

**NEWPORT MUNICIPAL UTILITY DISTRICT**  
Minutes of Special Meeting of Board of Directors  
May 31, 2019

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at 16703 Golf Club Drive, Crosby, Texas, on May 31, 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 Delilah Arolfo, Crystal Kirby, Emmett Kirby, Bill Killian, George House, Rich Harcrow, Andrea Martin, and Lori G. Aylett, the 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 noted that the reason for the special meeting was to discuss ongoing service issues with Aggressive Waste and their failure to perform under the existing contract. The attorney reviewed provisions of the contract with the Board in some detail. She noted that two separate notices of default have been sent to Aggressive Waste regarding their failure to comply with the terms of the agreement.

Crystal Kirby addressed the Board and stated that her firm had tried to accommodate the District’s requests for service day changes. She stated that their request for a rate increase was rejected two years ago, and they have been afraid to request a rate increase because of the prior Board’s decisions. Emmett Kirby stated that his company does not want to lose the contract but understands the Board’s concerns. Director Hasse noted that he and Director Johnson had met with representatives of Aggressive Waste several months ago in an attempt to address the Board’s concerns. The District made accommodations with schedule change for heavy trash and grass clipping pickup. The Board has tried to accommodate the requests of Aggressive Waste as well. Emmett Kirby stated that his company needs capital to run efficiently, and the District has not been paying the market rate for garbage services. The Board thanked the Kirbys for their presentation.

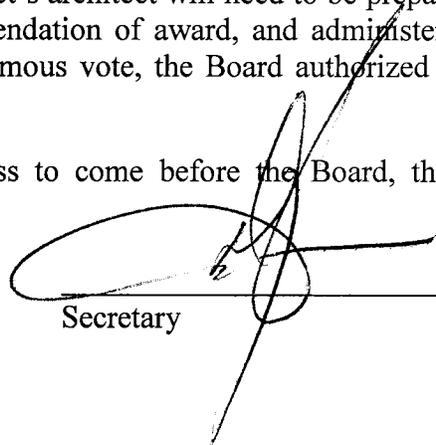
Bill Killian of Frontier Waste addressed the Board and stated that while he was sympathetic to the problems being experienced by his competitor, he would love the opportunity to provide services to the District if possible.

The attorney recommended that the Board convene in a closed session to receive advice from legal counsel regarding the potential for litigation in association with the alleged breach of contract by Aggressive Waste. At 2:20 p.m. the Board convened in executive session pursuant to Texas Government Code §551.071 to receive advice from the attorneys regarding potential litigation.

At 3:24 p.m., the Board reconvened in regular session. Director Hasse made a motion to authorize the attorney to write a letter of termination to Aggressive Waste and review a proposed contract from Frontier Waste using option B, with final action on these matters to be taken at the regular June meeting and transition to follow between the two companies after discussions with both. The motion was seconded by Director Boykin, and the chair called for a vote. The motion passed with a vote of 3-2 with Directors Johnson and Florus opposing. Director Johnson indicated that he opposed the motion out of concern for the District's financial reserves and the fact that the new contractor will cost additional money.

2. The Board reviewed a proposal from architect Kathleen Carpenter. The attorney noted that Ms. Carpenter's proposal was very competitive from a price stand point but was not complete from a service stand point. The attorney noted that she had concerns with the proposal because it appeared that the architect was not aware all of the requirements applicable to municipal utility districts or did not wish to bid for those items in her scope of work. The attorney recommended that the Board issue a request for qualifications to architects that are capable of doing a turn key project. The District's architect will need to be prepared to advertise the project for public bid, prepare a recommendation of award, and administer and inspect a construction contract in progress. Upon unanimous vote, the Board authorized the attorney to prepare a request for qualifications.

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



Secretary