Secretary.

Also present were Delilah Arolfo, Allyson Baker, David Kasper, Rich Harcrow, Cullen Francis, Donna Bryant, Eileen Fashoro, Crystal Kirby, Carlos Castrejon, and Lori G. Aylett, attorney for the District.

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

1. Minutes of the meetings held November 13, 2017 and November 16, 2017 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Crystal Kirby addressed the Board under the customer service inquiry portion of the agenda. She thanked the Board for their continuing business. She reported that she had one new driver who missed a pickup on Fantail. As soon as residents notified Aggressive Waste, the contractor picked up the missed collection. The last Saturday pickup will be December 30, 2017. The operator confirmed that she has placed an item on the bills regarding the new pickup schedule. Rich Harcrow noted that the operator had fabricated "bandit" signs for the medians, and these will be placed in the subdivision today to notify residents of the new collection days.

3. The Board entertained developer reports. Eileen Fashoro stated that she had nothing to report on behalf of Rampart's development.

4. The attorney requested that Board defer consideration of the Reimbursement Agreement for Newport Defined Area with Newport Pointe, Ltd. until the next meeting, as she had not had an opportunity to discuss the matter with Nino Corbett or to prepare a draft.

5. The attorney reported that she had not received any further information from Newport Seven Land regarding their request that the District purchase park reserves.

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6. The attorney reported that D.R. Horton had withdrawn their request that the Board consider annexation of land.

7. Donna Bryant presented a tax assessor/collector's report, a copy of which is attached. 2016 taxes were 98.53% collected, while 2017 taxes were 0.29% collected. All prior years were over 99% collected. 10 checks were presented for the Board's review and approval. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented and authorized payment of bills with the checks drawn on the tax fund.

8. Allyson Baker presented a bookkeeper's report, a copy of which is attached. The Board noted that there were still funds being held on behalf of the International Union of Operating Engineers for certain legal and engineering costs. The attorney noted that the District would have additional legal costs associated with the conveyance of facilities and preparation of a detention pond maintenance agreement, and those were properly billable under that matter number. Also, the operator reported that all of the taps and inspections and for the International Union of Operating Engineers were complete. There was discussion regarding whether the tap fee report should stay in the bookkeeper's report, and the Board concluded that the information was still valuable. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills listed thereon.

9. The Board discussed supplemental law enforcement or security for the parks and trails. The Board noted that the incident on the trails had been discussed at the Monday meeting. There was an apparent suicide on the trails, which was discovered by children. Director Hasse noted his request that the Board keep in mind that they should consider supplemental law enforcement for the trails for the protection of the residents. The Board members noted that the budget was adopted at the Monday meeting, and no funds were allocated for supplemental law enforcement. There was therefore no action to be taken on the matter at this time, but the Board members stated they would take Director Hasse's comments under advisement.

10. The Board discussed operations and engineering matters. David Kasper presented Change Order No. 2 to the Crostex contract for Section 8, Replat No. 4. This change order represented a deduction of \$11,139.22 from the contract and addition of five days to the contract. The deduction resulted from the fact that the sewer was actually deeper than anticipated but there was less dewatering required. The engineer recommended approval of the change order as presented, and the Board concurred. The engineer next presented Change Order No. 3 to the same project which adds \$5,354 for sod and hydro mulching of the detention area. The engineer recommended approval of Change Order No. 3, and the Board concurred.

The engineer next presented a water, sewer and drainage construction contract for Newport, Section 4, Partial Replat 4. The low bidder was Texas Pride Utilities in the amount of \$124,208. Payment will be guaranteed by 3PM Development (Katt). Upon unanimous vote, the Board approved execution of the contract with Texas Pride Utilities.

The engineer reported that the waste discharge permit application was complete and ready for the Board's review and approval. Upon unanimous vote, the Board authorized the engineer to submit the renewal application before the deadline.

Finally, the engineer reported that CenterPoint needs temporary access across the District's access road at the sewage treatment plant to repair their transmission lines. The Board authorized the engineer to coordinate with the operator and attorney regarding the approval and place the matter back on the January agenda.

11. Delilah Arolfo informed the Board that she had a 10:00 a.m. conference call today and will have another one this afternoon with the insurance company. The insurance company is working to categorize the damage claim for Hurricane Harvey, and the operator hopes to have information soon on what the insurance company intends to pay. The operator met in the field yesterday with FEMA representative Richard Cassidy, and the operator is still working on the District's mitigation claim. The operator bundled the replacement generator with a platform on the mitigation claim. The operator presented a bid from Total Energy Solutions for a generator in the amount of \$134,600, with an automatic transfer switch at a cost of \$27,625. The operator confirmed that FEMA is satisfied with the District's procurement process for the sewage treatment plant. The District received approval from the Texas Commission on Environmental Quality for a negotiated limited duration contract. The operator recommends Option No. 2 from Total Energy Solutions in the amount of \$162,225, and the Board voted unanimously to approve purchase of the generator under Option No. 2 as quoted.

FEMA needs a proposal for engineering for raising the levee, raising the catwalk, replacing the grate at the Seven Oaks detention facility, and a proposal for structural engineering associated with an elevated building at the treatment plant site. David Kasper will coordinate with the operator on the scope of the mitigation project and put together a mitigation plan.

Finally, the Board received a report from Aggressive Waste regarding garbage collection and noted that three yellow tags were issued for missed pickups.

Upon unanimous vote, the Board approved the operations and engineering report as presented.

12. Lori Aylett presented an attorney's report. The attorney received correspondence from a subcontractor for CFG Industries, Betco Scaffolds. They indicated that they had some unpaid labor and materials on that construction project, and the attorney provided that information to the District engineer. The attorney passed out a calendar of annual events for 2018. The operator reported that the International Union of Operating Engineers detention pond was almost complete, and the attorney should begin work on drafting a detention pond maintenance agreement. The attorney will place the item on the next agenda.

13. The Board considered a contract for detention pond maintenance with Environmental Allies. The attorney reported that she had reviewed the contract and had some minor changes. She also recommended that the contract be revised to include the language that requires the contractor not to boycott Israel or do business with terrorist organizations. Upon unanimous vote, the Board approved the contract, subject to the changes recommended by the attorney.

14. There was presented the Water, Sewer and Drainage Improvement Financing Agreement with 3PM Development Crosby, LLC (Greg Katt/Dunhill Builders). The

attorney noted that the District had previously entered into a reimbursement agreement for development of the same land with a different development entity. Dunhill Builders has now formed a new entity, 3PM Development Crosby, LLC, to develop the land. All of the other terms and conditions of the agreement are identical to previous agreements approved by the Board. Upon unanimous vote, the Board approved the contract as presented.

15. The Board considered an insurance proposal for extra expense limits in Flood Zone AE. The Board renewed its insurance proposals last month, but the insurance agent noted that for Flood Zone AE, the extra expense limit was only \$50,000. As the District's sewer plant is in that flood zone and extra expenses are likely to be more than \$50,000, the District should consider purchasing more extra expense coverage. The District could purchase \$250,000 of extra expense coverage for \$357.03. Upon unanimous vote, the Board approved the purchase of \$250,000 of extra expense coverage for Flood Zone AE.

16. The Board returned to developer reports. Carlos Castrejon addressed the Board and stated that sales had been slow during the holidays. There were nine sales in November, with two sales in December. In Section 8, Partial Replat No. 4, Lennar is working with CenterPoint to get power. With regard to Partial Replat 3 in Section 8, the developer is working on a pipeline easement issue. The owner of the property could not be located, so plans are being changed. Mr. Castrejon noted that previously, the District was asked to take over maintenance of an inlet in Section 12 between lots 11 and 12. The final inspection with the operator should be scheduled. In Section 7, the engineers are working on a drainage report in light of the historic flooding that occurred during Harvey.

17. Under pending business, the Board discussed the AWBD conference and special meetings. It was noted that there is a meeting of Harris County Flood Control scheduled for January 5, 2018. Directors Hasse and Chasteen plan to attend, and the Board approved payment of the \$45 fee for each to do so.

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

  
Secretary