

Special Meeting Informational Packet
March 9, 2021

Included in this packet you will find the following:

1. General Information About Arcadian Gardens (pg. 1)
2. Annexation (pg. 2)
3. Property Taxes (pg. 3)

General Information About Arcadian Gardens:

Arcadian Gardens is an inactive (dormant) municipal utility district. Arcadian Gardens is not within HCMUD 50's (the "District") boundaries and therefore the residents in Arcadian Gardens pay out-of-district rates for water and sewer. They do not pay MUD taxes, so there is no tax revenue from this area to assist in lowering the District's debt or contributing to the District's reserve fund.

There are no compliance issues or outstanding debt known at this time for Arcadian Gardens MUD ("AGMUD"). There are no known Board Members remaining from the AGMUD Board and no funds are available for use from AGMUD.

Below are some quick details about Arcadian Gardens used to determine the proposed rate increase, compare the HCMUD 50 and AGMUD resident cost, and answer possible questions from AGMUD's residents:

Total Connections – 199
Inactive – 6
Total Bills Rendered (monthly) – 193

Average taxable value for home in AGMUD - \$86,504.00
Average water bill (7,000 gallons) for home in AGMUD - \$109.35/month

Capital Improvement projects impacting AGMUD - Smart meters (projected completed)
(projects listed are in approved CIP and completed/ District wide smoke testing
In progress) Sanitary Sewer Rehab

Survey Insights:
Surveyed – 42 responses
- In-District – 48%
- Out-of-District – 52%
Response to Annexation
- Yes – 71%
- No – 29%

Annexation:

Annexation is the process of changing a property’s governmental boundaries. In the case of MUD 50, it involves the out-of-district boundary (Arcadian Gardens) being included in the In-District boundaries of MUD 50.

Annexation must be initiated by the residents of Arcadian Garden. A majority of the residents in Arcadian Garden (as shown by tax roll) can request through petition to be annexed. An election will then take place by HCMUD 50 and Arcadian Garden residents (separate elections). Each election requires a majority vote in favor of the annexation. If it fails by either entity, then the District can only remedy the inequity of water/sewer rates by increasing rates. There is no city consent needed to move forward after the election passes since the District is not in a city or a city ETJ.

The cost associated with an annexation is typically absorbed by the entity requesting annexation. Since Arcadian Gardens does not have any funds as a district and this could be costly to the residents, HCMUD 50 could consider covering these costs by outweighing the benefits of Arcadian Gardens being consolidated into the District.

Another issue that comes with annexation is the assumption of previous bonds, notes, obligations not yet issued by the annexed area. This along with including the ad valorem tax on taxable property within Arcadian Gardens must result in a favorable vote.

The benefits of annexation to both the District and the residents of Arcadian Garden can be found below:

<i>HCMUD 50 Benefits</i>	<i>Arcadian Gardens Residents’ Benefits</i>
<ul style="list-style-type: none">▪ Increased taxable value (see below projections as reported in CIP)<ul style="list-style-type: none">○ In 2029, District could collect \$1,765,707 v. \$677,321 Debt Service Tax; \$903,377 v. \$348,068 Operations & Maintenance Tax.○ Increased Debt Service Tax revenue would allow the District to retire additional \$4,950,000 of debt by 2029.▪ Water and Sewer revenue will decrease BUT the taxable value increase would “offset”	<ul style="list-style-type: none">▪ Decrease in water and sewer monthly bill BUT they will have an annual tax bill<ul style="list-style-type: none">○ Savings of \$26.00/month○ Average tax bill @ \$0.99 - \$856.75▪ An annual tax bill can provide tax deductions or tax exemptions▪ District inclusion allows eligible residents to vote in District elections for directors, bonds, etc.

Property Taxes:

Property owners within the district's boundaries pay annual property taxes on taxable property within the District. These taxes are included in your property county taxes, school taxes, municipal taxes (HCMUD 50), and any other taxes levied by a governing authority of the jurisdiction where the property is located. On October 2020, MUD 50 Board voted to lower the tax rate from \$1.09 to \$0.99 of your property's assessed value. It is important to remember that tax rates are not associated with water usage.

You can refer to Harris County Appraisal District website and verify the taxes assessed to your property. See below for an example from HCAD of an In-District resident and Arcadian Gardens resident:

In-District Resident

Mailing Address: ██████████				Property Address: ARCADIAN GARDENS SEC 4 ██████████			
State Class Code				Land Use Code			
C3 -- Real, Vacant Lots/Tracts (Not in City)				1000 -- Residential Vacant			
Land Area	Total Living Area	Neighborhood	Neighborhood Group	Market Area	Map Facet	Key Map®	
6,499 SF	0 SF	2276.06	5054	240 -- ISD 05 - Crosby ISD	6162A	419Y	
Value Status Information							
Value Status				Shared CAD			
All Values Pending				No			
Exemptions and Jurisdictions							
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2020 Rate	2021 Rate	Online Tax Bill
None	005	CROSBY ISD	Pending	Pending	1.478300		
	040	HARRIS COUNTY	Pending	Pending	0.391160		
	041	HARRIS CO FLOOD CNTRL	Pending	Pending	0.031420		
	042	PORT OF HOUSTON AUTHY	Pending	Pending	0.009910		
	043	HARRIS CO HOSP DIST	Pending	Pending	0.166710		
	044	HARRIS CO EDUC DEPT	Pending	Pending	0.004993		
	350	HC MUD 50	Pending	Pending	0.990000		
	669	HC EMERG SRV DIST 80	Pending	Pending	0.050000		
	675	HC EMERG SRV DIST 5	Pending	Pending	0.017660		

Arcadian Gardens Resident

Mailing Address: ██████████				Property Address: ARCADIAN GARDENS SEC 3 ██████████			
State Class Code				Land Use Code			
C3 -- Real, Vacant Lots/Tracts (Not in City)				1000 -- Residential Vacant			
Land Area	Total Living Area	Neighborhood	Neighborhood Group	Market Area	Map Facet	Key Map®	
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