

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
July 20, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, July 20, 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
Jim Hembree, Director

and the following absent:

Dale Glazner, Assistant Secretary.

Also present were Jeremy Cochran, Delilah Arolfo, Andrea Martin, Brandon Smith, 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 water production costs of the District in 2014. Mr. Kasper then discussed the status of the apartments under construction on FM 2100, the development of Seven Oaks South and Villas at Newport, and the church on S. Diamondhead. 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. Mr. Kasper provided the Board with a copy of the letter that was sent to Justin Ring regarding the willingness of the District to enter into a groundwater reduction plan agreement with MUD 525. 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, 2016 was 178.1 million gallons, and remaining ground water as of June 30, 2015 was 134.820 million gallons. Total ground water produced was 26.625 million gallons, and total surface water produced was 1.703 million gallons. Billed water was 19.631 million gallons with an accountability of 89%.

The operator reported on work completed at the surface water treatment plant, which included painting various piping, flooring, and doors, ordering a new SC1000 turbidimeter controller, installing surge protectors on the EST pressure transmitter, cleaning the skirt and weirs on the clarifiers, and cleaning out all three sludge lagoons. Alsay pulled Booster Pump No. 3 for repairs. Pending work includes changing the oil in the air compressors and blowers, and receipt of a quote from Alsay for repairs to Booster Pump No. 3.

Mr. Cochran then discussed the status of the water wells in the system. Completed work at Water Plant No. 1 included clearing grass and dirt from the ground storage tank foundation

and replacing the injection quill for the PO4. Pending work at Water Plant No. 1 includes replacing a leaking check valve, and repair and installation of the well motor at Water Plant No. 2.

Mr. Cochran then reported on the status of the wastewater system in the District. Total flow for June amounted to 26.785 million gallons, with an average daily flow of 0.893 million gallons. There was 14" 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 performing preventative maintenance on all three blowers, unstopping the storm drain line leaving the facility, cleaning rags from the RAS channel, pressure washing the spiral screen and brushes, and repairing a leak on the 1 ½" potable water line. The operator completed analysis training with Envirodyne for laboratory sampling and ordered additional lab equipment for distilling NH3 samples. Pending work includes cleaning rags from the RAS channels and cleaning the diffusers.

Mr. Cochran next discussed the operations of the District lift stations. At Via Dora lift station, EFS replaced the starter on Lift Pump No. 2, and the operator cleaned rags from the floats in the wet well.

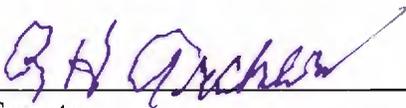
Mr. Cochran then reported on the District work. There were 13 water leaks and main line repairs, eight sewer back-up and sewer line repairs, eight taps, one meter was changed out, and five maintenance items.

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 July 15, 2015. Mr. Cochran provided the Board with a quote from Foster Fence to install approximately 210-linear feet of 8-foot wrought iron fence around the splash pad in the amount of \$10,500. There was discussion about the scope of the work, and Director Cox requested that the operator solicit additional quotes before making a decision. Mr. Cochran then discussed correspondence with McCann regarding the installation of key fob access to the splash pad if a fence is installed. McCann will provide a quote for the installation and monthly lease fee. The operator will have the additional quotes for the fence and the estimate from McCann for the key fob by the August park meeting.

4. Lastly, the operator provided the Board with an estimate for the new laboratory building at the sewage treatment plant. A detailed breakdown of the costs and vendors associated with the work was provided. The estimated total amount for the project is \$46,873.69. Upon unanimous vote, the Board approved the estimate and authorized the operator to move forward with the construction of the new laboratory building.

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


Secretary