

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 23, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, February 23, 2015, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Wayne Scott, President
Don Cox, Vice President
Robert Archer, Secretary
Dale Glazner, Assistant Secretary
Jim Hembree, Director

and the following absent:

None.

Also present were Delilah Arolfo, Jeremy Cochran, Andrea Martin, David Kasper, Richard Harcrow, and Stacey Hannah.

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

1. David Kasper reported on the engineering projects ongoing within the District. First he discussed the status of the apartments under construction on FM 2100 and the development of Seven Oaks South and Villas at Newport. The engineer noted that the construction contract closeout by the design engineer is pending for Seven Oaks South. Mr. Kasper next discussed developer inquiries and stated that Bob Devillier, with LJA, has a client looking at a 15-acre tract on S. Diamondhead that is currently owned by Rampart.

The engineer next provided the Board with a request from Harris County Municipal Utility District No. 50 to provide treatment for their wastewater. Upon unanimous vote, the Board declined the request.

Mr. Kasper then discussed the SCADA system improvements at the surface water treatment plant. Mr. Kasper reported that the technician is currently completing minor punch list items. Once the punch list items have been completed, the technician will then conduct formal training with the District operator.

Finally, Mr. Kasper discussed the 2015 bond application and stated that his firm is preparing a draft of the bond application report.

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

2. Jeremy Cochran reported on operations of the water system in the District. Ground water permitted through February 28, 2015 was 165 million gallons, and remaining

ground water as of January 31, 2015 was 48.081 million gallons. Total ground water produced was 5.189 million gallons, and total surface water produced was 19.723 million gallons. Billed water was 22.695 million gallons with an accountability of 91%.

The operator reported on work completed at the surface water treatment plant, which included ordering and receiving the filter valve and actuator rebuild kits, changing out a broken valve on the polymer pump skid, cleaning and calibrating all online turbidimeters, and relayering the limestone driveway. Pending work includes completing the SCADA system, rebuilding the actuators on filter valves, and replacing Filter #1 "filter to waste" valve.

Mr. Cochran then discussed the status of the water wells in the system. Pending work includes replacing a leaking check valve at Water Plant No. 1.

Mr. Cochran then reported on the status of the wastewater system in the District. Total flow for January amounted to 29.607 million gallons, with an average daily flow of 0.955 million gallons. There was 8.7" of rainfall for the month. There were no violations noted at the facility. The operator next reported on work completed at the wastewater treatment plant, which included EFS repairing the solenoid valve on the scum spray unit for the sludge thickener. Pending work includes analysis training with Envirodyne for laboratory sampling.

Mr. Cochran next discussed the operations of the District lift stations and noted that the operator responded to two power loss callouts at Dunes Lift Station due to an issue with CenterPoint's transformer. A repair crew arrived on site and replaced the damaged transformer.

Mr. Harcrow reported on the District work. There were 15 water leaks and main line repairs, nine sewer back-up and sewer line repairs, four taps, 13 meters changed out, and five maintenance items. Mr. Cochran discussed the ongoing replacement of 300 feet of six inch concrete sewer main by the operator from 503 Forecastle to 511 Forecastle. The sewer main was collapsed in several locations and created ongoing inflow and infiltration. Pictures of the sewer main replacement were provided to the Board for review.

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

3. Mr. Cochran then discussed the status of the District parks. He noted that the operator removed debris that was dumped by the trail entrance on Flying Bridge, replaced two weed eaters due to excessive repair costs, had both Mule ATVs serviced, purchased four ATV tires for inventory, and replaced the blades on one of the mower units. Pending work includes investigation and repair of the irrigation pump system at Port O'Call Park and installation of the stone bench seating near the splash pad.

The operator provided the Board with a detailed list of vandalism activity that has occurred at the parks over the last month.

Upon unanimous vote, the Board approved the parks and trails report as presented.

4. There was discussion regarding neighborhood crime watch. A discussion ensued on the types of ongoing issues at each of the park locations and how to reduce the

frequency. Several options were discussed and it was decided that an immediate decision would need to be made in order to have a solution in place prior to the beginning of spring break. The Board discussed the option of hiring a sheriff's deputy to patrol the parks and trails for the nine day period of spring break at a cost of \$3,500. Upon unanimous vote, the Board approved patrol of the parks and trails by a sheriff's deputy from March 14, 2015 to March 22, 2015 at a cost of \$3,500.

5. Lastly, there was discussion regarding ground water reduction contracts. The operator informed the Board that the attorney will have a contract to present at the Wednesday meeting. The contract is for a five year period in the amount of 3,000,000 gallons per year from Deborah Hutchinson (Southwest Wholesale). The operator is in ongoing discussions with several potential customers. The operator will keep the Board informed of the progress of any additional contracts.

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


Secretary