

# Harris County Municipal Utility District No. 500 December 1, 2018





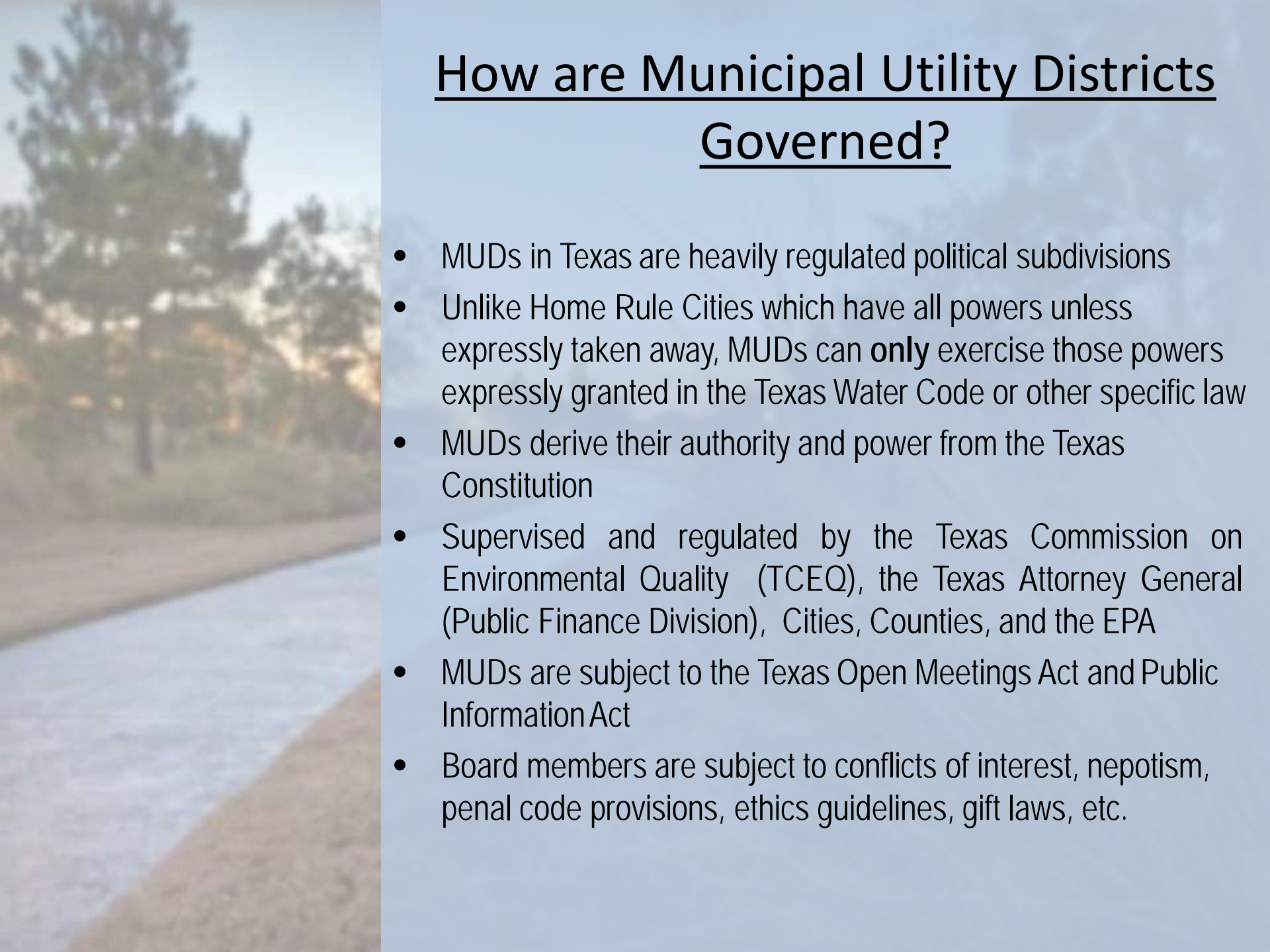
# What is a Municipal Utility District?

- A political subdivision of the State of Texas, like a County or School District, created by the Texas Legislature or the Texas Commission on Environmental Quality (TCEQ)
- Formed over a limited area to provide water, sewer, drainage, parks & recreational facilities, and roads
- MUDs provide municipal services:
  - in areas not in a city;
  - where a city cannot afford to extend these services itself; and/or
  - where the city wants the new development to bear the costs of the new infrastructure



# Municipal Utility Districts in Texas

- Texas has more than 1,200 active special purpose districts and more than 1,700 total special purpose districts, the majority of which were created over land outside of city limits
- More than 1 million Texans live in special purpose districts like MUDs
- MUDs have been used to develop Houston's finest master-planned communities, including the following: The Woodlands, First Colony, Sienna Plantation, Cinco Ranch, Shadow Creek Ranch, Bridgeland, Cypress Creek Lakes, Fairfield, Copperfield and Towne Lake



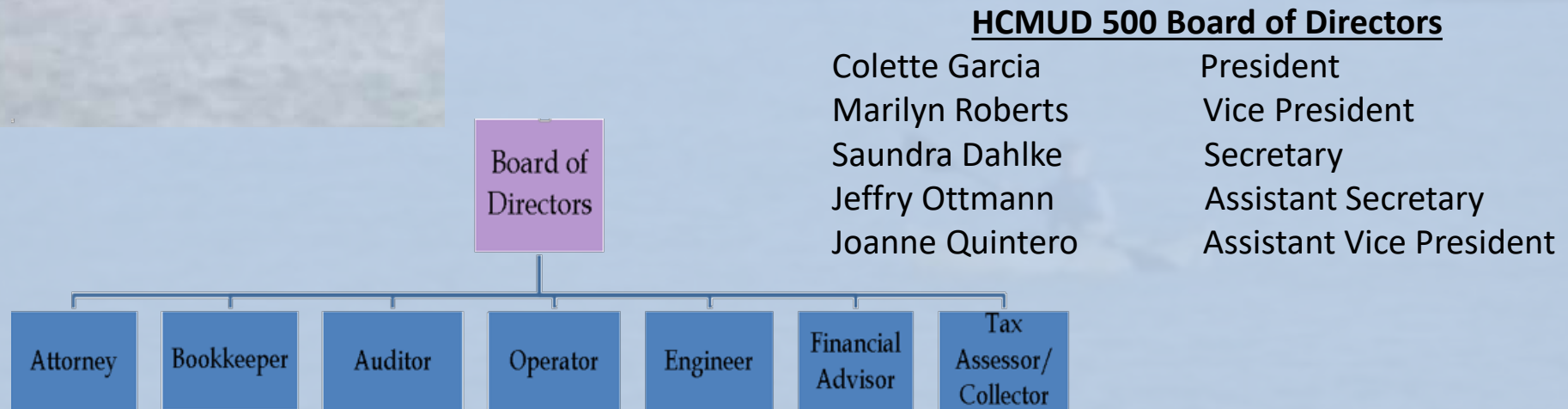
# How are Municipal Utility Districts Governed?

- MUDs in Texas are heavily regulated political subdivisions
- Unlike Home Rule Cities which have all powers unless expressly taken away, MUDs can **only** exercise those powers expressly granted in the Texas Water Code or other specific law
- MUDs derive their authority and power from the Texas Constitution
- Supervised and regulated by the Texas Commission on Environmental Quality (TCEQ), the Texas Attorney General (Public Finance Division), Cities, Counties, and the EPA
- MUDs are subject to the Texas Open Meetings Act and Public Information Act
- Board members are subject to conflicts of interest, nepotism, penal code provisions, ethics guidelines, gift laws, etc.



# How are MUDs structured?

- The MUD is managed by a five-member Board that is initially appointed by the TCEQ or legislature and later elected by residents in the District
  - Board members are elected, serve staggered 4-year terms, and are either taxable property owners or residents and qualified voters in the District
  - Elections are held in May of even-numbered years
- The MUD hires professional consultants to advise the Board, much like City staff



# Developer's Role

- Requests the creation of the MUD by the Texas Legislature or the TCEQ
- Drives the need for water, sewer, and drainage facilities based on its land plan and development schedule
- “Partners” with the Board to facilitate development of the property in the District
- Funds and constructs private infrastructure necessary for the development
- Advances to the MUD all the funds it needs to construct the MUD's facilities
- The District later submits a bond application to the Texas Commission on Environmental Quality (“TCEQ”) to seek to reimburse the Developer for the MUD's water, sewer, drainage, or park facilities. The TCEQ approves the projects for reimbursement to the developer and the amount that the MUD can reimburse
- The Texas Attorney General must approve the issuance of any MUD bonds to ensure compliance with Texas law.

The background of the slide features a blurred photograph of a large, multi-story house with a brown roof and light-colored siding, situated behind a green lawn and a body of water. The image is partially obscured by a semi-transparent blue overlay on the right side, where the text is located.

# District Consultants

- Attorney: *Alia Vinson & Katie Carner*, Allen Boone Humphries Robinson LLP
- Engineer: *Truman Edminster & Amy Downhour*, Edminster, Hinshaw, Russ & Associates, Inc.
- Financial Advisor: *Matt Dustin*, RBC Capital Markets
- Operator: *Mike Ammel*, Environmental Development Partners, LLC **(EDP)**
- Tax Assessor/Collector: *Brenda McLaughlin*, Bob Leared Interests
- Bookkeeper: *Rose Montalbano*, F. Matuska, Inc.
- Others – Auditor, Delinquent Tax Attorney, Landscape Architect, Wildlife Management



# Harris County Municipal Utility District No. 500 (the Master District)

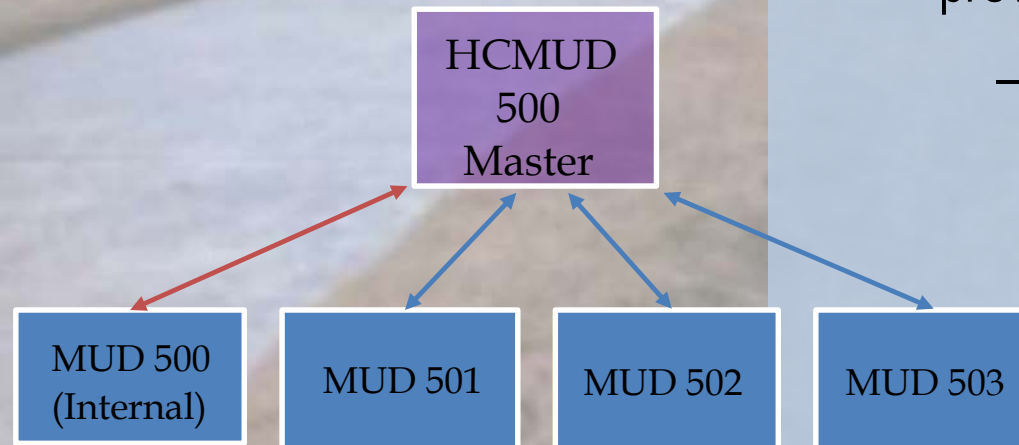
- Created by TCEQ effective June 25, 2007
- Harris County MUD 500 (for land within its internal boundaries), 501, 502, and 503 collectively comprise the approximately 2,112-acre Master District Service Area.
- Each of these municipal utility districts has executed a contract with Harris County Municipal Utility District No. 500, in its role as the Master District, as participants (the “Master District Contract”) and each has obtained the approval of the Master District Contract from its voters at an election held within its boundaries.





# What does Harris County MUD No. 500 do as a Master District?

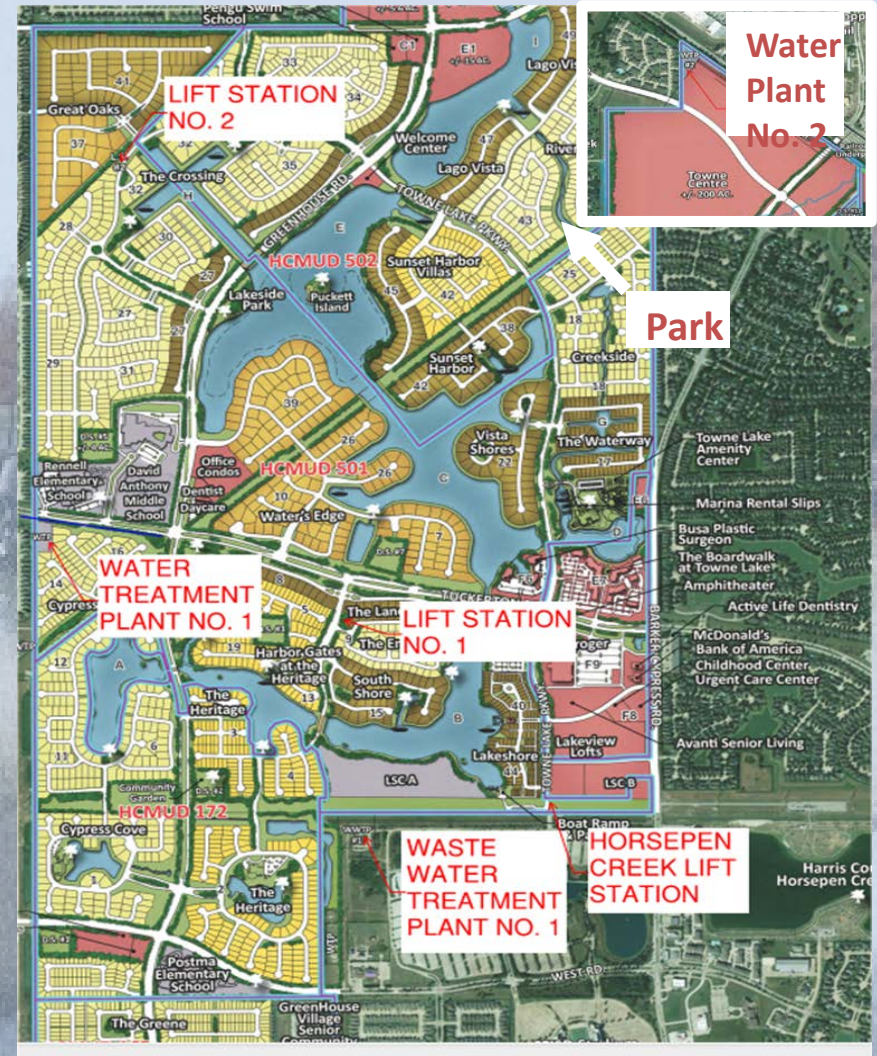
- Harris County Municipal Utility District No. 500, as a Master District, provides regional water, sewer, drainage, park, and road facilities necessary to serve the Master District Service Area.
- Has contracted with each of the four municipal utility districts to construct and provide service from those regional facilities.
  - Examples: water plants; wastewater treatment plants; water and sewer trunk lines to serve multiple Participants; detention ponds; major roads such as Towne Lake Pkwy., Greenhouse and Cypress North Houston



# What are the HCMUD 500

## Master District Facilities

- **Water Plant No. 1**  
Water Plant No. 2 is currently in construction. It will be owned by the District once construction is complete and it has been accepted by the District.
- **Wastewater Treatment Plant No. 1**
- **Regional Lift Stations**  
Horsepen Creek Lift station  
Lift Station No. 1  
Lift Station No. 2
- **Detention Facilities**  
The Lake
- **Collector Roads and Major Thoroughfares within the service area (Conveyed to Harris County)**  
Cypress North Houston,  
Greenhouse Road, Towne Lake Parkway, Mound Road, Tuckerton Road
- **River Bend Park**







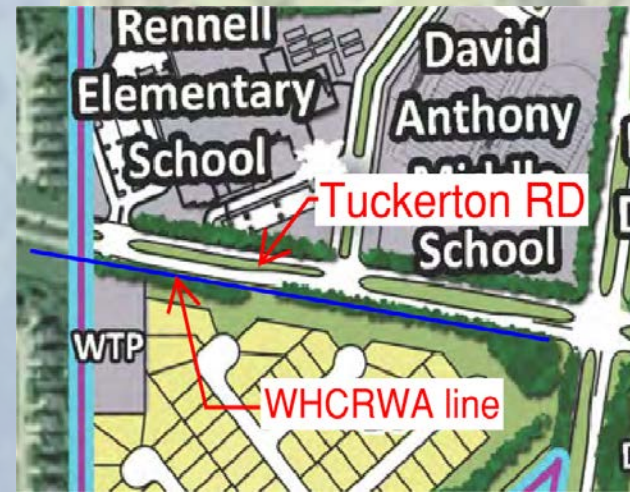
# Master District Facilities

- Water Supply & Distribution Facilities
  - Potable water supply facilities currently consist of:
    - Water Plant with 500,000 gallons of ground storage tank capacity, 5,115 gallons per minute of booster pump capacity, and 30,000 gallons of pressure tank capacity
    - Second water plant under construction
    - Sufficient to serve approximately 2,500 equivalent single-family connections
    - Will need to be expanded to serve future development in the Participants
  - Potable water distribution facilities include water lines ranging in size from 8-inch to 16-inch
    - Convey potable water from Regional water supply facilities to the Participants' internal facilities
  - Master District also owns and operates a non-potable water system, which includes detention ponds to supply non-potable water for irrigation



# Where does our water come from?

- The Master District purchases surface water from the West Harris County Regional Water Authority
  - WHCRWA obtains treated surface water from the City of Houston, and therefore its ability to supply water is dependent upon the City of Houston providing the water.
- The Master District has emergency interconnects with Harris County MUD No. 172 and Remington MUD
- Currently working on securing additional water supply sources





# Master District Facilities

- Wastewater Collection & Treatment Facilities
  - Wastewater treatment facilities currently consist of:
    - 750,000 gallon per day (GPD) wastewater treatment plant
    - Sufficient to serve approximately 4,076 equivalent single-family connections
      - Will need to be expanded to serve future development
- Drainage and Detention Facilities
  - Currently include drainage channel facilities, detention pond facilities, and storm sewer conveyance lines
  - Master District Service Area drains into Horsepen Creek and Cypress Creek
    - Both maintained by Harris County Flood Control District

# What role does the Master District play in the lakes?



Pending Dredging Project

Contact the District's  
operator, EDP, 24/7 at  
**(832) 467-1599**  
for all wildlife  
management matters



## Detention

- The Master District owns and operates the lakes as regional detention facilities. The detention is from the static water elevation to the high bank elevation.

## Reservoir

- The Master District also owns and operates the lakes as reservoir facilities for the storage of non-potable water. The reservoir component is from the static water level to the bottom of the lake. This allows the Master District to supply non-potable water from the lakes for irrigation.
- The Master District's engineer notified the Master District that some of the areas of the lakes have accumulated sediment on the lake bottom, which has decreased their capacity to store non-potable water and could potentially interfere with the functioning of the non-potable water distribution system. The first dredging project, located in the phase 1G detention, is expected to begin in January, 2019

## Wildlife Control


- The District contracts with a trapper to remove beavers, Egyptian geese, and alligators in the lakes






# How Is This All Paid For?

- Developer
  - Typically advances funds for Municipal Utility District projects
- Bonds
  - Used to reimburse the Developer and fund capital projects, such as plant expansions and rehabilitation projects.
- The Master District Contract authorizes the Master District to issue contract revenue bonds to pay for the Regional Facilities
  - *Contract revenue bonds* = bonds secured by an unconditional obligation of the Participants to pay for the debt service of the bonds through the levy of an annual ad valorem contract tax, or from any other available funds that lawfully may be used for that purpose



# Master District Contract Revenue Bonds

- The Master District has issued \$114,235,000 of contract revenue bonds over 12 issuances.
  - \$81,285,000 in water, sewer, and drainage contract revenue bonds
  - \$32,950,000 in road contract revenue bonds
- The Master District anticipates continuing to issue water, sewer, and drainage; road; and potentially park contract revenue bonds to pay for the facilities that already have been constructed but have not been reimbursed or are planned to be constructed in the future



# Master District Contract Revenue Bonds (cont'd)

- Each Participant is obligated to pay a pro rata share of the Master District's debt service on the contract revenue bonds issued by the Master District to pay for the Regional Facilities
  - Calculated annually based upon each Participant's pro rata share of the certified appraised value, as provided by the Harris County Appraisal District (HCAD)
  - For example, for the 2018 tax year, the certified appraised value for Harris County MUD 500 (as a Participant District) is \$143,289,832, which represents 15.95% of the total gross appraised value of all Participants of \$898,404,878





## LEADERSHIP • RESOURCES • LIFE

### INTERNAL DISTRICT

For questions about a utility bill you received from Harris County MUD 500, or if you would like more information regarding the internal facilities and services that Harris County MUD 500 provides to residents and customers within its boundaries.

[Learn More →](#)

### MASTER DISTRICT

For resident or customer of the Master District Service Area, comprised of Harris County Municipal Utility District Nos. 500, 501, 502, and 503, and would like more information regarding the facilities and services that the Master District provides within the Master District Service Area.

[Learn More →](#)

For more information, visit the Harris County MUD 500 website (<http://www.hcmud500.org>)