

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

December 14, 2015

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, December 14, 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
Dale Glazner, Assistant Secretary
Jim Hembree, Director

and the following absent:

Robert Archer, 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 status of the 2015 bond application and stated that it is approximately 99% complete. Pending work is to include the required resolution documents.

Mr. Kasper next discussed ongoing development within the District and provided an update on Newport, Section 8 and Newport Court. The engineer briefly discussed the 15-acre tract on S. Diamondhead and the 10-acre tract on Golf Club Drive. He also mentioned continuing correspondence from a developer who is proposing a large commercial/industrial development on a tract currently located in dormant Harris County MUD No. 19.

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 November 30, 2015 was 98.581 million gallons. Total ground water produced was 3.052 million gallons, and total surface water produced was 20.031 million gallons. Billed water was 17.6867 million gallons with an accountability of 80%.

The operator reported on work completed at the surface water treatment plant, which included calibrating all online instruments and framing of the new laboratory building. Rawlings Electrical replaced the rake motor in Clarifier No. 1. Pending work includes changing the oil in the air compressors and blowers and painting of the piping within the treatment plant.

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 November amounted to 24.788 million gallons, with an average daily flow of 0.826 million gallons. There was 4.1" 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 pressure washing the spiral screen unit, SO2 room, and CI2 room. The operator also removed rags from the RAS channel, replaced the exhaust fan in the auto sampler room, and replaced old barbwire along the perimeter fencing. Cummings performed preventative maintenance on the generator.

Mr. Cochran next discussed the operations of the District lift stations. The operator deragged lift pumps at Handspike, Flying Bridge, Helmsman, and S. Diamondhead lift stations. The operator also changed out and updated the Mission RTU cards and chips for the auto dialers at Dunes, Stem Way, and S. Diamondhead lift stations. Lastly, Rawlings Electric replaced the phase monitor at Via Dora lift station.

Mr. Cochran then reported on the District work. There were 12 water leaks and main line repairs, 11 sewer back-up and sewer line repairs, 11 taps, four meters were changed out, and five maintenance items.

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 provided the Board with a draft letter to be sent to the residents notifying them of the requirement to purchase a key fob if they wanted to use the restroom or splash pad amenities at the parks. The Board will review the draft letter and provide feedback.

4. Mr. Cochran then reviewed with the Board an inquiry from Eastex Forest Products for the purchase of groundwater credits. Eastex is requesting 2.2 million gallons for 2016 and 2.7 million gallons for 2017. Mr. Cochran stated that he will provide Eastex with the attorney's contact information so that the purchase can move forward.

5. There was then discussion about the District's budget for the fiscal year ending December 31, 2016. Director Hembree provided the Board and consultants with a budget package that included a breakdown of anticipated costs for 2016 and how the amounts were calculated.

6. There was then discussion of the revised park rules. Prior to the meeting, Lori Aylett had provided the Board with a draft of the rules with the requested changes. The Board will review the draft and discuss the matter further at the Wednesday meeting.

7. 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.

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


Secretary