

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Meeting of Board of Directors  
April 27, 2017

The Board of Directors ("Board") of Newport Municipal Utility District ("District") met at 16703 Golf Club Drive, Crosby, Texas, on April 27, 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 Josh Rambo, Delia Yanez, Mandi Guerra, Delilah Arolfo, Brandon Smith, Andrea Martin, Eileen Fashoro, Nino Corbett, Robert Santini, Carlos Castrejon, Greg Katt, Chad Rochester, Rich Harcrow, Debbie Shelton, and J. Davis Bonham, 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 held March 23, 2017 were presented for the Board's review and approval. Upon unanimous vote, the Board approved the minutes as presented.

2. Delia Yanez presented a tax assessor/collector's report, a copy of which is attached. 2016 taxes were 95.67% collected, while all prior years were over 99%. 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. Mandi Guerra presented a bookkeeper's report, a copy of which is attached. The District has a little over nine months of reserves in the operating fund. After payment of today's bills, the District will have a balance in the operating fund of \$4,497,398.76. The capital projects fund stands at \$2,765,520.93. The debt service fund balance is \$1,329,534.85. Upon unanimous vote, the Board approved the bookkeeper's report as presented and authorized payment of bills listed on the report.

4. Andrea Martin presented a billing and collections report. Total current billing was \$267,279.51, while total current payments were \$377,143.35. Deposits in-house were \$446,107.50. The 30-day arrears were \$46,697.07 at the end of March, and as of today's meeting they were at \$18,389.28. There were 52 new connections in the District, of which 44 were owners and 8 were renters. Of those new connections, 15 were new homes, and 37 were pre-existing homes. 28 accounts were finalized, and there were 62 vacancies.

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Ms. Martin then review the monthly solid waste collection report from Aggressive Waste.

Upon unanimous vote, the Board approved the billing and collections report as presented.

5. Josh Rambo of McCall Gibson Swedlund Barfoot, PLLC presented an audit of the District's books and records for the fiscal year ended December 31, 2016. Mr. Rambo reviewed the audit with the Board in detail. The Board discussed the management letter and existing protections that are currently in place. Upon unanimous vote, the Board approved the audit as presented and authorized its filing as required by law.

6. There was presented the attached Resolution Affirming Review of Investment Policy, Strategies and Objectives and the list of approved brokers/dealers. The attorney noted that according to the Public Funds Investment Act, the District is annually required to review its investment policy to assure its compliance with Texas law. The attorney recommended no revisions to the investment policy, and the auditor's report noted no deficiencies with respect to how the District's investments are handled. The Board also reviewed a list of brokers/dealers to be authorized to engage in investment transactions with the District. Upon unanimous vote, the Board adopted the Resolution and brokers/dealers list as presented.

7. Davis Bonham discussed the continuing disclosure filing with regard to the District's bonds. Pursuant to Bond Orders previously adopted, the District is required to annually update certain material information, including the audit, that might be of interest to District bondholders. Mr. Bonham then reviewed the requirement that an annual financial statement be filed with the comptroller pursuant to HB 1378. Upon unanimous vote, the Board authorized the attorney to make the continuing disclosure filing and HB 1378 filing as required by law.

8. The Board entertained developers' reports. Eileen Fashoro reported that there was no change in the development status of Rampart.

Carlos Castrejon addressed the Board regarding the status of development in the District. Mr. Castrejon informed the Board that Lennar will be increasing the number of started homes each month due to demand. Robert Santini then addressed the Board regarding the status of development in the District. Mr. Santini informed the Board that he has contacted the District's attorney and financial advisor and has requested that the Board consider the sale of a bond anticipation note. The Board discussed the request and requested that the District's attorney and financial advisor assemble information regarding the process of selling a note and the costs and benefits of the sale for future consideration.

Nino Corbett then addressed the Board regarding the status of detention pond construction. Mr. Corbett informed the Board that the detention pond is now complete.

9. The Board recognized Debbie Shelton who addressed the Board regarding the requested information to be provided at a subsequent meeting.

10. There were no customer inquiries for consideration.

11. The Board reviewed the operations and engineering matters. The Board considered the proposed storm sewer line and inlet to address backlot drainage issues. The Board discussed concerns regarding access to the facilities and long term maintenance. The Board discuss the terms of the easement and agreed to accept the facility subject to conveyance of an easement in an acceptable form.

12. The Board recognized Chad Rochester of Rochester Homes who addressed the Board regarding the development agreement with Rochester Homes. Mr. Rochester requested that the Board consider an amendment to the development agreement to include additional property. The Board agreed that an amendment would be appropriate and requested that the attorney prepare a revised agreement, if an when Rochester makes a firm offer to purchase the property.

13. The Board recognized Greg Katt of Dunhill Builders who addressed the Board regarding the development agreement with Dunhill Builders. Mr. Katt requested that the Board consider constructing a sanitary sewer line serving an additional tract or consider amendment to the existing reimbursement agreement to incorporate the tract. The Board agreed that an amendment would be appropriate and requested that the attorney prepare a revised document, if and when Dunhill makes a firm offer to purchase the property.

14. There were no additional legal matters for consideration.

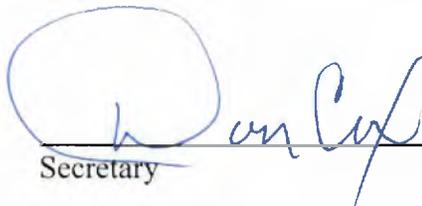
15. The Board agreed to table the Resolution and Rules and to consider them further at the May meeting.

16. The Board then considered the engagement of Municipal Risk Management Group LLC to perform the District's five year report for the District's Series 2013 Bonds. Upon unanimous vote the Board voted to approve the proposal as presented.

17. The Board then considered the date of the special meeting to canvass election returns. The Board agreed to hold the meeting to canvas returns and consider other pending matters on Thursday, May 11, 2017 at 9:00 a.m.

18. No executive session was necessary.

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

  
Secretary