

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Meeting of Board of Directors  
June 9, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Thursday, June 9, 2016, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Jim Hembree, President  
Wayne Scott, Vice President  
Don Cox, Secretary  
Margarette Chasteen  
R. Gary Hasse, Director

and the following absent:

None.

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

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 and should be near completion of the water, sewer, drainage and paving items. On the Newport Villas II project, the property is currently being cleared. The developer has reported that the project is temporarily delayed until sales increase on the previous phase. On the partial replat of Newport, Section 4, the property has utilities installed and paving improvements are currently being made. On the Newport Court project, the project is in the construction phase and the site is presently being rough graded and the detention pond has been excavated.

Mr. Kasper then reported on current commercial developments and noted that his firm had continued to work with the International Union of Operating Engineers regarding development of a large commercial tract located in MUD 19's boundaries.

Mr. Kasper next discussed the 2016 bond application. The TCEQ declared the application administratively complete on March 28. The expected review period will be up to 60 days, so he expects to have an approval as soon as May 27, 2016 unless the TCEQ requests additional items. The projects to be funded by the proceeds of the bond issue were summarized on the report.

Mr. Kasper has prepared a draft boundary map for Newport MUD showing the annexation of the following three tracts: International Union of Operating Engineers (227 acres);

Part of Newport Court/Nino Corbett development (1.500 acres); and a commercial tract on North Diamondhead/Nino Corbett development (2.400 acres). Upon motion by Director Cox, seconded by Director Hasse, the Board unanimously approved the engineer's report.

2. Brandon 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 May 9, 2016 was 162.985 million gallons. Total ground water produced was 3.002 million gallons, and total surface water produced was 31.615 million gallons. A new groundwater credit contract was approved with Eastex Forest Products for 2.200 million gallons. Billed water was 22.254 million gallons with an accountability of 86%.

Jeff Baughman reported on work completed at the surface water treatment plant, which included ordering air reliefs/vacuum breakers, moving and setting up lab equipment in the new lab building, and replacing the tubing for the PO4 pump at disinfection zone #2. Belt pressing on the sludge was performed by Trinity. Pending work includes installation of flashing on the existing SWTP building to prevent leaks. The operator will obtain a quote to have the high service pump check valves on No. 2 and No. 3 pumps replaced. Other pending work includes installation of the air relief/vacuum breaker on the sludge piping header at Water Plant No. 1.

Work completed at Water Plant No. 1 included ordering an air relief/vacuum breaker and installing a new chlorine booster pump. Pending work includes installing the air relief/vacuum breaker on the main header, installing the LAS tank and injection quill which has not been delivered yet, having Alsay pull the well pump for repair or replacement, and pending a quote, replacing the leaking check valve on the booster pumps.

There was nothing to report regarding work at Water Well No. 2.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for May amounted to 31.473 million gallons, with an average daily flow of 1.015 million gallons. There was 11.38 inches 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 pumping out Aeration Basin No. 4 after four inches of rainfall, repairing two large air leaks on Aeration Basin No. 4, removing rags from RAS channel, installing four air diffusers at the influent channel air drop, removing a fallen tree from the wastewater treatment plant access road, and filling the low area with limestone on the driveway near chlorine room.

Mr. Francis next discussed the operations of the District lift stations. At the Dunes Lift Station, a new ground wire was installed on Pump No. 2. At the Handspike Lift Station, the operator deragged Pump No. 1 and Pump No. 2 and replaced the sump pump in the dry well and adjusted floats. At the Via Dora Lift Station, Pump No. 1 was backwashed and the breaker was reset. Pump No. 1 was deragged and batteries were replaced in the auto dialer. At the Helmsman Lift Station, the operator deragged Pump No. 1 and Pump No. 2. At the South Diamondhead/FM 2100 Lift Station, the operator deragged Pump No. 1 and Pump No. 2. At the Seven Oaks Lift Station, the operator replaced batteries in the auto dialer.

Rich Harcrow reported on the District work. There were 2 water leaks and main line repairs, 4 sewer back-up and sewer line repairs, 2 irrigation taps, 1 sewer tap and 40 regular taps, and 2 backcharges. 43 taps have been installed year-to-date. The operator responded to a number of dirty water complaints.

Brandon Smith reported that heavy debris was removed from the low water crossing at Flying Bridge Way and Stem Way. The operator installed a 6-inch district cleanout at 15934 Audie Lee Court and 16006 Audie Lee Court. At 1315 Tee Time Court and 16110 Fairway Creek Circle, the District cleanout was lowered 6 inches. At 15723 W. Chamfer Way, the District cleanout was lowered 4 inches.

Brandon Smith report on vandalism and a fire which destroyed a resident's meter box and meter. The Harris County Sheriff's Department was called and a report was filed with the deputy.

The operator reported on weather-related emergency work and callouts. At the wastewater treatment plant, blowers were down on two occasions. Peak flow was monitored and floodgates operated with adjustments made in order to keep the flow under peak level. Continuous monitoring of the lift stations was necessary due to excessive amounts of rainfall, power outages and increased flow from May 21 to June 4, 2016.

The operator reported on the District's insurance claim with Arthur J. Gallagher & Co. which was filed on May 27, 2016 due to damage to the Flying Bridge Lift Station from the lightning strike on May 21, 2016. NTS installed a rental pump for use until pumps and systems can be repaired and provided a quote for the damaged items as follows: Option 1: replace Milltronics controller and submersible transducer for \$3,950; replace Mission wireless alarm system for \$2,500 plus annual wireless service contract; repair Lift Pump 1 with Flygt 3152 20HP 230V/3, 6", 432 impeller at a cost of \$8,695; repair Lift Pump 2 with re-install for \$5,922. The total cost of Option 1 is \$21,067. Option 2: replace Milltronics controller and submersible transducer for \$3,950; replace Mission wireless alarm system, \$2,500 plus annual service contract; replace both Lift Pump #1 and Lift Pump #2 with new pumps; install new Flygt NP-20HP at a cost of \$16,765 each with a five-year warranty for a total Option 2 cost of \$39,800. After discussion, upon unanimous vote, the Board approved Option 2. The operator will work with the insurance company to get the repairs scheduled.

3. Mr. Smith then discussed the status of the District parks. At Port O'Call, the operator cleaned graffiti from the pavilion bench and cleaned tree limb debris from the grounds as a result of the storms. McCann Security replaced the key fob strike plate on the women's restroom door. Pending work includes installation of motion sensor lights under the pavilion. At South Diamondhead Park, completed work included removal of tree limb debris. At Flying Bridge Park, completed work included removal of tree limb debris left from the storms and replacement of two cameras by McCann Security. Trail work included scraping the entire trail with heavy equipment and hand tools, removing 5 trees which had fallen over due to the storms, filling in the washout area near Liberty Way with stabilized sand, continuous monitoring of low water crossings during flooding, continuous cleanup of heavy debris from flooding and storm damage, and removing trees leaning on the fence at 17059 Midships. Pending work includes consulting with the District engineer regarding options for retaining the bulkhead along

Liberty Way low water crossing where washout continuously occurs and issuance of key fobs on June 7.

Upon motion by Director Hasse, seconded by Director Scott, the Board approved the parks and trails report as presented.

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

Ass't Margaret M. Chester  
Secretary