

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Meeting of Board of Directors  
May 26, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, May 26, 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

and the following absent:

Jim Hembree, Director.

Also present were Jeremy Cochran, Delilah Arolfo, and David Kasper.

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 is waiting for the engineers and developers to close out the construction contracts for the Seven Oaks South and Villas at Newport projects so that his firm may proceed with preparing the 2015 bond application. Mr. Kasper next discussed developer inquiries and stated that LJA has a client looking at a 200-acre tract located near the proposed new high school. The developer inquired about the possibility of the District providing water and wastewater service. This tract is located outside of the District's boundaries.

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 contract closeout paperwork has been prepared.

Mr. Kasper next discussed the 2015 bond application and stated that his firm is preparing a draft of the bond application report. Mr. Kasper provided the Board with a breakdown of District projects that will be included in the bond issue.

Finally, Mr. Kasper discussed a conversation he had with the Harris-Galveston Subsidence District in which he was informed about the possibility of the District stockpiling existing groundwater credits for future use. Mr. Kasper will follow-up with the Subsidence District for clarification on a few items and future discussion with the Board.

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, 2016 was 178.10 million gallons, and remaining ground water as of April 30, 2015 was 164.912 million gallons. Total ground water produced was 5.015 million gallons, and total surface water produced was 17.418 million gallons. Billed water was 19.965 million gallons with an accountability of 91%.

The operator reported on work completed at the surface water treatment plant, which included rebuilding the actuator on the Filter No. 5 filter to waste valve, changing the motherboard on lagoon pumps, replacing the four inch water meter that served the facility, and replacing a compression coupling on the carbon feed system. Mr. Cochran then discussed the excessive chemical costs that the District is incurring due to the quality of the raw water coming into the treatment plant. The water quality is poor due to excessive rainfall and flooding, and the polymer dosage required to properly treat the water is over 200% higher than under normal conditions. The operator provided various short-term solutions for cost savings to the Board. One scenario presented was to convert to groundwater until the raw water quality from Lake Houston stabilized. Upon unanimous vote, the Board authorized the operator to convert to well water until the water in Lake Houston returned to a quality that is more cost effective to treat. Pending work includes replacing the Filter No. 1 "filter to waste" valve.

Mr. Cochran then discussed the status of the water wells in the system and noted that well motor at Water Plant No. 2 had been damaged due to lightning. A quote for \$15,000 from Alsay, Inc. to pull and repair the motor was provided to the Board. Upon unanimous vote, the Board approved the quote from Alsay, Inc. as presented and authorized the repairs to the well motor. Mr. Cochran informed the Board that an insurance claim would be filed for the lightning damage.

Mr. Cochran then reported on the status of the wastewater system in the District. Total flow for April amounted to 28.471 million gallons, with an average daily flow of 0.949 million gallons. There was 9.9" of rainfall for the month. There was one violation at the facility for the daily max of E. Coli. The plant is permitted a maximum of 394 mg/l and the sample collected was 411 mg/l. The cause of the violation was identified and corrected, and follow-up sampling results were back in compliance.

The operator next reported on work completed at the wastewater treatment plant, which included installing air diffusers for the non-potable feed system, removing a non-working photo cell for outside lights, replacing a broken two inch valve to install a hose faucet, pressure washing the spiral screen unit and brushes, and replacing a fuse in the Blower No. 2 control panel. Spring Removal performed a sludge haul on Digester No. 2 during the month. Pending work includes analysis training with Envirodyne for laboratory sampling.

Mr. Cochran next discussed the operations of the District lift stations and noted that EFS replaced the motor on Lift Pump No. 2 at Helmsman lift station.

Mr. Cochran then reported on the District work. There were 18 water leaks and main line repairs, four sewer back-up and sewer line repairs, 26 taps, three meters changed out, and five maintenance items.

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

3. Mr. Cochran then discussed the District parks meeting that was held on May 20, 2015. It was decided that a separate parks and recreational facilities meeting should be held monthly until a solution for the vandalism at the parks can be identified and put into place. The next meeting will be held June 17, 2015 at 8:00 a.m.

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

  
Secretary