

RESOLUTION NO. 2026-01

RESOLUTION OF THE BOARD OF DIRECTORS OF HURST CREEK MUNICIPAL UTILITY DISTRICT OPPOSING CONSOLIDATION WITH THE VILLAGE OF THE HILLS

WHEREAS, the Board of Directors of Hurst Creek Municipal Utility District ("HCM") has reviewed and considered the proposed consolidation of HCM into the Village of The Hills ("VOH"); and

WHEREAS, the Board has determined that such consolidation would not be in the best interest of HCM's residents, customers, and stakeholders for the reasons set forth below:

WHEREAS, professional services savings from consolidation are estimated at only \$17,000 annually, while the transaction would incur legal costs in excess of \$100,000 and require 12–18 months to complete, imposing significant administrative burden and expense;

WHEREAS, a substantial portion of HCM's taxable property lies outside VOH boundaries, including major assets such as Brookdale Assisted Living, Brookdale Lohmans Crossing, and Towers of Lakeway Office Complex, as well as 66 homes in St. Andrews and Muirfield, resulting in loss of taxable value and revenue stability;

WHEREAS, HCM owns significant infrastructure outside VOH boundaries, including an elevated storage tower, effluent storage pond, and water/wastewater pipelines within Lakeway city limits, and Texas law does not provide for automatic transfer of these assets;

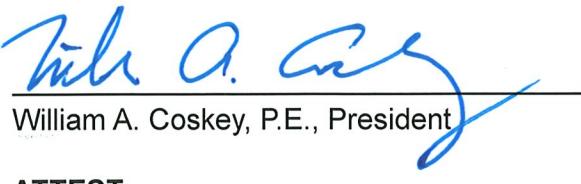
WHEREAS, HCM has approximately \$1.75 million in outstanding bonds, and transferring these obligations to VOH may result in higher interest rates paid by the community;

WHEREAS, consolidation would terminate HCM's current workforce of 11 employees, requiring VOH to assume employment and benefit obligations, potentially disrupting service quality;

WHEREAS, transfers of HCM's TCEQ wastewater discharge permit, effluent water contract with The Hills Country Club, and LCRA raw water contract would require administrative processes and third-party review, adding complexity and risk;

NOW, THEREFORE, BE IT RESOLVED THAT: The Board of Directors of Hurst Creek Municipal Utility District hereby formally opposes the proposed consolidation of HCM into the Village of The Hills, as such action would not serve the best interests of HCM residents and customers, and would create significant financial, operational, and legal risks.

PASSED AND APPROVED this 12th day of January 2026, by the Board of Directors of Hurst Creek Municipal Utility District.


William A. Coskey, P.E., President

ATTEST:


Sonja De La Fuente, District Clerk

