

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

March 23, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, March 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, and Deputy Nason.

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 he had received a copy of Pay Estimate No. 4 for Seven Oaks South in the amount of \$174,336.97. He also added that the contract has not yet been closed out. 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.

Mr. Kasper then discussed the SCADA system improvements at the surface water treatment plant. Mr. Kasper reported that the technician has completed the project and staff training.

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 February 28, 2015 was 47.085 million gallons. Total ground water produced was 1.716 million gallons, and total surface water produced was 16.076 million gallons. Billed water was 15.870 million gallons with an accountability of 89%.

The operator reported on work completed at the surface water treatment plant, which included modifying the aid feed system to the mixing tank, installing the repaired lagoon wet well pump, removing all sludge from the backwash lagoons, and repairing a leak on the 3" water line serving the treatment plant. Pending work includes 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 February amounted to 16.751 million gallons, with an average daily flow of 0.598 million gallons. There was 1.2" 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 replacing the exhaust fan in the SO2 room, replacing a broken 3-way connector for aeration sprayers, performing preventative maintenance on all three blowers, replacing a damaged electrical outlet in the SO2 room, and replacing an electrical plug on the heater for the SO2 bottles. 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 replaced a broken bracket in the wet well at the S. Diamondhead/FM 2100 lift station that holds the pump operation floats in place.

Mr. Cochran then reported on the District work. There were eight water leaks and main line repairs, 11 sewer back-up and sewer line repairs, 17 taps, one meter changed out, and seven maintenance items.

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 tree debris from low water crossings after heavy rains, reinstalled the flag pole at S. Diamondhead Park after someone removed it, and had a contractor investigate and repair issues with the splash pad unit at Port O'Call Park.

The operator provided the Board with a detailed list of vandalism activity that occurred at the parks over the last month, and reported that sheriff's deputies patrolled all three parks and hiking trails during spring break. Deputy Nason addressed the Board and gave a brief description of the activities that he had witnessed in the parks and trails over the course of the spring break holiday. Deputy Nason will provide the Board with a detailed report of the week's activities and the tickets that were issued for violation of the District's park rules.

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

4. Lastly, there was discussion regarding ground water reduction contracts. The operator informed the Board that numerous inquiries had been received over the past month and he is working diligently with the Harris-Galveston Subsidence District to continue to find

prospective clients. The operator also informed the Board that they would be meeting with Kevin Ebrom at the Harris-Galveston Subsidence District office to further discuss the possibility of selling GRAs and what the current water credit market is like.

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


Secretary