

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
April 25, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Monday, April 25, 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

and the following absent:

Jim Hembree, Director.

Also present were Delilah Arolfo, Andrea Martin, Cullen Francis, Jeff Baughman, Brandon Smith, Rich Harcrow, David Kasper, Margarette Chasteen, and Gary Hasse.

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, development has been delayed until sales in the previous phase increase. On the partial replat in of Newport, Section 4, the property is currently being cleared. On the Newport Court project, the site is currently being rough graded.

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 attended a meeting with the City of Houston to discuss City of Houston plan review comments with the City of Houston and the developer's engineer.

Mr. Kasper next discussed the 2016 bond application. The TCEQ has confirmed receipt of the bond application. If the application is deemed to be administratively complete, the expedited review period will be up to 60 days.

Lastly, Mr. Kasper discussed annexations. The engineer prepared a draft boundary map showing the annexation of three tracts: 1) International Union of Operating Engineers (227 acres); 2) part of Newport Court / Nino Corbett development (1.5 acres); and 3) commercial tract on North Diamondhead / Nino Corbett development (2.4 acres).

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

2. Brandon Smith reported on the District walk-through held on April 19, 2016.

3. Mr. Smith next reported on operations of the water system in the District. Ground water permitted through February 28, 2017 was 175.200 million gallons, and remaining ground water as of April 19, 2016 was 175.167 million gallons. Total ground water produced was 0.033 million gallons, and total surface water produced was 30.370 million gallons. Billed water was 30.403 million gallons with an accountability of 84%.

Jeff Baughman reported on work completed at the surface water treatment plant, which included installing flooring and trim, completing all painting and trim finish, installing bathroom fixtures and sinks, staining all cabinets, painting the main shop floor, installing a new injection quill for LAS feed, installing a depth gauge and removing debris at intake screens, and sludge disposal. Boeker Countertops installed countertops, and Trinity performed belt pressing for the lagoons. The field crew raised "A" boxes and manhole for lagoon piping. Pending work includes installation of flashing on the existing building to prevent leaks. The operator is currently obtaining quotes to have pump check valves on No. 2 and No. 3 replaced, and replacement of a vacuum breaker for sludge pumps.

Mr. Baughman then discussed the status of the water wells in the system. At Water Plant No. 1, Alsay performed an analysis of a submersible well pump that was not operating at full efficiency. At Water Plant No. 2, 28 shrubs were planted on the north side of the fence. Pending work at Water Plant No. 1 includes replacing leaking check valves on booster pumps, replacing existing air relief and adding secondary air relief on header, replacing meter on header, purchase and installation of LAS tank and injection quill, and replacing the chlorine booster pump.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for February amounted to 21.323 million gallons, with an average daily flow of 0.687 million gallons. There was 6.25" 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 removal of debris from the chlorine injector, pulling rags from RAS and influent channel, installing a new non-potable Pump No. 1 chlorine basin and installing 250-feet of chlorine solution line to Clarifier No. 1 and No. 2. Rawlins Services completed electrical installation for floor pumps, Foster Fence completed repairs on the perimeter fence, and Trinity performed belt pressing on digesters.

Mr. Francis next discussed the operations of the District lift stations. At the Handspike Lift Station, the operator deragged Pump No. 1 and No. 2. At the Helmsman Lift Station, the operator backwashed Pump No. 1 and No. 2, deragged Pump No. 1 and No. 2, and installed header braces. At the South Diamondhead/FM 2100 Lift Station, the operator deragged Pump No. 1 and No. 2, replaced check valves on Pump No. 1 discharge line, replaced ball valves on Pump No. 2 discharge line, and repaired the gate into the lift station.

Rich Harcrow reported on the District work. There were 12 water leaks and main line repairs, 11 sewer back-up and sewer line repairs, 12 taps, zero meters were changed out, 10 miscellaneous call outs, one back charge. Mr. Harcrow reported that all of Lennar's back charges have been paid but payment has not yet been made by MP Tech.

Brandon Smith reported that the required regulatory reporting has been completed.

Delilah Arolfo discussed the meter for Bellows Construction. Bellows Construction requested the use of a hydrant meter for construction of the Union training facility. The hydrant would be needed for eight months. A deposit of \$5,000 would be required from Bellows Construction.

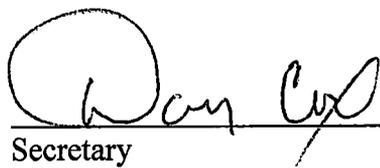
Upon unanimous vote, the Board approved the operator's report as presented and the use of a hydrant meter by Bellows Construction for a period of eight months.

4. Mr. Smith then discussed the status of the District parks. At Port O'Call, the operator installed stone at the splash pad seating area and pavilion, adjusted the splash pad gate in order for the gate to open and close without dragging, installed a 6-inch drain line on trails near Port O'Call, and removed graffiti from picnic tables. Installation of motion sensor lights under the pavilion is pending. At Flying Bridge Park, American Paving poured a sidewalk connecting the parking lot to the trail. The operator cleared underbrush and filled a washout area near the trails with stabilized sand. Fob operation signs were installed on the restroom doors and mulch was spread for playgrounds at all of the parks.

The operator presented the Board with two party requests at Port O'Call Park.

Upon unanimous vote, the Board approved the parks and trails report as presented and approved the party requests.

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


Secretary