

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
April 27, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Wednesday, April 27, 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 Brandon Smith, Delilah Yanez, Delilah Arolfo, Andrea Martin, Dan Webb, Margarette Chasteen, Gary Hasse, Mandi Guerra, David Kasper, Ethan Springer, Eileen Fashoro, Nino Corbett, and Lori G. Aylett, attorney for the District.

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

1. Minutes of the meetings of March 16, March 21 and March 23, 2016 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Mandi Guerra presented a bookkeeper's report, a copy of which is attached. She was pleased to note that the District has 7.8 months of reserve in the operating fund. Her report included a revised debt service schedule after the successful conclusion of the 2016 refunding bond issue. The Board reviewed the invoices and checks in detail, along with a report of the District's investments. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills with checks listed thereon.

3. Delilah Yanez presented a tax assessor/collector's report. 2015 taxes were 95.96% collected. All prior years were over 99% collected. The tax assessor made two wire transfers, voided two checks, and issued 12 checks on the tax fund. Most of the checks were refunds of overpayments. Upon unanimous vote, the Board approved the tax assessor/collector's report as presented and authorized payment of bills with the checks drawn on the tax fund.

4. There was presented the attached Resolution Requesting Preparation of Estimate of Total Appraised Value of Taxable Property Within the District. The attorney reported that she placed this item on the agenda at the financial advisor's request. Because the District will soon be contemplating the issuance of its bonds and reimbursement to developers, the financial advisor will want to see an estimate of value of the District as of May 1, 2016 to

track growth that has occurred as a result of new home starts. Upon unanimous vote, the Board approved the resolution as presented.

5. The Board considered developers' reports. Ethan Springer first reported on Lennar's activities. In Seven Oaks, Lennar has had two home sales this month and 19 sales year-to-date. In the Villas, they have had two home sales this month and seven sales year-to-date. Utility construction is underway in Newport, Section 8, which is down Via Dora. Clearing and grubbing in Villas Section 2 is complete.

Nino Corbett reported on his development. The detention pond is almost fully excavated, and the project has gone smoothly thus far. Water, sewer and drainage construction is also underway.

Eileen Fashoro reported on the status of Rampart's development. In response to a question from the Board, she noted that Rochester will be developing a separate section on South Diamondhead between the two churches.

6. There were no customer service inquiries regarding utility or other District services.

7. Andrea Martin presented a billing and collections report. Total current payments were \$256,995.06, while total current billing was \$228,874.89. The 30-day arrears were \$50,112 at the end of March, and as of today's meeting they were at \$15,338.19. There were 38 new connections in the District, of which 31 were owners and seven were renters. Of those new connections, seven were new homes, and 31 were pre-existing homes. 18 accounts were finalized, and there were 42 vacancies.

The operator reported that Lennar paid an \$826.16 backcharge for damage done to District facilities during home construction. State Farm paid a claim on behalf of one of its insureds for damage done to a District fire hydrant that was hit by a car.

Ms. Martin then presented a report on behalf of Aggressive Waste. The garbage contractor issued one yellow tag for non-compliant household trash, and 14 yellow tags were issued for non-compliant heavy trash.

Upon unanimous vote, the Board approved the billing and collections report as presented.

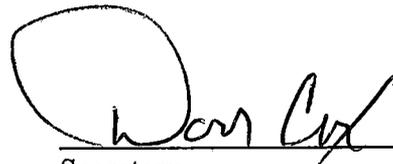
8. The Board discussed operations and engineering matters. The engineer is working on a draft of the revised boundary map. The operator received a bid from a subcontractor for a new 1,000 gallon LAS tank at the surface water plant and a new 535 gallon LAS tank at Water Plant No. 1. The operator also installed an injection quill for the LAS on the raw water pipe. During the Tax Day Storm and flooding, the District lost power at a couple of the lift stations and at the sewage treatment plant. The operator was able to pump-down the lift stations with the portable generator throughout the day during the power outage. The operator will begin to discuss the Emergency Preparedness Plan with the Board at the next meeting.

9. Lori Aylett presented an attorney's report. She continues to field inquiries from companies that are interested in purchasing groundwater reduction credits via agreement. The Series 2016 refunding bond issue was approved by the Attorney General of Texas and successfully closed. The MUD No. 19 dissolution application has been declared administratively complete by the Texas Commission on Environmental Quality. Technical review is underway. The attorney is also working on documents for the Union and Newport Court annexations and is awaiting receipt of all metes and bounds descriptions from the various developers. Upon unanimous vote, the Board approved the attorney's report as presented.

10. The attorney discussed the schedule for the next Board meeting. She stated that she would like to attend the next operations meeting to complete all of the necessary paperwork to qualify the new directors. After discussion, the Board agreed to conduct the next operations and engineering meeting on Tuesday, May 17, 2016 at 9:00 a.m.

11. The Board members and consultants then expressed their appreciation to Mr. Archer and Mr. Glazner for their many years of faithful service to the District.

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


Secretary