

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
February 22, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, February 22, 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, Andrea Martin, Cullen Francis, Jeff Baughman, Rich Harcrow, David Kasper, Dan Webb, and Margarete Chastain.

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. Mr. Kasper discussed ongoing development within the District and provided an update on Newport, Section 8, which is currently in the construction phase. On the Newport Villas project, the project has been awarded, and the property is currently being cleared. On the partial replat in of Newport, Section 4, the project has been awarded and is expected to begin soon. On the Newport Court project, the project is in the construction phase, and the site has been completely cleared.

Mr. Kasper then reported on developer inquiries and noted that his firm had continuing correspondence from the International Union of Operating Engineers regarding a large commercial/industrial development on a tract currently located in dormant Harris County MUD No. 19. The District engineer has been corresponding with the developer's civil and electrical engineers regarding the proposed lift station.

Lastly, Mr. Kasper discussed the 2016 bond application. Mr. Kasper reported that he received all necessary information from the developers and the application is complete, subject to review by the District attorney.

Upon unanimous vote, the Board approved the engineer's report.

2. Delilah Arolfo 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 January 31, 2016 was 79.726 million gallons. Total ground water produced was 8.373 million gallons, and total surface water produced was 24.407 million gallons. Billed water was 21.242 million gallons with an accountability of 80%.

Jeff Baughman reported on work completed at the surface water treatment plant, which included repairing sight glass on the hydropneumatic tank, cleaning the air lines from the hydropneumatic tank to the pressure transmitters, repairing a leaking air relief on backwash piping, backfilling trench, laying red tape down for electrical work for the new building, and pouring a concrete slab for the exterior heating and air conditioning unit at the new building. During the month the contractor completed installation of drywall, tape, float, and texture. The contractor performed tank inspections at the surface water treatment plant, Water Plant No. 1 and Water Plant No. 2. A TCEQ inspection was held on February 17, 2016. Pending work includes connection of water and sewer lines to the new building, installation of flashing on the existing building to prevent leaks, and the contractors completion of the electrical work. The District operator and engineer reviewed recommendations for future modifications.

Mr. Baughman then discussed the status of the water wells in the system. During the month, the contractor completed replacement of the roof at Water Plant No. 1. The operator cut bolts on the manway flange and replaced the manway gasket on the ground storage tank. The operator also installed a new hose bib on the main header. Well meter calibration registered a reading of 150%. Pending work includes replacing leaking check valves on booster pumps, replacing existing air relief and adding secondary air relief on header, and replacing meter on header and adding clamps to leaking weld. The District operator and engineer reviewed recommendations for future modifications.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for January amounted to 27.158 million gallons, with an average daily flow of 0.702 million gallons. There was 3.45" of rainfall for the month. There were no violations noted at the facility.

Mr. Francis next reported on work completed at the wastewater treatment plant, which included removing rags from the RAS channel, replacing the grit snail guard that was damaged by Aggressive Waste, backfilling ruts caused from Aggressive Waste's vehicle at the dumpster pad, pumping and removing sludge in the CL2 Contact Chamber No. 1, removing sludge from the CL2 Contact Chamber No. 2, and excavating a trench for new electrical lines to the generator and flood pumps. Pending work includes finishing cleaning rags from RAS channel and cleaning air diffusers, and installing non-potable pump in CL2 Contact Chamber No. 1. The District operator and engineer reviewed recommendations for future modifications.

Mr. Francis next discussed the operations of the District lift stations. The operator deragged Pump No. 2 at the Handspike Lift Station. At the Via Dora Lift Station, EFS installed rebuilt Pump No. 1. At the Helmsman Lift Station, the operator changed light bulbs in the lift station and replaced a 10 inch plug valve. At the S. Diamondhead/FM 2100 Lift Station, the operator deragged Pump No. 2.

Rich Harcrow reported on the District work. There were 14 water leaks and main line repairs, 15 sewer back-up and sewer line repairs, four taps, zero meters were changed out,

five miscellaneous call outs, three yard repairs, and 11 back charges. Mr. Harcrow reported that all 10 District sample stations for monthly drinking water monitoring have been installed.

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

3. Delilah Arolfo submitted a draft letter to be inserted in the monthly bills regarding the prosecution of vandals. Director Scott asked that all Board members draft an insert to go along with the letter.

4. Director Hembree presented the rate for ground water reduction contract pricing effective March 1, 2016 of \$3.39.

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


Secretary