

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Meeting of Board of Directors
September 8, 2016

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on September 8, 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 Delilah Arolfo, 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 presented an engineer's report, copy of which is attached. Mr. Kasper first reported on the private residential development projects ongoing within the District. In Newport, Section 12 (formerly Newport Villas II), construction is ongoing and water, sewer and drainage facilities are in place. Pavement should begin soon. In Newport Court, water and sewer mains are substantially in place and the contractor is working on the site storm sewers. In Newport Place (Rochester), the attorney is reviewing the proposed construction contract, and the engineer has requested authorization to advertise for bids. In Newport Southwest, the engineer received a request to serve a tract located outside of the District along South Diamondhead. The preliminary plan indicates 73 residential lots.

David Kasper then reported on the commercial development projects ongoing within the District. Mr. Kasper noted that his firm is continuing to correspond with the International Union of Operating Engineers regarding their large commercial/industrial development on a tract located in recently dissolved Harris County MUD No. 19.

Mr. Kasper next discussed annexations. The District attorney has filed the application for annexation of the International Union of Operating Engineers and Newport Court with the City of Houston, and MUD 19 has been dissolved. The annexation process may be approved before the start of the new year.

Finally, Mr. Kasper presented a proposal for design, bid and construction phase services for the auto-read water meter replacement project. The engineer is preparing maps for all new sections and will forward to the Board members and the operator for their review. Mr. Kasper requested the operator provide a list of all meters in the District for the project. Upon

unanimous vote, the Board approved the proposal for the auto-read water meter replacement project as presented.

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

2. The Board next reviewed the operations and maintenance report, a copy of which is attached. Brandon Smith 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 August 26, 2016 was 133.36 million gallons. Total ground water produced was 3.442 million gallons, and total surface water produced was 43.83 million gallons. Billed water was 29.03 million gallons with an accountability of 85%.

Jeff Baughman reported on completed and pending work at the surface water treatment plant and the status of the water wells in the system.

Cullen Francis reported on the status of the wastewater system in the District. Total flow for the month amounted to 35.972 million gallons, with an average daily flow of 1.160 million gallons. There was 16.85" 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 and District lift stations.

Rich Harcrow reported on the District work. There were 11 water leaks and main line repairs, five sewer back-up and sewer line repairs, and six miscellaneous call outs.

Brandon Smith report on taps in the District. There have been 85 regular taps, three irrigation taps, and one sewer tap made year-to-date.

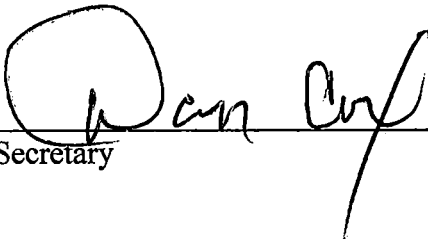
Upon unanimous vote, the Board approved the operator's report.

3. Brandon Smith then presented a report on District parks, a copy of which is attached. At the Port O'Call Park, McCann Security repaired the "exit" button on the splash pad gate. At the South Diamondhead Park, the operator installed a handicap parking sign.

There were no party requests for the Board's consideration.

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

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


Secretary