

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
August 4, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on August 4, 2016, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

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

and the following absent:

None.

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

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

1. It was noted that the purpose of the special meeting was to discuss a possible water supply agreement with Harris County Municipal Utility District No. 525. Director Hembree noted that brief discussions were held during the District's regular meeting on July 28, 2016; however as the District's attorney was unavailable to attend the regular meeting and the attorney in attendance on her behalf represents MUD No. 525, it was decided a special meeting would be necessary. No actions were taken at the regular meeting on this matter.

2. Director Hembree inquired as to the type of valve that would be installed on the proposed interconnect. Rich Harcrow discussed an RPZ valve, and David Kasper suggested use of a clay valve. It was concluded that further discussion regarding the type of valve used would be tabled once "Exhibit A" to the proposed agreement was received from MUD No. 525.

3. The Board next inquired as to the point of connection. Mr. Kasper informed the Board of the location of the 12" line on Foley Road and suggested the meter be set on Foley Road and Dallas. Director Cox requested that the following language be added to the water supply agreement: No. 525 would be responsible for purchasing and deeding over the property to Newport MUD for the 12" water line and meter. Mr. Kasper requested Board authorization to discuss the details regarding the meter placement and proposed interconnect point with the MUD No. 525 engineer, and the Board authorized such discussions.

4. Delilah Arolfo suggested language be added to the water supply agreement to ensure both district operators, should they be different, disclose the chemicals used

to treat the drinking water and guarantee the process will meet the standards set by the TCEQ and any and all other regulatory agency requirements regarding surface water and ground water drinking standards when mixed.

5. The Board requested that the engineer and operator meet to discuss Article II, Section 3.03 of the proposed water supply agreement in greater detail and provide recommended changes to the Board at the August 11, 2016 Board meeting.


6. With regard to Article IV, Section 4.02, Director Hembree suggested adding an annual meeting in the month of September to discuss projections of annual demands.

7. With regard to Article IV, Section 4.03, the Board agreed that this section should be removed from the agreement.

8. David Kasper suggested that MUD No. 525 may be using the District's surface water as backup and MUD No. 525 wells would be their primary source of water. The Board asked Mr. Kasper to provide clarification on this matter by the next schedule Board meeting. Director Cox inquired as to if by servicing MUD No. 525, would the District exceed the permit for its wells. The engineer assured the Board that would not happen.

9. Director Hembree next discussed the contract with the San Jacinto River Authority. Director Hembree stated that the contract will need to be reviewed and amendments will probably need to be made prior to entering into any agreement with MUD No. 525.

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


Secretary