

NEWPORT MUNICIPAL UTILITY DISTRICT

Minutes of Meeting of Board of Directors

March 9, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on March 9, 2017, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Jim Hembree, President
R. Gary Hasse, Vice President
Don Cox, Secretary
Margarette Chasteen, Assistant Secretary
David P. Guidry, Director

and the following absent:

None.

Also present were Jim Carpenter, David Kasper, Nino Corbett, Delilah Arolfo, Brandon Smith, Cullen Francis, Rich Harcrow, and Andrea Martin.

The President called the meeting to order and declared it open for such business as might properly come before it. The President proposed moving the monthly operations and engineering meeting to the fourth Tuesday of each month. Upon unanimous vote, the Board approved moving the monthly operations and engineering meeting effective April, 2017. Director Hembree next presented proposed correspondence regarding the District's refunding bonds to be included in the customers' bill.

1. David Kasper presented an engineer's report, copy of which is attached. Mr. Kasper reported that the bonds and insurance are in place for the water tank rehabilitation project and the contracts are ready to be signed. Mr. Kasper next presented a proposed project schedule for the water meter replacement project. A pre-bid meeting is scheduled for March 14, 2017. The bid opening is scheduled for March 21, 2017.

With regard to the wastewater treatment plant blower improvements, the engineer proposed that the District delay the project until the next plant expansion. Upon unanimous vote, the Board approved delaying the project as proposed. On the water distribution system improvements, the engineer reported that the project is 70% complete. The engineer is working to obtain proposals to televise the sanitary sewer critical lines.

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

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, 2018 was 206 million gallons, and remaining ground water as of March 1, 2017 was 199.3 million gallons. Total ground water produced was 21.849 million gallons, and total surface water was produced was 9.26 million gallons. Billed

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water was 18.951 million gallons with an accountability of 91%. There was a discussion about the large leak that was recently discovered and repaired. The operator explained why the leak was difficult to detect in the field, although the operator had been looking for it for several months and was aware of the water loss. Director Hembree asked Mr. Smith to include production loss number on the report and indicate if the loss occurred due to troubleshooting or resolving issues at the plant.

Mr. Smith next presented the groundwater reduction agreement requests and volumes of the Marti Golf Center and Van Manor. Director Hembree asked Mr. Kasper and Mr. Smith to put together an estimate of how many ground water credits could be sold in 2017.

Brandon Smith reported on completed and pending work at the surface water treatment plant and Water Plant No. 1.

Brandon Smith reported on the status of the wastewater system in the District. Total flow for the month amounted to 20.683 million gallons, with an average daily flow of 0.738 million gallons. There was 2.55" of rainfall for the month. There were no violations noted at the facility.

Cullen Francis next reported on work completed at the wastewater treatment plant and District lift stations.

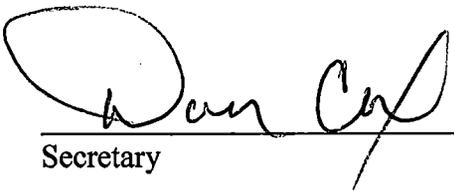
Upon unanimous vote, the Board approved the operator's report.

3. Brandon Smith then presented a report on District parks. There was one party request for the Board's consideration. Upon unanimous vote, the Board approved the party request as presented. Upon unanimous vote, the Board approved the District parks report.

4. The Board tabled consideration of an Order Designating Polling Place and Appointing Election Officials until a future meeting.

5. After a brief discussion, the Board tabled consideration of the Water Supply and Groundwater Reduction Agreement with Harris County Municipal Utility District No. 525 until a future meeting.

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


Secretary