

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Meeting of Board of Directors  
November 16, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, November 16, 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 Jeremy Cochran, Delilah Arolfo, Andrea Martin, Brandon Smith, David Kasper, Margarette Chasteen, and Dan Webb.

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 development of Newport, Section 8 and Newport Court.

Mr. Kasper next discussed developer inquiries. He briefly discussed the 15-acre tract on S. Diamondhead and the 10-acre tract on Golf Club Drive. He also mentioned an inquiry from a developer who is proposing a large commercial development on a tract currently located in dormant Harris County MUD No. 19.

Mr. Kasper discussed the 2015 bond application and noted that the bond application report is approximately 85% complete at this time. The engineer still needs to determine the exact amount of developer reimbursement with input from the financial advisor, as well as compile and scan the remaining construction documentation.

Lastly, the engineer stated that the water quality permit renewal application has been completed.

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 October 31, 2015 was 101.663 million gallons. Total ground water produced

was 0.191 million gallons, and total surface water produced was 35.511 million gallons. Billed water was 29.0701 million gallons with an accountability of 84%.

The operator reported on work completed at the surface water treatment plant, which included replacing a leaking coupling and union on the chlorine booster pump, and checking the worm gear operation on Filter No. 3 air valve. Chlorinator Maintenance rebuilt Regulator No. 3. Pending work includes changing the oil in the air compressors and blowers, painting of the piping within the treatment plant, and framing of the new laboratory building by Hawthorne.

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

Mr. Cochran then reported on the status of the wastewater system in the District. Total flow for October amounted to 31.191 million gallons, with an average daily flow of 1.006 million gallons. There was 25.5" 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 tightening and adjusting a leaking blower header, replacing the ETMs on Blower No. 2 and No. 3, repairing the sludge rakes on Clarifier No. 1, installing a new air drop in the influent channel, installing a new backup battery in the Verbatim Autodialer, installed a debris chute on the spiral screen unit, installing a 12' galvanized water line for sprayers on Clarifier No. 1, removing rags from the return channel, and performing road maintenance. EFS replaced the couplings on all three blowers. Apache Oil topped off the diesel in both generators, and Rawlings Electric replaced the breaker on Flood Pump No. 2.

Mr. Cochran next discussed the operations of the District lift stations. The operator deragged Lift Pump No. 2 at Helmsman, and Rawlings Electric replaced the overloads on Lift Pump No. 1 at Flying Bridge.

Mr. Cochran then reported on the District work. There were 11 water leaks and main line repairs, 10 sewer back-up and sewer line repairs, 10 taps, two meters were changed out, and seven maintenance items.

Mr. Cochran then provided the Board with a PowerPoint presentation on automated meters. A cost and equipment comparison was performed between Kamstrup and Sensus. A thorough discussion was held on the pros and cons of each type of meter.

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

3. There was then discussion regarding pending park and trails business. The operator informed the Board that McCann was conducting a walkthrough of the key fob system at the parks and would conduct operator training on fob activation on Tuesday, November 17, 2015 at 10:00 a.m. Upon unanimous vote, the Board approved the parks and trails report as presented.

4. The Board then discussed amendment to the operator's contract for 2016. Upon unanimous vote, the Board approved the amendment to the operator's contract as presented.

5. There was next discussion about the District's rate order and the possibility of raising the water and sewer tap fees by \$100 each. The increase would offset the cost of the new smart meters that will be installed in the future at each new connection. After discussion, upon unanimous vote, the Board approved the attached Resolution for Adoption of Order Authorizing (1) Policies and Rates for Water and Waste Collection and Disposal Service and (2) Rules and Regulations Governing Sewer House Lines, Sewer Connections and Water Main Connections as presented.

6. Director Hembree then provided the Board with a preliminary budget for the fiscal year 2016. The Board reviewed the budget in some detail.

7. There was discussion regarding revisions to the park rules. Delilah Arolfo presented a memorandum about proposed amendments. The Board discussed it in detail. The Board requested that the attorney modify the rules for adoption at a future meeting.

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

  
Secretary