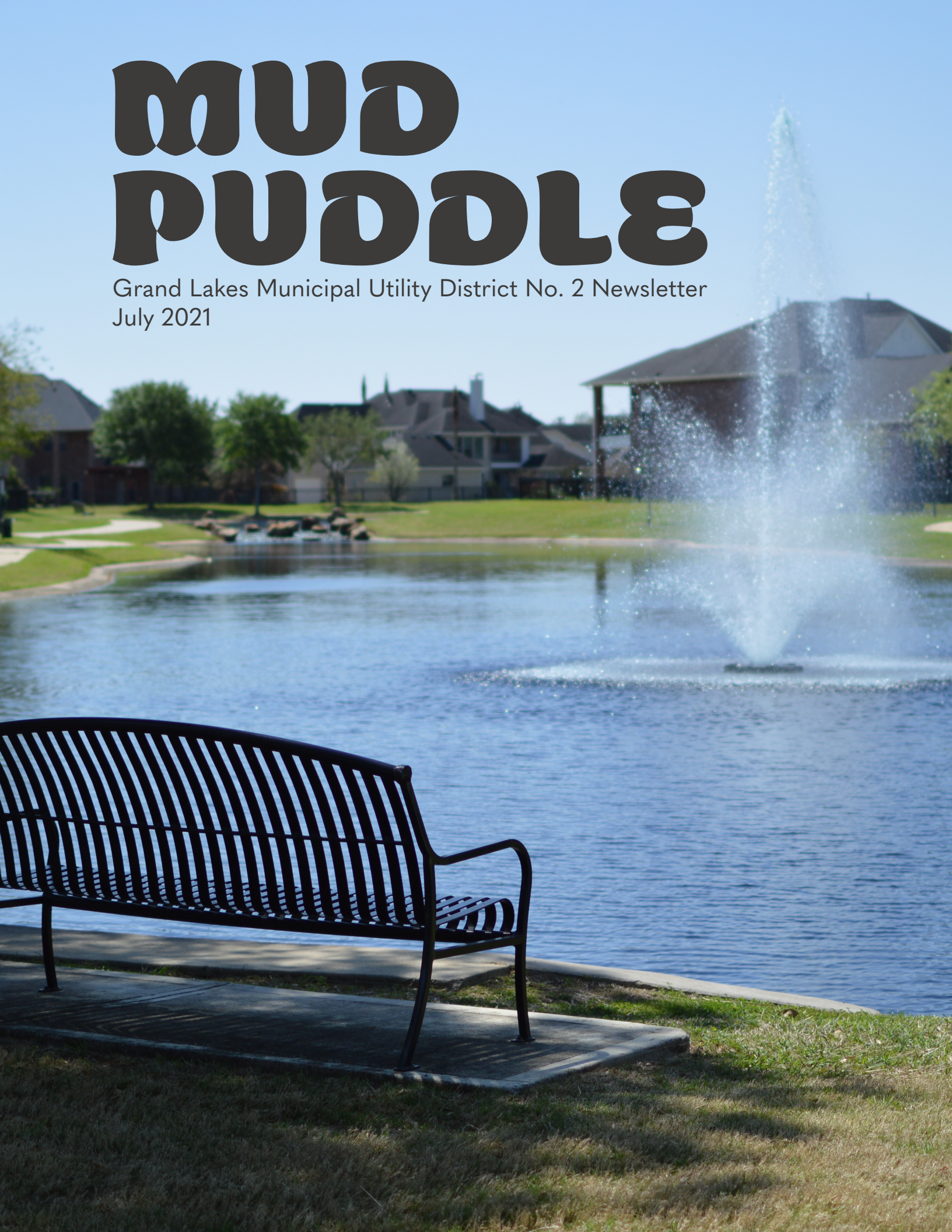


MUD PUDDLE

Grand Lakes Municipal Utility District No. 2 Newsletter
July 2021





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Message from the Board

Welcome, residents, to your “new” newsletter! This publication has been developed to help our residents better understand not only what is happening in our District, but to explain the relationships between each of the Grand Lakes MUDs as well as the relationship with the homeowners’ association. This first issue of the reimagined newsletter will establish a bit of the history of the Grand Lakes community for those of you who may not have been here since the beginning of the development that took place over twenty years ago!

The Grand Lakes community is served by three (3) distinct Municipal Utility Districts:

Grand Lakes MUD 1 serves the southeast quadrant of the intersection of Peek Road and Fry Road. This District encompasses the Grand Lakes Presbyterian Church.

Grand Lakes MUD 2 serves two areas; the first is the northeast quadrant of the intersection outlined above (across Fry Road from the church), as well as the section on the west of the Grand Parkway to include the nine-acre commercial tract at the corner including the Home Depot, McDonald’s, Walgreens, and other commercial entities. Altogether, this District is approximately 477 acres, and includes 682 homes.

Grand Lakes MUD 4 serves the two areas north and south of Fry Road between Peek Road and the Grand Parkway, From FM 1093 to the Buffalo Bayou.

There is not a Grand Lakes MUD 3.

Grand Lakes Water Control & Improvement District (Grand Lakes WCID) serves ALL of Grand Lakes and maintains the drainage channels within the community.

About your MUD

Your Municipal Utility District (MUD), Grand Lakes MUD 2, is a political subdivision of the State of Texas authorized by the Texas Commission of Environmental Quality (TCEQ) to provide water, sewage, drainage and other utility-related services within the MUD boundaries.

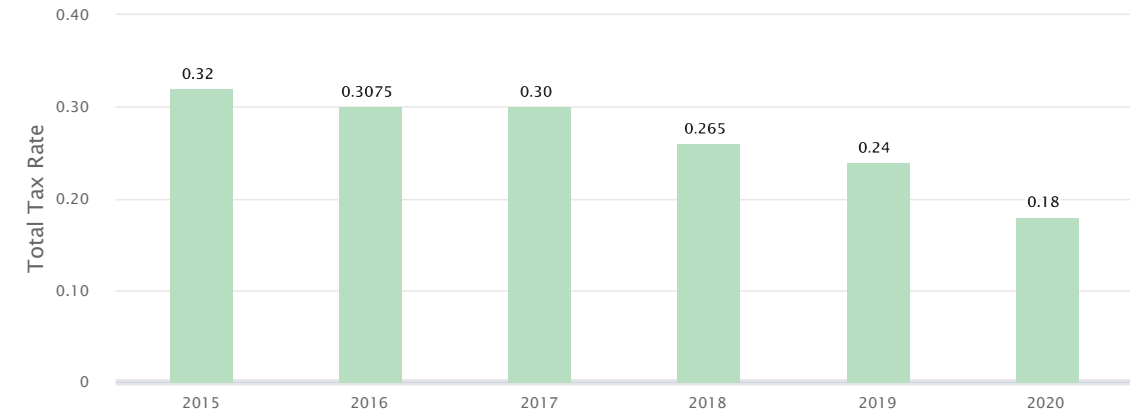
The District was created in 1985 with the anticipation of development in the future. Trendmaker Development began the Grand Lakes subdivision in the mid 90's in Grand Lakes MUD 4. In 2001, the subdivision was expanded to Grand Lakes MUD 2 which coincided with the District's first bond sale to raise funds for the infrastructure residents now enjoy.

From the initial development of the Grand Lakes community, the directors of all three Grand Lakes MUD boards have worked with leading industry service providers to provide superior services while continuously lowering the overall costs to the residents of the Districts. Each District began with an ad valorem rate of \$1.50 per \$100 property valuation.

Ad valorem is comprised of two tax rate allocations. The first allocation is the debt service tax rate, and it is used to pay off bond debt that was needed to establish the infrastructure we all use (water & sewer). The other allocation is the operation and maintenance tax rate (O&M) which is used to cover annual operating costs not covered by the water bill, fund mid-level projects not large enough to necessitate bond sales, and add to capital reserves.

As Grand Lakes MUD 2 developed and the property values increased, the board was able to continually reduce the debt rate. Through prudence and sound fiscal management, the Board of Directors was able to pay off all indebtedness by October 2020, and the District is now without a debt service tax rate. Today, Grand Lakes MUD 2 enjoys the lowest tax rate in all North Fort Bend county!

Ad valorem means "according to value". Ad valorem taxes are based on the assessed value of the item being taxed, in this case property owned within the District boundaries.



Current Property Tax Rate

The 2020 effective ad valorem tax rate is only \$0.18 per \$100 evaluation, consisting solely of the O&M tax rate. Residents will recognize this is a long way from the initial ad valorem rate of \$1.50 per \$100 value. The average home value in Grand Lakes MUD 2 is \$526,418.00 resulting in an average tax bill of only \$947.55 for 2021 before any exemptions are applied.

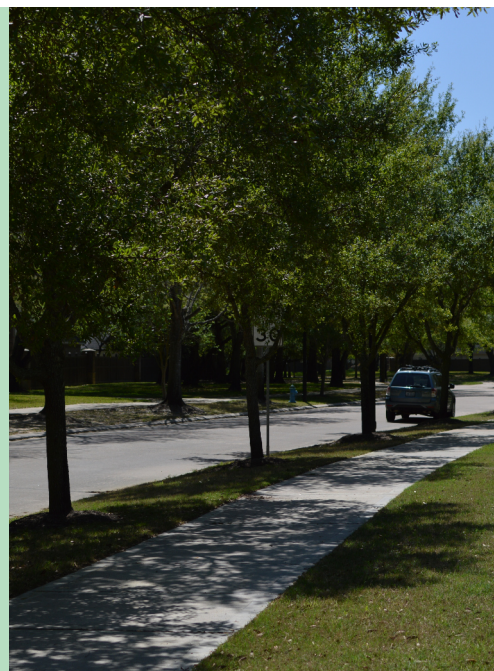
The O&M tax rate will continue for the foreseeable future; however the Board of Directors is committed to continually reducing the tax rate when it makes sense to do so.

In the February 2021 regular meeting, the Board of Directors voted to grant property tax exemptions which will further reduce the overall tax liability for some categories of homeowners:

- 1. Homestead exemption (20%) which is the maximum allowed; and**
- 2. Age 65 & older or disabled property owners will receive an additional exemption of \$75,000.**

Why are our taxes so low?

As stated in this article, the increase in home values is one component. The other component pertains to a Strategic Partnership Agreement (SPA) that we and the other two Grand Lakes MUDs negotiated separately with the City of Houston in 2005 to secure a supplemental revenue stream. In exchange for allowing the City of Houston to collect an additional one cent sales tax (\$0.01 per \$1.00 spent) at the commercial sites within those Districts, the City of Houston agreed to remit one-half (1/2) of that revenue to the Grand Lakes MUDs. The City of Houston further agreed to not annex the Grand Lakes community for 30 years. This allows residents to continue to enjoy all the services and low taxes they have become accustomed to.





North Fort Bend Water Authority and Grand Lakes MUD 2

Q. What is the North Fort Bend Water Authority, and why does that fee appear on the water bill?

The North Fort Bend Water Authority (NFBWA) is a regional water authority created by the Texas Legislature in 2005 to address the Fort Bend Subsidence District's groundwater reduction mandates. The current mandate requires the NFBWA to convert to 60% surface water usage within its boundaries by 2025. To that end the NFBWA has constructed adequate infrastructure to deliver water to users within the Authority.

The infrastructure required for such delivery is substantial and costly. The Authority has NO taxing ability and is solely funded by fees established annually to meet their budget requirements. The NFBWA charges the MUD Districts certain fees for groundwater pumpage or surface water delivery. The District currently passes these fees onto customers at 100%. The "NFBWA" fee that appears on the water bill is this fee.

Grand Lakes MUD 2 (as well as the other two water districts in Grand Lakes) have, from inception, historically been supplying groundwater to customers pumped from our 3 wells within Grand Lakes; however, in 2015 the Districts started receiving surface water from the NFBWA. Currently, the NFBWA charges each District \$4.50 per 1000 gallons of surface water, which the District passes through to all customers.

The NFBWA has increased both pumpage and surface water fees each year since its inception and these fees are expected to increase further in the future. These fee increases are effective January 1st of each calendar year.

For more information about the NFBWA visit www.nfbwa.com.

Website

Have you heard? Grand Lakes MUD 2 has a new website. You can navigate to the website to find information about the District, including tax information, billing information, District documents, and the Board of Directors and their consultants. There will also be regular meeting updates and other District news posted to the home page each month.

To view the website, use your computer or mobile device and go to www.grandlakesmud2.com. If you have questions about the content of this newsletter, or anything you find on the website, be sure to use the 'Contact Us' page to reach out to the District!

Future Issues

It is the goal of the Board of Directors to have the MUD Puddle become a regular periodical for District residents, mailed to homes within the District boundaries and also found online in a digital, easy-to-read format.

Here are some articles anticipated to come along in future issues:

- **NFBWA Partnership and Why It Is Good For Grand Lakes**
- **Emergency Text alerts**
- **EyeOnWater website and mobile app**
- **Electronic Water Meters**
- **How to Read Your Monthly Water Bill**
- **Services You Never Knew Your MUD Provides**
- **How to Prepare for Hurricane Season**
- **WISE GUY Water Evaluation Program**
- **Grand Lakes Sheriff & Constable Contracts & Funding**
- **Waste Collection- Monthly Cost Per Home**
- **And much, much more...!**



Grand Lakes MUD No. 2

406 W. Grand Parkway S, Ste 260

Katy Texas 77494



How Can I Get More Information?

Feel free to contact the District's Utility System Operator, Municipal District Services, at (281) 290-6507 should you have a question or comment regarding water service.

Don't forget to visit the District Website!
(see inside for details)

Additional Contacts:

Garbage Service:

Best Trash, Inc.: 281-313-2378

Water and Sewer Service:

Municipal District Services:
281-290-6503 24 HR Service Line
281-290-6507 Customer Care

CenterPoint Street Light Out Reporting Website:

<http://gis.centerpointenergy.com/sloreporting/>

**Fort Bend Co. Sheriff &
Constable Non-Emergency Number:**
281-341-4665