

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 17, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Wednesday, February 17, 2016, 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, Brandon Smith, and Lori G. Aylett.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. Delilah Arolfo reported on the operations of the parks and trails in the District, including completed and pending items. There were no special event requests for the Board's approval. McCann installed new card readers for the splash pad gate entrance. The operator cleaned graffiti off the trails and the manhole at the low water crossing between South Diamondhead and Flying Bridge. McCann reconnected data and power lines to the pavilion camera, the splash pad card reader, and the pole camera, all of which were damaged in a vandalism incident. The operator cleaned up graffiti and miscellaneous vandalism repairs. The operator added security screws to all of the card readers and junction boxes to make them more tamper resistant.

Ms. Arolfo then reported on the pending items which included the installation of motion lights at the Port O'Call pavilion and installation of a drain box and 6 inch line to the canal in the low area of the trail near Flying Bridge to aid in drainage. The Board authorized the operator to fix door handles and deadbolt locks on the restroom doors so that they will work with the key fob system.

The Board discussed the addition of a mid-rail to the splash pad fence. Action on that item was deferred.

The operator then provided a list of miscellaneous vandalism activities that occurred at the parks over the last month. There was then discussion regarding several specific instances that occurred at the parks. There was considerable discussion on the incident of vandalism at Port O'Call that occurred on January 31, 2016. The operator had responded to the

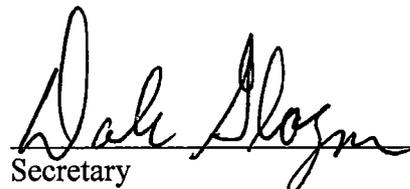
vandalism incident, but the Board members were not made aware of the incident until a few days later. Director Scott had requested that the operator file a police report, and the operator did so. The Board discussed the procedures for reporting incidents of vandalism and how the incident should be discussed in an open Board meeting. The attorney noted that she would draft some procedures for the operator and Board to review, so that procedures will be in place to report future incidents of vandalism. The attorney noted that video footage should be provided directly to law enforcement. In addition, there were concerns that presenting photographs of suspects at an open meeting should be avoided. The Board authorized the attorney to draft procedures.

Ms. Arolfo reported that as of February 16, 2016, 120 key fobs for park entry had been issued to District residents.

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

2. Lori Aylett presented a draft of the revised Agreement for Annexation and Utility Service with International Union of Operating Engineers. After some back and forth negotiations, they presented some proposed revisions that the attorney believes are acceptable and in keeping with the discussions that the Board had at the December and January Board meetings. Included in the revised document are prohibitions of operation of any heavy equipment that would constitute a public nuisance as defined by the Texas Civil Practices and Remedies Code or would create hazardous waste as defined by Texas law. The Union will also establish permanent green space comprised of a detention basin. There will be a landscape buffer of at least 40 feet from the street right-of-way on the southern portion of the Dow tract. There will be at least 18 acres of green space on the entire campus. If the Union at any time during the term of the agreement seeks a partial or complete exemption from ad valorem taxation, the District will be entitled to recover a non-taxable tap fee. Director Cox suggested language clarifying the fact that the District cannot issue approvals for bridge construction over Gum Gully. The attorney confirmed that the Union had submitted the necessary Form 1295 with the contract. After a full discussion, upon unanimous vote, the Board approved the Agreement for Annexation and Utility Service with International Union of Operating Engineers as presented and authorized its execution.

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


Secretary