

NEWPORT MUNICIPAL UTILITY DISTRICT
Minutes of Special Meeting of Board of Directors
March 4, 2019

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16703 Golf Club Drive, Crosby, Texas, on March 4, 2019, in accordance with the duly posted notice of said meeting, with a quorum of directors present, as follows:

Margarette Chasteen, President
DeLonne L. Johnson, Vice President
Deborah Florus, Secretary
Earl B. Boykin, Assistant Secretary
R. Gary Hasse, Director

and the following director absent:

None.

Also present were Bill Rosenbaum, Debbie Shelton, Andrea Martin, George House, Chad Rochester, Carlos Castrejon, Eileen Fashoro, and Lori G. Aylett, 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. The Board considered the request of Rochester Enterprises that the District grant a sanitary sewer easement across the front surface water treatment plant property. Chad Rochester presented the request in detail. The developer had originally designed two facilities to avoid having to request an easement, but this design would require removal and replacement of a large segment of District water line to allow for proper separation between the water and sewer lines. The water line that was originally constructed is asbestos cement and was constructed in the mid 1970’s. According to the operator, the line has not had any issues. According to District engineer Bill Rosenbaum, if a water line is performing adequately with no issues, it is generally best to leave it in place. If the District were to grant the sewer easement, the sanitary sewer line would still physically be located in the road right-of-way and would not be on the water plant site. The City of Houston requires the granting of the 10-foot sanitary sewer easement to comply with their regulations regarding access. The water plant fence is at the boundary of the easement and would stay up throughout the construction. The benefit to the District of granting this easement is that the District would not have to take the water plant out of service and would not have to lose service to any District customers. If the District does not grant the easement, the developer would have to construct a new PVC water line to replace the existing one, and a large section of Newport would be out of service for more than 24 hours while connection to the new line was being made. Andrea Martin noted that the old water line is five to seven feet underground and has never been exposed. The engineer recommend that the District grant the easement subject to his review of detailed plans and specifications. Upon unanimous vote, the Board approved the developer’s request for the sanitary sewer easement, subject to the engineer’s approval of plans and specifications.

2. Chad Rochester requested authorization of the Board to advertise for bids for water, sewer and drainage for Section 6 and Section 10. Chad Rochester noted that clearing and grubbing work had begun and he would like to get started developing the utilities. In response to a question from the attorney, the developer noted that plans for Sections 6 and 10 are bundled into one proposed contract, but the bid tabulation would separate the two sections. The attorney reminded the Board that the District has two separate reimbursement contracts for the two sections with different conditions for reimbursement. The engineer has reviewed preliminary plans, which will now have to be finalized based upon the Board's approval of the sanitary sewer easement. Upon unanimous vote, the Board authorized advertisement for bids for water, sewer and drainage improvements in Section 6 and Section 10, subject to the engineer's review of the final plans.

3. Chad Rochester requested Board concurrence on payment of the pay estimate to K&K for clearing and grubbing in the amount of \$34,758. The engineer has reviewed the pay estimate and has no issue or objections to concurring with its payment. Upon unanimous vote, the Board concurred with the developer's payment of clearing of grubbing pay estimate as presented.

4. Debbie Shelton presented a financial advisor's report and a report on the potential for refunding of some of the District's outstanding bonds which are callable on May 1, 2019. Ms. Shelton reported that due to historic low interest rates, some of the District's outstanding debt could be refinanced at lower interest rates resulting in gross savings and net present value savings. For the District to take advantage of such an opportunity, the District would need to approve a Preliminary Official Statement, the offering document for the bonds. In addition, the District would have to appoint an underwriter and set parameters under which an official of the Board could act to approve and authorize the sale of the bonds. The City of Houston has ordinances governing the issuance of the refunding bonds, and the District must achieve present value savings of 3% to meet the City of Houston ordinances. Based upon current interest rates, the District could expect to achieve present value savings in the range of 5.18%. The financial advisor noted that it would be appropriate for the Board to authorize a District officer to act on the District's behalf in the issuance, sale, approval and delivery of the bonds under terms and conditions set forth by the Board. The Board can establish parameters under which one of its officials will be authorized to act on behalf of the District.

The financial advisor noted that the District was required to select an underwriter. The Board reviewed a list of qualified underwriters.

Ms. Shelton turned to the Preliminary Official Statement and reviewed it in detail with the Board of Directors. She noted that the document described the District and the proposed bonds in detail. The District will engage a firm of certified public accountants to act as verification agent to verify the District's compliance with City of Houston ordinances and the amounts put on deposit in the escrow fund. The Preliminary Official Statement must describe the District accurately and must not omit anything that would be material to an investor.

The attorney noted that it would be appropriate for the Board to designate District officers and directors authorized to act on behalf of the District in the issuance, sale, approval and delivery of the Series 2019 Refunding Bonds and to carry out all necessary acts and

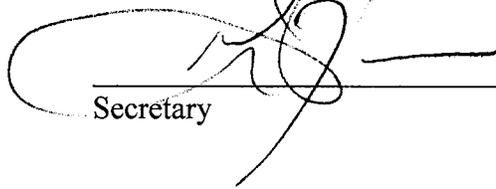
procedures, including but not limited to, entering into a Bond Purchase Agreement, entering into a Paying Agent/Registrar Agreement, entering into an Escrow Deposit Agreement, approving the Verification Agreement, adopting the City of Houston ordinance provisions regarding refunding, and evidencing such actions by the execution of an Approval Certificate.

There was presented the attached Bond Order for the Series 2019 Refunding Bonds. The attorney explained the Bond Order to the Board. She noted that the Bond Order is the District's covenant with the bondholders. As such, the District covenants to levy a tax sufficient in rate and amount to pay the bonds when due, and the District covenants to maintain the tax-exempt status of the Bonds. The District further promises to annually update certain financial information that is of interest to bondholders. The Bond Order contains the parameters under which Board members will be authorized to act on the Board's behalf.

There was presented the attached Order Authorizing Actions for Issuance, Approval, and Delivery of the Series 2019 Refunding Bonds.

After discussion, upon unanimous vote, the Board authorized Margarete Chasteen to act on the District's behalf in the issuance, sale, approval and delivery of the refunding bonds if the District can achieve a 4.5% present value savings; selected SAMCO Capital Markets to act as the District's underwriter; approved the Preliminary Official Statement, the Official Statement, and the Notice of Refunding for the Series 2019 Refunding Bonds; authorized and designated the Board President and Secretary to act on its behalf subject to the parameters previously set forth, and the Board further authorized Margarete Chasteen to execute the Bond Purchase Agreement and the Approval Certificate after all parameters have been met; authorized all its consultants to take any actions necessary to issue, sell, approve and deliver the bonds; approved the Bond Order as presented; and adopted the Order as presented.

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



Secretary