

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 35,
OF FORT BEND COUNTY, TEXAS

November 4, 2020

Re: Upcoming Changes to Water Rates

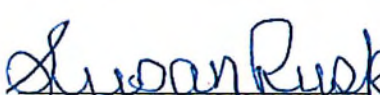
Dear Residents,

As your Board of Directors ("Board") of Fort Bend County MUD No. 35 ("MUD 35"), we would like to give you advanced notice of upcoming changes to your water bill. As you are likely aware, MUD 35 is located within the jurisdictional boundaries of the North Fort Bend Water Authority ("Authority"). In the regional effort to combat subsidence, Authority fees have increased over time to finance the construction of infrastructure to deliver surface water to MUD 35 and surrounding area, and to reduce the usage of groundwater through its groundwater reduction plan ("GRP"). MUD 35, as a member of the Authority's GRP, pays fees to the Authority for the amount of surface water delivered to MUD 35 ("Surface Water Fee") and the number of gallons of groundwater pumped to serve MUD 35 ("GRP Fee"). The Authority has recently announced that on January 1, 2021, it intends to increase its Surface Water Fee from \$4.30 per 1,000 gallons to \$4.60 per 1,000 gallons, and its GRP Fee from \$3.95 per 1,000 gallons to \$4.25 per 1,000 gallons. The Board treats this cost as a straight pass through per 1,000 gallons billed to a customer.


To mitigate the effects on resident water bills that result from rising Surface Water Fees and GRP Fees, the Board has adjusted its water rates only once since 2012. These changes (1) increased the base usage amount from 5,000 to 10,000, such that the \$20.00 base charge would cover the first 10,000 gallons, up from 5,000, and (2) adjusted the tiered water rates according to new usage brackets. These changes resulted in a lower water bill for the average water user in MUD 35 (excluding the Authority's fees). The Board has also made a concerted effort to lower its ad valorem tax rate to the greatest extent financially feasible each year. Over the past 15 years, the Board has decreased MUD 35's ad valorem tax rate by 66% (from \$1.25 per \$100 of assessed valuation to \$0.425).


As your Board, and more importantly as your neighbors, we understand that rising water bills are an unwelcome change and we work hard to implement policies that will offset these increases. If you would like more information about your water bill, water usage or water conservation, please contact MUD 35's operator at (281) 579-4500.

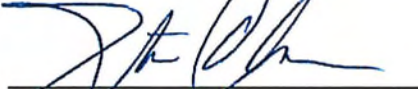
Sincerely,


Susan Ruske, President


Piero Battistini, Vice President


Sergio Handal, Secretary


Trevor Eynon, Asst. Sec.


Steven Olsen, Asst. Sec.