

MEYER RANCH MUNICIPAL UTILITY DISTRICT OF COMAL COUNTY

Dear Meyer Ranch Resident,

As a resident of Meyer Ranch, your utilities are provided through a Municipal Utility District, specifically, the Meyer Ranch Municipal Utility District (MUD). By definition, *“Municipal utility districts, or “MUDs,” are created by the State of Texas to bring public water, sewer, drainage and other basic services to residents who are not served by a city. To accomplish the purposes for which they are created, MUDs are authorized by law to purchase, construct, own, operate and maintain all facilities necessary to supply water to, to collect and treat wastewater from, and to collect, store, and drain stormwater from the land within their boundaries. In addition to providing water, sewer and drainage services, MUDs may provide garbage and recycling collection, fire service and supplemental security patrol services, and may generally enhance communities by building parks and recreational facilities. In connection with providing services, a MUD adopts rules and charges for the services it provides, enters into contracts for goods and services, incurs debt, and levies taxes.”*

Utility services are provided and billed through various third-party vendors as well as through the Meyer Ranch MUD. Specifically, water services (supplied by Canyon Lake Water Service Company), wastewater services (supplied by Meyer Ranch MUD), and garbage/recycling collection services (supplied by Hill Country Waste) are all billed through Canyon Lake Water Service Company (CLWSC). Electric services are provided and billed directly through New Braunfels Utilities (NBU) and, of course, any TV and internet services are contracted from the individual homeowner directly with their provider of choice.

Utility fees billed by the Meyer Ranch MUD are separate and independent of the MUD Tax, which is assessed, billed, and paid in conjunction with your property taxes. The MUD tax pays for the infrastructure already installed, not for utility services, similar to other municipal taxes.

The following details the Meyer Ranch water, wastewater, and garbage/recycling collection utility services billed through CLWSC which correspond to line items found on your individual monthly bill.

New Service Setup Fees & Deposits

- New Service S/U – One-time \$45.00 new service set-up fee charged by CLWSC.
- Account Setup MRM – One-time \$45.00 new account set-up fee charged by Meyer Ranch MUD.
- Deposit – One-time \$150.00 customer service deposit charged by CLWSC (\$50.00) and Meyer Ranch MUD (\$100.00). If account is in good standing, deposit can be refundable upon termination of services.

Monthly Utilities

- Water – Monthly water services provided by CLWSC based on a per gallon volumetric usage with a monthly minimum base charge of \$44.00 based on a 5/8” water meter. Current CLWSC usage rates can be found at www.clwsc.com/billing/rates/CLWSC
- TCEQ – Monthly regulatory fee charged by the Texas Commission on Environmental Quality (TCEQ) based on water usage.
- Water Pass Through – Monthly usage-based fees charged by CLWSC and paid to Guadalupe-Blanco River Authority (GBRA) for providing water from Canyon Lake.
- TCEQ MRM – Monthly regulatory fee charged by the Texas Commission on Environmental Quality (TCEQ) based on wastewater usage.

- Drainage Fee MRM – Monthly \$10.00 flat fee charged by Meyer Ranch MUD for ongoing maintenance of storm water detention structures throughout the community to insure proper function during periods of heavy rainfall.
- Waste MRM – Monthly wastewater services provided by Meyer Ranch MUD based on a per gallon volumetric usage with a monthly minimum base charge of \$69.00. This base wastewater charge includes the first 2,000 gallons of usage. Additional usage is billed at \$6.00 per 1,000 gallons. Garbage collection and recycling fees (service provided by Hill Country Waste) are included in the monthly minimum base charge.

Your CLWSC bill will typically be higher than normal the first month or two while setup fees and deposits are being charged. You may also see significant increases during seasons of heavier water usage. CLWSC uses a conservation rate structure which incentivizes conservation-minded water usage. Other than the monthly minimum charge, the lower the usage the lower the charge for water and wastewater services. You can control your bill by being more conscientious about your home water usage. Below is a chart illustrating your estimated monthly utility bill from CLWSC/Meyer Ranch MUD. This illustration assumes 7,000 gallons per month of water/wastewater usage. Your bill, of course, will vary depending on your actual usage.

MEYER RANCH UTILITY SUMMARY

Service	Provider	Rate	Example
Water	CLWSC	Base: \$45.00/month 0 - 4,000 gal. = \$3.30/1,000 gal. 4,001 - 16,000 gal. = \$4.85/1,000 gal.	\$ 72.75
Wastewater	Meyer Ranch MUD	Base: \$69.00/month (includes first 2,000 gal. plus trash & recycling) \$6.00/1,000 gal. in excess of 2,000 gal.	\$ 99.00
Drainage Fee	Meyer Ranch MUD	\$10.00/month flat fee	\$ 10.00
Total Estimated Monthly Billing (excluding setup fees & deposits)*			\$ 181.75

*assumes 7,000 gallons of water (5/8" meter) per month & 7,000 gallons of wastewater per month.

We hope that this information is helpful in understanding the utility services provided as part of the Meyer Ranch community. For additional detail regarding the Meyer Ranch MUD, please refer to the attached Frequently Asked Questions (FAQs) document.

Thank you,

The Meyer Ranch Municipal Utility District

MEYER RANCH MUNICIPAL UTILITY DISTRICT

FREQUENTLY ASKED QUESTIONS (FAQs)

TO THE RESIDENTS OF MEYER RANCH MUNICIPAL UTILITY DISTRICT OF COMAL COUNTY:

Welcome to Meyer Ranch Municipal Utility District of Comal County. This FAQ is intended to provide general background information to new residents regarding the District, its taxes, and its charges.

1. *What is the District?*

The District is a municipal utility district. A municipal utility district is a political subdivision of the State of Texas. Its primary purpose is to provide or make available water, sewer and drainage facilities and services to its residents.

2. *How and when was the District created?*

The District was created by order of the Texas Commission on Environmental Quality ("TCEQ"). TCEQ approved creation of the District on October 11, 2016. The creation of the District was subsequently confirmed at an election held on November 7, 2017.

3. *What facilities and services are provided by the District?*

The District owns and operates the wastewater (sewer) collection, treatment and disposal facilities that are operated to provide sewer service to the residents of the District. The District has also contracted with a solid waste company to provide waste collection and recycling services to residents. It has also contracted with Canyon Lake Water Service Company to provide water service to residents. Finally, the District owns, operates and maintains the drainage and water quality facilities within the District.

4. *Does the District levy a tax?*

Yes. The District levies an ad valorem tax of \$0.95 per \$100 assessed valuation on all taxable property within the District.

5. *What is the purpose of the tax?*

A municipal utility district levies two types of taxes: (i) a maintenance and operations tax; and (ii) a debt service tax. The maintenance and operations tax is intended to fund administration, operation and maintenance expenses of the District. The debt service tax is levied to fund the debt service costs on the District's bonds issued to finance facilities. At this time, the District levies only a maintenance tax. In the future, the District will levy a debt service tax.

6. *Will the tax rate increase in the future?*

The District does not intend to increase its tax rate in the future beyond the existing \$0.95 rate. In the event the District issues bonds and levies a debt service tax, then it intends to decrease the maintenance tax to ensure that the total tax rate does not increase. The

amount of taxes that any property owner pays is based on the appraised value of the person's property.

7. *Does the District also charge fees for facilities or services?*

Yes. The District charges fees to sewer customers for the sewer services. The District does not charge fees or rates for water service. Canyon Lake Water Service Company charges fees and rates to customers for service. Canyon Lake Water Service Company has agreed to bill the sewer charges on behalf of the District. The District does not charge a separate fee for solid waste collection service. It is included in the monthly charge paid by residential sewer customers.

8. *Why does the District charge a fee for sewer service if it levies a tax?*

The District charges fees for sewer service for a number of reasons. First, a fee structure allows each customer to pay for services according to the amount of services it receives. A tax is based on property values, not services. Also, because the District is not yet developed, the District maintenance taxes are not sufficient to fund the costs of services. Finally, the majority of the District's taxes in future years will be required to pay debt service on District bonds issued to acquire facilities. Therefore, the wastewater fees and charges are required to fund wastewater services, while taxes will be levied primarily to pay the costs of facilities acquisition.

9. *Why will the District issue bonds in future years?*

The primary purpose of the District is to furnish and make available water, wastewater and drainage facilities and services to the residents of the District. The development of the District requires the construction of significant onsite and offsite water, sewer and drainage infrastructure. The District will issue bonds to finance the acquisition of these facilities. The District will then levy a debt service tax each year to pay off the bonds. Financing the acquisition of facilities through the issuance of bonds allows the costs of facilities to be financed over time similar to financing the purchase of a home by a mortgage. The District will issue its bonds only after approval by TCEQ, and only when there is sufficient assessed values in the District to ensure that tax rates will not increase.

10. *Where can I get more information about the District?*

More information regarding the District may be obtained from Tony Corbett at 512-328-2008 or tcorbett@mcleanhowardlaw.com.