

Earl provided the report for this item. The Board reviewed proposed Employee Sick and Vacation Leave Policy, which is a traditional model. Director Coskey shared his recommended version with staff and the Board, which is a PTO model. The Board reviewed both models and held a discussion regarding the pros and cons of both models. Earl pointed out that this policy has a Bereavement leave section, which would be something new. There was discussion regarding whether it was necessary to include it.

Additionally, there was discussion held related to what the cap should be on how much unused vacation should remain on the books and if cashing out the vacation is a good idea. Director Stiles pointed out that it is important for employees to use their vacation to avoid burning out.

*Director Coskey moved to approve the traditional Employee Leave Policy as staff presented with a cap of 150% of the employee's annual vacation accrual rate; Director Stiles seconded the motion, which carried 5-0.*

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

Kurt provided the report as follows:

- TCEQ is currently reviewing the Notice of Intent (NOI) application and core data form that were submitted in January for the new five-year MS4 permit. Everything appears to be in good order. The District is almost one year through and still operating under the previous five-year permit as year six.
- Staff are reviewing potential drainage work at 17 The Hills Drive, as requested by the current resident. Earl clarified that if the resident prefers grass over gravel, the District can perform the work but the resident will have to pay for the work, as the drainage on their property is the responsibility of the homeowner.

**4. Consider, discuss, and take any necessary action to approve the Minutes of the October 20, 2025, Regular Board Meeting.**

Director Wingard recommended removing the duplicated word at the end of the minutes.

*Director Almond moved to approve the Minutes of the October 20, 2025, Regular Board Meeting with the recommended adjustments; Director Maroney seconded the motion, which carried 5-0.*

**5. Consider, discuss, and take any necessary action to approve the October 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 \$1.2 million and the Debt Service Fund closed the month with a balance of just over \$110,000. 4.13% interest was earned in TexPool for the month of October, and it was at 3.97% this morning. Property taxes are starting to come in. Revenues were over budget by \$20,000 for the month and the fiscal year and Expenses were over budget by \$5,000 for the month and the fiscal year. Payroll was under 10% due to an unfilled position. The Cash Reserves Comparison shows almost a \$300,000 increase in the cash reserve balance over October 2024. She noted that some expenses from reserves were the repair to the effluent pump, the remaining fence installation at the water plant, and a leak repair on The Hills Drive.



*Director Maroney moved to approve the October 2025 Bookkeeper's Report and paid invoices; Director Almond seconded the motion, which carried 5-0.*

**6. Consider, discuss, and take any necessary action to approve the October 2025 Manager's Operating Report.**

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

- Debt Service Fund – Property taxes are starting to come in for the new fiscal year.
- Connections Summary – There are 1,218 connections with two new homes currently under construction. Bonds are on track to be paid off in 2027 and 2032.
- Water Restriction Violations and Notifications – There were 83 customers contacted regarding water restriction violations during the month of October, with 52 being courtesy contacts, 29 first violations and only two second violations.
- Operations – 46 million gallons of water were pumped from the lake in October and 783 total acre feet for the year (contract allows for 1,200). There was more water pumped in October because the Pond was at zero for a couple of weeks. The Wastewater Treatment Plant continues to treat well. There was 2.07 inches of rain in October.
- Auto Transfer Switch for Emergency Generator – the switch will be here in about one week and installation will proceed shortly. A civil engineer was referred to us by Lakeway MUD.
- Lake Levels and Combined Storage Projections through April 2026 were reviewed.
- Water Rates and Property Taxes – Hurst Creek MUD and the Village of The Hills are comparable to Lakeway and much lower than Flintrock, Bee Cave, and the City of Austin. If residents use less water, rates are better than Lakeway. Some things to consider also are that Lakeway MUD is older, has more commercial, plus they had a windfall from selling property.

*There was a consensus of the Board to have an agenda item at the next meeting to address consolidation questions with invited stakeholders and to direct the General Manager to prepare appropriate scenarios and visuals.*

Director Wingard provided the Board with a letter of resignation effective February 1, 2026.

*There was a consensus of the Board to have an agenda item at the next meeting to accept Director Wingard's resignation.*

*Director Stiles moved to approve the October Manager's Operating Report; Director Wingard seconded the motion, which carried 5-0.*

- 7. 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 did not meet in Executive Session.

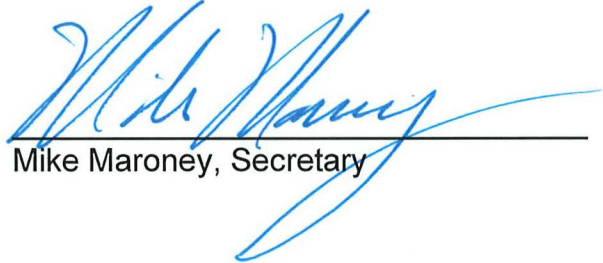
*Director Stiles moved to adjourn the meeting at 11:03 A.M.; Director Wingard seconded the motion, which carried 5-0.*

The meeting adjourned at 11:03 A.M.

Signed this 15<sup>th</sup> day of December 2025.

(seal)



  
Mike Maroney, Secretary