

NEWPORT MUNICIPAL UTILITY DISTRICT

Order Calling Election for Designation of Defined Area 2 and Bond Election for Defined Area 2

The Board of Directors (“Board”) of Newport Municipal Utility District (“District”) met at the Board’s regular meeting place on August 4, 2022 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 were absent:

None

when the following business was transacted:

The order set out below was introduced for consideration of the board. It was duly moved and seconded that said order be adopted; and, after due discussion, said motion was carried by the following vote:

Ayes: All directors shown present.
Noes: None.

The order thus adopted is as follows:

Whereas, Newport Municipal Utility District has been legally created; the directors of the District have qualified as required by law, met and organized;

Whereas, pursuant to Section 54.801(a), Texas Water Code, the District is composed of more than 1,000 acres and may define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area or property and do not generally and directly benefit the District as a whole;

Whereas pursuant to Section 54.802(a) of the Texas Water Code, by separate order, the Board approved and adopted a proposed plan that defines the particular area to be taxed by metes and bounds description (the “Defined Area 2”);

Whereas, pursuant to Section 54.802 (b) and (c) of the Texas Water Code, by separate orders the Board approved and adopted a proposed plan for improvements and a plan for taxation to apply to the Defined Area 2 (the “Plan”);

Whereas, pursuant to Section 54.804, Texas Water Code, the Board approved and adopted the Plan that it found most equitably distributes the cost of facilities or service and protects the public welfare for the Defined Area 2 calling for the improvements in the Defined Area 2 and the issuance of bonds for the Defined Area 2;

Whereas, the District’s engineer has submitted to the board of directors a complete engineer’s report for improvements in the Defined Area 2, which report and accompanying items have been approved and adopted by the board pursuant to the applicable provisions of Subchapter J, Chapter 54, Texas Water Code, filed in the meeting place and office of the District, and open to inspection by the public;

Whereas, the property to be designated within the Defined Area 2 is a 107.321-acre tract, and a map and description of the area or property is available for public inspection in the District’s office located at 2727 Allen Parkway, Suite 1100, Houston, Texas 77019;

Whereas, said improvements are designed primarily for service within the Defined Area 2;

Whereas, the District’s engineer and the District’s Board make the following estimates of costs:

<u>Construction Costs:</u>	
Water, sewer and drainage facilities	\$12,670,000
Stormwater detention	4,860,000
Drainage channel improvements	4,670,000
Engineering and inspection, developer interest, easement and property acquisition and contingencies	20,538,750
<u>Incidentals:</u>	
Administrative expenses of issuing and selling bonds, including financial advisory and legal fees, interest on bonds during estimated construction period, discount on bonds, and operating costs during construction	<u>12,261,250</u>
Grand Total:	\$55,000,000

Whereas, the above costs are estimates only, and the improvements in Defined Area 2 and the costs may change based upon actual requirements as development of Defined Area 2 occurs;

Whereas, the Board made no change or modification in the work proposed by or the plans and report of the engineer; no preliminary bonds of the District related to Defined Area 2 were authorized or issued; all requirements have been met prerequisite to the ordering of a bond

election; and the Board is of the opinion that the election should be held for the purpose of submitting the propositions set out hereinafter;

Whereas, a bond election is a special election as defined by Texas Election Code Section 1.005(18) and must therefore be conducted on a uniform election date;

Whereas, the Board has determined that it is also in the public interest to conduct the election on a uniform election date;

Whereas, the Board will conduct the election as provided by Texas Water Code §49.106, Subchapter J, Texas Water Code, and applicable law; and

Whereas, the District is authorized to purchase, construct, acquire, own, operate, maintain, repair, improve or extend inside and outside its boundaries any and all land, works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation or the purposes authorized by law and to issue bonds (including refunding bonds) to accomplish such purposes;

It is, therefore, ordered by the board of directors of Newport Municipal Utility District as follows:

Section 1. The matters and facts set out in the preamble of this order are hereby found and declared to be true, correct and complete and the District has complied with the applicable provisions of Section 49.106 and Subchapter J, Chapter 54, Texas Water Code.

Section 2. The Board ratifies its prior approval of and adopts in all respects said engineer's report and Plan, including the estimates therein and the data and items submitted and filed therewith, and reference is here made to same for the full contents thereof.

Section 3. An election shall be held within legal hours on November 8, 2022. The District shall enter into an agreement ("Agreement") with Harris County ("County") for the purpose of having the County provide certain election services and equipment needed by the District in conjunction with the election on November 8, 2022. The County shall be responsible for furnishing services and equipment and performing duties as described in the Agreement. For purposes of said election, the District hereby adopts the County voting precincts, and hereby adopts the County's early voting and election day polling places and hours of election, as set out in the Agreement, for purposes of said election. Voting shall be held at the applicable Harris County polling places, whether such polling locations are within or outside the District's boundaries.

Section 4. The following propositions shall be submitted to the duly qualified resident electors, within the area designated as the Defined Area 2, at said election:

PROPOSITION A

Shall the designation of Defined Area 2 in Newport Municipal Utility District be confirmed?

PROPOSITION B

Shall the Board of Directors of Newport Municipal Utility District be authorized to issue bonds of said District in one or more issues or series in the maximum aggregate original principal amount of Fifty-Five Million (\$55,000,000) Dollars, maturing serially or otherwise over a period or periods not to exceed forty (40) years from their date or dates, and to be issued and sold and at any price or prices and to bear interest at any rate or rates as shall be determined within the discretion of the board of directors of the District and as authorized by the laws of the State of Texas at the time of such issuance, for the benefit of the Defined Area 2, for the purposes of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving and extending a water and sanitary sewer system, a surface water system, and sewage disposal facilities for the Defined Area 2 and a drainage system for the drainage of lands within the Defined Area 2, and for payment of fees or charges to any regional water authority or similar entity for charges or contributions lawfully levied on the Defined Area 2, and to provide for the payment of principal of and interest on such bonds by the levy and collection of a sufficient ad valorem tax upon all taxable property within the Defined Area 2, all as authorized by the Constitution and laws of the State of Texas?

PROPOSITION C

Shall the Board of Directors of Newport Municipal Utility District be authorized to issue bonds of said District in one or more issues or series in the maximum aggregate original principal amount of Eighteen Million Three Hundred Fifty Thousand Dollars (\$18,350,000), maturing serially or otherwise over a period or periods not to exceed forty (40) years from their date or dates, and to be issued and sold at any price or prices and to bear interest at any rate or rates as shall be determined within the discretion of the Board of Directors of the District and as authorized by the Constitution and laws of the State of Texas at the time of issuance of each issue or series of said bonds, for the benefit of the Defined Area 2, for the purpose of refunding, by any means now or hereafter authorized by law, all or any portion of any bonds or refunding bonds of the Defined Area 2 payable in whole or in part from taxes authorized whether heretofore or hereafter issued by the District for the benefit of Defined Area 2, and whether authorized hereunder or at subsequent elections held within and for the Defined Area 2 of the District, and to provide for the payment of the principal of and interest on such bonds by the levy and collection of a sufficient ad valorem tax upon all taxable property within the Defined Area 2 within the District, all as authorized by the Constitution and laws of the State of Texas?

Section 5. The election will be conducted in compliance with the provisions of the federal Help America Vote Act (HAVA), Texas Election Code, the Texas Water Code and all other applicable laws, and each polling place will have at least one voting system accessible to individuals with disabilities.

Section 6. As provided by law for the issuance of bonds payable wholly or in part by ad valorem taxes, an election shall be held and notice shall be given as provided by law.

Section 7. Paper and/or electronic ballots shall be used in the election. Ballots, voting instructions and the propositions shall be made available in the English, Spanish, Vietnamese and Chinese (Mandarin) languages for those requesting same. The ballots for said election shall conform to the requirements of the Texas Water Code and the Texas Election Code, as amended, so far as applicable, and shall have printed thereon, in the English, Spanish, Vietnamese and Chinese (Mandarin) languages, the following:

OFFICIAL BALLOT

Instruction Note: Place an “X” in the square beside the statement indicating the way you wish to vote

PROPOSITION A

<input type="checkbox"/> FOR – <input type="checkbox"/> AGAINST -	THE DESIGNATION OF DEFINED AREA 2
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PROPOSITION B

<input type="checkbox"/> FOR – <input type="checkbox"/> AGAINST -	THE ISSUANCE OF BONDS IN THE MAXIMUM AMOUNT OF FIFTY-FIVE MILLION DOLLARS (\$55,000,000) FOR WATER, SEWER AND DRAINAGE SYSTEM IMPROVEMENTS AND THE LEVY OF AD VALOREM TAXES IN THE DEFINED AREA 2 SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS
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PROPOSITION C

<input type="checkbox"/> FOR – <input type="checkbox"/> AGAINST -	THE ISSUANCE OF BONDS IN THE MAXIMUM AMOUNT OF EIGHTEEN MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS (\$18,350,000) FOR REFUNDING ANY BONDS OR REFUNDING BONDS AND THE LEVY OF AD VALOREM TAXES IN THE DEFINED AREA 2 SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS
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Section 8: Only duly qualified resident voters of the Defined Area 2 of the District shall be entitled to vote at the election.

Section 9. The District's attorneys shall be and they are hereby authorized and directed to assist the secretary of the Board in preparing the official ballot, translation of the ballot in the English, Spanish, Vietnamese and Chinese (Mandarin) languages, procuring and distributing election supplies, and providing to the County such other information and documents as may be required in the Agreement pertaining to the conduct of the election and post-election day procedures.

Section 10. Early voting and ballots shall conform to the requirements of the said Texas Water Code and Election Code, as amended, so far as applicable.

Section 11. Early voting shall be conducted at locations designated by Harris County, which, for purposes of this election, are each declared by the District to be a public place for the District. Early voting by personal appearance shall be conducted each day at the early voting polling places during the hours of early voting designated by Harris County. The location of the main early voting polling place is: NRG Arena, Hall D, 1 NRG Parkway, Houston, Texas 77054. Applications for ballots by mail shall be sent by: regular mail to Early Voting Clerk, Clifford Tatum, Elections Administrator, P. O. Box 1148, Houston, Texas 77251-1148; common or contract carrier to Clifford Tatum, Elections Administrator, 1001 Preston, 4th Flr, Rm. 440, Houston, Texas 77002; email to ybm@HarrisVotes.com; or fax to (713) 755-4983 or (713) 437-8683. For further information, contact the Early Voting Clerk by telephone at (713) 755-6965 or visit the internet website <https://harrisvotes.org/>. Applications for ballots by mail must be received no later than the close of business at 5:00 p.m. on October 28, 2022. To be effective, an original application for ballot by mail submitted by fax or email **must also be submitted by mail** and be received by the Early Voting Clerk not later than the fourth business day after the transmission by fax or email is received.

Section 12. In accordance with the provisions of Section 3.009(b) of the Texas Election Code, it is hereby found and determined that:

- (a) The propositions that will appear on the ballot are set forth in Section 7 hereof.
- (b) The purposes for which the bonds are to be authorized are set forth in Section 4 hereof.

(c) The principal amounts of the bonds to be authorized are set forth in Sections 4 and 7 hereof.

(d) As set forth in Sections 4 and 7 hereof, if the bonds are approved by the voters, the Board of Directors will be authorized to levy annual ad valorem taxes on all taxable property in the Defined Area 2, within the limits prescribed by law, sufficient to pay the annual principal of and interest on the bonds.

(e) Based on the bond market conditions at the date of adoption of this Order, the bonds are to be sold at any price or prices and to bear interest at a rate currently estimated to be 4.25%. This estimate is for informational purposes only and should in no way be perceived as forming an agreement or binding contract between the District and the voters and/or any other entity, group, individual and/or party. Furthermore, the good faith interest rate estimate contained herein in no way limits the District's authority to issue bonds authorized pursuant to the authority granted by the voters at the election held pursuant to this Order.

(f) As set forth in Section 4 hereof, if the bonds are approved, they may be issued in one or more series, to mature serially or otherwise, over a period not to exceed 40 years.

(g) As of the date of this Order, the aggregate principal amount of the outstanding principal of the District's debt obligations which are secured by ad valorem taxes is \$45,910,000.

(h) As of the date of this Order, the aggregate amount of the outstanding interest of the District's debt obligations which are secured by ad valorem taxes was \$14,996,150.

(i) The District's 2021 ad valorem debt service tax rate is \$0.34 per \$100 of taxable assessed valuation. The 2022 debt service tax rate has not been established as of the date of this Order.

(j) As of the date of this Order, the aggregate principal amount of the outstanding principal of the District's debt obligations of the Defined Area 2 which are secured by ad valorem taxes in the Defined Area 2 is \$0.00.

(k) As of the date of this Order, the aggregate amount of the outstanding interest of the District's debt obligations of the Defined Area 2 which are secured by ad valorem taxes in the Defined Area 2 was \$0.00.

(l) The District's 2021 ad valorem debt service tax rate for the Defined Area 2 is \$0.00 per \$100 of taxable assessed valuation.

Section 13. In accordance with the provisions of Section 1251.052 of the Texas Government Code, the voter information document for Propositions B and C and set forth in Sections 4 and 7 hereof are set out in Exhibits "A" and "B" attached hereto.

The president or vice president is authorized to execute and the secretary or assistant secretary to attest this order on behalf of the board; and any of said officers is authorized to do all other things necessary and legal in connection with the holding and consummation of said bond election.

Passed, ordered and adopted, this August 4, 2022.

MARGARETTE CHASTEEN

President

ATTEST:

DEBORAH FLORUS

Secretary



EXHIBIT "A"
VOTER INFORMATION DOCUMENT
NEWPORT MUNICIPAL UTILITY DISTRICT
NOVEMBER 8, 2022 ELECTION
PROPOSITION B

(1) Language on the November 8, 2022 Bond Election ballot:

OFFICIAL BALLOT

Instruction Note: Place an "X" in the square beside the statement indicating the way you wish to vote

PROPOSITION B

<input type="checkbox"/> FOR - <input type="checkbox"/> AGAINST -	THE ISSUANCE OF BONDS IN THE MAXIMUM AMOUNT OF FIFTY - FIVE MILLION DOLLARS (\$55,000,000) FOR WATER, SEWER AND DRAINAGE SYSTEM IMPROVEMENTS AND THE LEVY OF AD VALOREM TAXES IN THE DEFINED AREA 2 SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS
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(2)

Principal of bonds to be authorized under Proposition B	Estimated interest for bonds to be authorized under Proposition B	Estimated combined principal and interest required to pay in full the bonds to be authorized under Proposition B	Outstanding District bond principal as of August 4, 2022	Outstanding District bond interest as of August 4, 2022	Combined principal and interest of outstanding District bonds as of August 4, 2022
\$55,000,000	\$34,580,833	\$89,580,833	\$45,910,150	\$14,996,150	\$60,906,150

(3) Estimated maximum annual debt service tax increase on residence homestead with \$100,000 appraised value in the District for repayment of bonds proposed to be authorized at this election: \$2,650.00.

This information is based upon the following assumptions made by the Board of Directors: 1) amortization of the District's outstanding bonds and proposed bonds over a period of 28 years; 2) assumed growth in assessed valuation of the District of 3% per year until 2052; and 3) assumed interest rate on the proposed bonds of 4.25%.

(4) Additional information explaining information in (1) – (3) above: The information described in Paragraphs 2 and 3 of this Voter Information Document in the columns entitled "Outstanding District bond principal as of August 4, 2022," "Outstanding District bond interest as of August 4, 2022" and "Combined principal and interest of outstanding District bonds as of August 4, 2022" pertains to the entire District. The Bonds authorized by this election, if and when sold, shall be payable from an ad valorem tax applicable only to the Defined Area 2. The \$2,650.00 estimated annual debt service tax increase on a \$100,000 residence homestead described in item (3) above would only be applicable to a homestead located in the Defined Area 2, not the remainder of the District.

EXHIBIT “B”

VOTER INFORMATION DOCUMENT
 NEWPORT MUNICIPAL UTILITY DISTRICT
 NOVEMBER 8, 2022 ELECTION

PROPOSITION C

(1) Language on the November 8, 2022 Bond Election ballot:

OFFICIAL BALLOT

Instruction Note: Place an “X” in the square beside the statement indicating the way you wish to vote

PROPOSITION C

<input type="checkbox"/> FOR - <input type="checkbox"/> AGAINST -	THE ISSUANCE OF BONDS IN THE MAXIMUM AMOUNT OF EIGHTEEN MILLION THREE HUNDRED FIFTY DOLLARS (\$18,350,000) FOR REFUNDING ANY BONDS OR REFUNDING BONDS AND THE LEVY OF AD VALOREM TAXES IN THE DEFINED AREA 2 SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS
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(2)

Principal of bonds to be authorized under Proposition C	Estimated interest for bonds to be authorized under Proposition C	Estimated combined principal and interest required to pay in full the bonds to be authorized under Proposition C	Outstanding District bond principal as of August 4, 2022	Outstanding District bond interest as of August 4, 2022	Combined principal and interest of outstanding District bonds as of August 4, 2022
\$18,350,000	\$3,887,513	\$22,237,513	\$45,910,000	\$14,996,150	\$60,906,150

(3) Estimated maximum annual debt service tax increase on residence homestead with \$100,000 appraised value in the District for repayment of bonds proposed to be authorized at this election: \$942.00.

This information is based upon the following assumptions made by the Board of Directors: 1) amortization of the District’s outstanding bonds and proposed bonds over a period of 19 years; 2) assumed growth in assessed valuation of the District of 3% per year until 2052; and 3) assumed interest rate on the proposed bonds of 2%.

(4) Additional information explaining information in (1) – (3) above: The information described in Paragraphs 2 and 3 of this Voter Information Document in the columns entitled “Outstanding District bond principal as of August 4, 2022,” “Outstanding District bond interest as of August 4, 2022” and “Combined principal and interest of outstanding District bonds as of August 4, 2022” pertains to the entire District. The Bonds authorized by this election, if and when sold, shall be payable from an ad valorem tax applicable only to the Defined Area 2. The \$942.00 estimated annual debt service tax increase on a \$100,000 residence homestead described in item (3) above would only be applicable to a homestead located in the Defined Area 2, not the remainder of the District.

I, the undersigned secretary of the board of directors of Newport Municipal Utility District, hereby certify that the foregoing is a true and correct copy of the order made by said board at its regular meeting on August 4, 2022, together with minute entry of that date showing its adoption, calling a bond election to be held for and within said District on November 8, 2022. The originals of said order and minutes appear in the official minute book of the board, on file in an office and meeting place of the District.

I further certify that said meeting was open to the public, and that notice thereof was posted in compliance with the provisions of Tex. Gov't. Code Ann. § 551.001 et seq.

Witness my hand and the official seal of said District, on this August 4, 2022.

/s/ DEBORAH FLORUS

Secretary

