

**MINUTES OF MEETING
HURST CREEK MUNICIPAL UTILITY DISTRICT
JULY 21, 2025**

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

The Board of Directors of Hurst Creek Municipal Utility District (the "District") met this date at 9:01 A.M. in Regular session, open to the public at 102 Trophy Drive, The Hills, Texas 78738, and the roll was called of the duly constituted officers and members of the Board to wit:

Present:	William A. Coskey Mike Maroney Tom Stiles John Almond	President Secretary Treasurer Assistant Secretary
Absent:	James M. Wingard	Vice-President

thus, constituting a quorum.

Also present were Earl Wood, Kurt Pendleton, Stacey Johnson, Beth Caccamisi, and Sonja De La Fuente of Hurst Creek MUD, and Angie Massey of the Village of The Hills.

1. Consider, discuss, and take any necessary action regarding Hurst Creek MUD's Employee Safety Program.

Kurt Pendleton provided the report for this item. He reported that Blake Blatchley led the monthly Safety Meeting covering Meter Box Safety and watching for dangerous insects, reptiles, and/or animals.

President Coskey encouraged staff to always follow the confined spaces safety protocol before entering, especially to make sure the air is safe.

Director Almond asked about an emergency plan for the Wastewater Treatment Plant in a flooding event. Earl explained that SCADA (Supervisory Control and Data Acquisition) helps a lot and that the District does have an easement through Lost Meadow Trail if needed, should SCADA go down.

2. Consider, discuss, and take any necessary action regarding the District's Drought Contingency Plan and watering schedule.

Earl provided the report for this item. He explained that due to the runoff from the recent floods, LCRA lifted the drought restrictions and Hurst Creek MUD has moved out of any drought stage to "Permanent Water Use" which allows for two-days per week watering.

He reminded the Board that Hurst Creek MUD can't be less strict than the LCRA but may be more strict. He also noted that he likes to keep restrictions similar to Lakeway MUD to not cause confusion among the customers.

There was a brief discussion among the Board regarding the current Drought Contingency Plan and continuing to monitor and enforce the two-day-per-week outdoor watering restrictions.

3. Consider, discuss, and take any necessary action regarding the District's Rate Order.

Earl provided the report for this item. He explained that when the District moves from one stage to another, the billing system can only be updated at the end of a billing cycle. Therefore, the required language was added to the Rate Order.

There was a brief discussion regarding adjusting the tiers and keeping rates as outlined under Drought Stage 2 as the base rate. Earl recommended discussing the rate adjustments during the budgeting process and adopting updated rates in September for the next Fiscal Year.

Director Almond moved to approve the updated Rate Order and freeze water rates at the current rates under Drought Stage 2; Director Stiles seconded the motion, which carried 4-0. Director Wingard was absent.

4. Consider, discuss, and take any necessary action regarding Fiscal Year 2025-2026 Budget and Tax Rate.

Earl provided the report for this item. He explained that the 2025 Certified Net Taxable Value had not been received, but the estimate is still at \$790 million. He reviewed the year-to-date actuals and projections through September. He reminded the Board that the District cannot increase more than 3.5% on the average homestead tax, which works out to reduce the tax rate and will reduce overall revenue by about \$8,000. The Operations and Maintenance (O&M) rate can be a maximum of \$0.1772 (a 0.58% reduction). The Debt Service rate can be set to anything needed to make the bond payments. The amount needed to do this would reduce the debt by \$0.0014. He recommended using \$15,000 each year from the Debt Service Fund to reduce the tax rate. It is projected that one of the two bonds will be paid off in 2027. Earl reviewed the Working Summary Budget which showed that the District spent less than expected and received more than expected. He also reviewed increases in expenses and revenues that are projected for Fiscal Year 25-26.

President Coskey commended staff for their work on the budget.

The Board discussed potential impacts to the budget.

Earl advised there is no action required, but the Board may provide staff direction. He provided the Board with the adoption timeline; the Board will review and approve the proposed budget and tax rate at their meeting in August, staff will then publish the legal notice of public hearing, and the Board will hold the public hearing in September then vote to adopt both the Fiscal Year 25-26 budget and tax rate at that meeting.

President Coskey recommended staff move forward with the 3.5% increase and reduce transfers to the drainage account.

5. Consider, discuss, and take any necessary action on drainage and MS4.

Kurt provided the report for this item. He let the Board know that 12 Glenway Drive is under construction and 21 Glen Rock Drive should be starting construction soon.

There were no drainage issues during the heavy rain events. A drainage ditch repair was made at 27 Cottondale Road and will likely do the same on Lost Meadow Trail.

There were no updates regarding MS4.

6. Consider, discuss, and take any necessary action to approve the Minutes of the June 16, 2025, Regular Board Meeting.

Director Maroney moved to approve the Minutes of the June 16, 2025, Regular Board Meeting as presented; Director Almond seconded the motion, which carried 4-0. Director Wingard was absent.

7. Consider, discuss, and take any necessary action to approve the June 2025 Bookkeeper's Report and paid invoices.

Beth Caccamisi reviewed the written report with the Board. The General Fund closed the month with a balance of just over \$1.6 million and the Debt Service Fund closed the month with a balance of just over \$134,000. 4.33% interest was earned in TexPool for the month of June, and it was at 4.31% this morning. 99.67% of the property taxes were collected in June. The Cash Reserves Comparison shows a \$328,000 increase in the cash reserve balance over last year at this time. Expenditures from the Reserve fund were related to the Wastewater Treatment Plant automation improvements. Revenues were \$44,000 over budget for the month and \$146,000 over for the year, mainly due to water sales. The District also received capital credit from PEC and a \$3,000 check from Workers Compensation for low-to-no claims. Expenses were \$38,000 under budget for the month and \$90,000 under for the year. The Lab Analysis line was over, due to parts ordered early (usually done in March). Finally, she announced that in June Jake Pendleton celebrated 10 years in June, and Kurt Pendleton celebrated 16 years with the District in early July.

Director Stiles moved to approve the June 2025 Bookkeeper's Report and paid invoices; Director Maroney seconded the motion, which carried 4-0. Director Wingard was absent.

8. Consider, discuss, and take any necessary action to approve the June 2025 Manager's Operating Report.

Earl reviewed the written report with the Board highlighting the following:

- Debt Service Fund – The balance at the end of April was \$134,000, which is more than enough to make the final bond payment due on October 1st in the amount of \$28,000. He reminded the Board that this payment is actually made in September.
- Connections Summary – there was one new connection in The Hills at 12 Glenway Drive.
- Water Restriction Violations and Notifications – There were 324 water restriction violations in the month of June and 111 of those were notified by staff. 56 were first time offenders, 41 second time offenders, and 14 were third time offenders.
- Operations – 22 million gallons of water were pumped from the lake in June, which was about the same as May. The Wastewater Treatment Plant continues to treat well. There was 1.5 inches of rain in June.
- LCRA Combined Lake Storage – Due to rain events in July the combined lake storage volume increased dramatically. Lake Buchanan is now 100% full and Lake Travis is 90% full.

Earl also reported on the following items:

- Generator – The generator has been ordered, and it should arrive sometime in the fall. He discussed location options with the Board. Staff are working with PEC to move the transformer and underground lines to accommodate the generator. With the extra space behind the conference room since the trees have been cleared and the fence will be moved out, there is another option for the placement of the transformer. Staff will investigate engineering requirements.
- Hurst Creek MUD Perimeter – A new company was found to install the perimeter chain-link fence for \$8,000 less than previous bids. Staff are also working with the City of Lakeway's arborist to revegetate the perimeter where trees were removed and considering green strips within the chain-link fence to block the view of the water plant from the street.
- Wastewater Treatment Plant Automation – Work is ongoing, and the goal is to automate processes like waste adjustment, which is currently a manual operation. More frequent adjustments are better for plant stability.
- Pond Barge – Construction is underway and should be complete this week.
 - Approximately one week away from completion the floating intake at the Pond broke off causing the pump to suck up sludge from the bottom.
 - Water supply to 210 customers was shut off until the issue is resolved. The plan is to use the ROV with a grabber arm to hook the hose and lift it with the new barge. Plan B, if unsuccessful, is to partner with Lakeway MUD to hire divers to pull it out, because Lakeway MUD had the same thing happen a few weeks ago.

- An entity reported the issue to TCEQ as a lift station overflow, but that was not the case.

Director Almond moved to approve the June Manager's Operating Report; Director Wingard seconded the motion, which carried 4-0. Director Wingard was absent.

The Board recessed the Regular Meeting at 10:42 A.M.

9. ***The Board may go into Executive Session pursuant to Texas Government Code Sections §551.071 – Consultation with Attorney; §551.072 – Deliberation Regarding Real Property; §551.073 – Deliberation Regarding Prospective Gift; §551.074 – Personnel Matters; and/or §551.076 – Deliberation Regarding Security Devices or Security Audits.***

The Board convened the Executive Session at 10:42 A.M.

The Board reconvened the Regular Meeting at 11:20 A.M.

There was no reportable action.

10. ***Consider, discuss, and take any necessary action to approve the Amended and Restated Shared Office Agreement with The Hills Property Owners Association.***

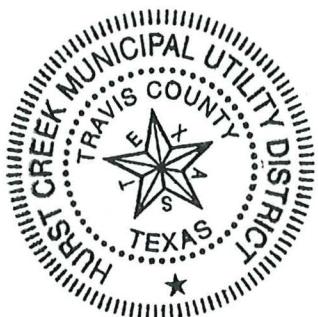
This item was not discussed.

Director Maroney moved to adjourn the meeting; Director Stiles seconded the motion, which carried 4-0. Director Wingard was absent.

Board President Coskey adjourned the meeting at 11:20 A.M.

Signed this 18th day of August 2025.

(seal)



Mike Maroney, Secretary