

MARKOUT WATER SUPPLY CORPORATION
Information about merging with the City of Mesquite

1. **How will this benefit Markout's current members?**
 - **Lower rates.** Markout members pay higher water rates because Markout must purchase its water, at a markup, from the City of Forney and resell that water (at a further markup) to Markout's members. Once this merger and subsequent system changes are completed, current Markout members' rates will be as follows:
 - Grayhawk residents will pay the same water rate as all other Forney residents.
 - All other current Markout members will pay the same water rate as all Mesquite residents.
 - **Long Term Viability.** It is virtually impossible for Markout to experience significant growth because legislative changes in recent years allow new subdivisions to opt-out of our service and receive city water service. Without growth, the rising costs of water and necessary repairs will have to be borne by the current Markout members. This is not sustainable long-term.
2. **Why does Mesquite want to do this?** Mesquite has what is called a "take-or-pay" contract for water with the North Texas Municipal Water District that requires it to pay for a certain amount of water each year, whether it needs that much water or not. As a result, Mesquite is paying for billions of gallons of water that it currently cannot sell to anyone. By obtaining the Markout system, Mesquite will have more customers to whom it can sell that water, which saves Mesquite money and avoids waste.
3. **Does this have anything to do with annexation by Mesquite?** No, not at all. We understand how big of a concern this is for some of our members and emphatically assure you that this has absolutely nothing to do with annexation. Nor will it affect school district boundaries, the current ETJ, or your address. Instead, this is 100% about who your water provider will be. This will *not* make annexation by Mesquite more likely or easier.
4. **How long will this take?** While we wish that the changes could all be immediate, there are various regulatory and engineering steps that will have to happen. The timeline cannot be exact but is roughly as follows, with the expectation that everything will be completed hopefully within the next two years if not sooner:
 - After the Markout members approve the merger, Mesquite will request approval for the merger from the Public Utility Commission (PUC). Our understanding is that it will take the PUC approximately 120 days to give approval.
 - Once the PUC approves the merger, Mesquite will file with the State of Texas to dissolve Markout. Meanwhile, Mesquite is in the process of putting the necessary infrastructure in place to get its water to our area. That process will take upwards of 18 months. During that time, Mesquite will have to buy water from Forney. Once the pipes are completed, however, Mesquite will switch over to its water.
 - While all this is happening, city engineers for both Mesquite and Forney will work together to determine the best way to separate the Grayhawk Subdivision from the Markout distribution system.
5. **When will I start paying less for water?** As soon as the PUC approves the merger (approximately 120 days after the vote, *see #4* above), we expect there to be a small decrease in the water rates.

Mesquite is currently negotiating with the City of Forney for a lower water rate than what Markout pays which will provide a small decrease in water bills. The bigger changes will happen as soon as Mesquite is able to switch over to supplying its own water and Grayhawk is switched over to Forney. After that, all members will pay the same rates as the city customers (Grayhawk will pay Forney rates; all others will pay Mesquite rates).

6. **Will this affect the water quality?** No. The water we currently buy from Forney and the water that Mesquite will supply all comes from the same source: the North Texas Municipal Water District (NTMWD). It is the same water. Mesquite holds a Superior water rating from the Texas Commission on Environmental Quality, just like Forney and Markout.
7. **Do I get my membership fee back?** Yes! Upon completion of the merger, the original membership fee paid for each meter will be returned to the current member at that service location. This amount varies depending on when the membership was paid. This does not include equity buy-in fees.
8. **Why is it important to be a Member City of NTMWD?** Forney and Mesquite are both charter "Members" of NTMWD. Members of NTMWD are guaranteed water service during a drought or other emergency event. This merger would give protection to all Markout's members to be "first in line" to receive water if a condition presented itself where NTMWD could not generate enough water to meet demand. While we hope this never happens, being customers of Forney and Mesquite directly will give us an extra level of protection if it does.
9. **Will this change when my bill is due?** Until further notice, the due date for water bills is still the 15th of each month.
10. **Can I still pay in person at a local drop box in Forney?** Yes. There will continue to be a drop box for payments at the Markout office or at another convenient location nearby.
11. **Will the CareFlite Ambulance Program still exist?** Yes. The CareFlite Ambulance Program will continue.
12. **Will Mesquite make necessary infrastructure upgrades?** Yes. Markout has a ten-year Capital Improvement plan that will be provided to the City of Mesquite. Mesquite will make upgrades to the infrastructure as needed.
13. **What will be the name on the water tower?** At this time, it is not known what the name on the water tower will be.
14. **What is going to happen to Markout's current employees?** Both current employees of Markout have been offered positions with the City of Mesquite; however, Lorane has chosen to retire and Denise will help Mesquite with the transition and then retire.
15. **What will happen to current funds held by Markout?** Markout will be required to retire the debt for the new ground storage tank and pay membership fees back to the members. Markout monies will also be used for the winding up of the corporation and the separation of the Grayhawk Subdivision. Any remaining monies paid by Markout members will be used to improve the distribution system in this area.
16. **What happens to Markout's physical assets?** Markout's other assets such as the water tower, office, pump station, hydrants, valves, inventory, distribution lines, truck, office furniture, etc. will be transferred to the City of Mesquite.

17. **What happens to the Markout Board of Directors?** The Board of Directors will continue to oversee Markout's operations until the corporation is dissolved.
18. **Does this still need city approval?** Both the City of Mesquite and the City of Forney have approved a Memorandum of Understanding involving the transition of Markout's CCN to Mesquite.
19. **How do I vote?** Ballots were mailed to your billing address on record on September 16, 2020. Only members (not renters) are allowed to vote per our Bylaws and only one vote per member is allowed no matter how many meters are owned. Please seal your ballot in the envelope provided before returning it to our office by Sunday, October 18th. **DO NOT PUT YOUR PAYMENT IN THE BALLOT ENVELOPE** because it will not be opened until after the invoice due date and you will incur a late fee. If you need a re-printed ballot, please call the office (972) 564-1250.

Vote "Yes" if you agree that Markout should merge with Mesquite.

Vote "No" if you think Markout should continue operating as is.