

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
July 28, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on Thursday, July 28, 2016, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Jim Hembree, President
Don Cox, Secretary
Margarette Chasteen, Assistant Secretary
R. Gary Hasse, Director

and the following absent:

Wayne T. Scott, Vice President.

Also present were Mandi Guerra, Debbie Shelton, Carlos Castrejon, Andrea Martin, Esther Kumaga, David Kasper, Daniel Peltier, and G. Taylor Goodall, Jr., 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 June 23, 2016 and July 14, 2016 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Esther Kumaga presented a tax assessor/collector's report. 2015 taxes were 97.91% collected. All prior years were over 99% collected. 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.

3. The Board considered the First Mobile Trust Payment Agreement. After consultation with the tax assessor/collector and attorney, the Board tabled the agreement for the August Board meeting.

4. Mandi Guerra presented a bookkeeper's report, a copy attached. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills with the checks listed thereon.

5. Debbie Shelton presented a financial advisor's report and analysis of a proposed Series 2016 bond issue in the amount of \$5,500,000. Ms. Shelton reviewed the plan of financing, as well as the preliminary official statement and notice of sale with the Board. After review, the Board unanimously authorized moving forward with the Series 2016 bond issue as described by Ms. Shelton, approved the preliminary official statement and plan of financing, authorized the publication of the notice of sale for the 2016 bonds, acknowledged receipt of Ms.

Shelton's provided MSRB Rule G-42 regulatory disclosure statement, and authorized District consultants to take all necessary actions to move forward with the transaction.

6. Mr. Goodall presented the Board with an engagement letter from the firm of McCall Gibson Swedlund Barfoot, PLLC for a developer's agreed-upon procedures report. Mr. Goodall explained that the agreed-upon procedures report is more commonly referred to as a "developer reimbursement audit" and is necessary to ensure that the District and developer are confident in the amount owed to the developer from the proceeds of the previously discussed bond issue. Subject to that discussion, the Board unanimously approved engagement of McCall Gibson Swedlund Barfoot, PLLC to perform the report as presented.

7. The Board considered developers' reports. Carlos Castrejon introduced himself as the new representative attending District meetings from the Friendswood Development Company. Mr. Castrejon will be the new leader of the Newport projects and provided an update on the Friendswood Development Company Newport projects.

8. The Board considered customer inquiries. Andrea Martin provided the Board with an update on the MP Technologies backcharge collection status. It was decided that Ms. Martin will request that the District's attorney become involved in the collection efforts if the operator is not successful in collections by the end of August.

9. David Kasper gave an update on discussions regarding the International Union of Operating Engineers facility, specifically the pond to be constructed to serve the facility. Mr. Kasper and contractor, Daniel Peltier, explained that the International Union of Operating Engineers must show that a public entity plans to accept responsibility for the storm water quality permitting for the pond in order to receive plan approval. There was lengthy discussion regarding the advantages and disadvantages of the District's acceptance of long-term responsibility for the pond. Mr. Goodall posited that the Board could enter into a detention pond maintenance agreement that would allow the required storm water quality permit to remain in the District's name but make the International Union of Operating Engineers responsible for the maintenance of the pond. The Board instructed Mr. Goodall to inform the District's primary attorney, Ms. Lori Aylett, of the discussion and authorized Mr. Kasper to provide a letter for the benefit of the International Union of Operating Engineers stating that the District continues to negotiate the pond maintenance issues. An item for discussion of a detention pond maintenance agreement shall be placed on the District's August Board meeting agenda.

10. The Board received a report regarding operations and engineering matters. Change Order No. 1 in the amount of \$33,270.25 for Nino Corbett's project was reviewed and authorized for execution by David Kasper by the Board.

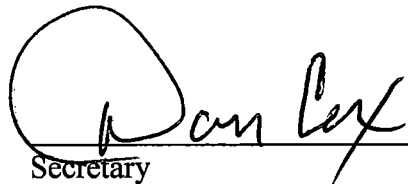
11. There was discussion regarding the need to extend the term of the District's utility commitment for the Rockwood project an additional six months. David Kasper reported that he saw no reason that the District should not agree to extend the utility commitment. Subject to that discussion, the Board unanimously authorized extending the commitment for an additional six-month term.

12. The Board was presented with a Global Services Agreement between the District and CommunityBank. After a brief discussion, upon motion duly made and seconded, the Board unanimously approved the agreement as presented and authorized Director Margarete Chasteen to execute the Global Services Agreement with CommunityBank on the District's behalf.

13. The Board considered the draft water supply agreement with Harris County Municipal Utility District No. 525. Director Cox suggested that it may be prudent to wait for the return of Ms. Lori Aylett prior to discussing the agreement further because he felt that there was a conflict of interest. Mr. Goodall reminded the Board that his law firm represents both the District and MUD 525. Director Hembree and the remainder of the Board took Director Cox's comment under advisement and offered comments on the draft agreement to Mr. Goodall. After discussion regarding Director Hembree's comments, it was decided that a special Board meeting for the Board and the District's operator shall be held the following Thursday at 10:00 a.m. to review a revised draft water supply agreement.

14. Andrea Martin presented a billing and collections report, in addition to the Aggressive Waste service logs for the period of June and July, 2016. After a brief review and discussion, the Board unanimously approved the reports as presented.

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


Secretary