

Stacy Britton of Montemayor Britton Bender Carey, P.C. Certified Public Accountants presented the Fiscal Year 2024-2025 Audit for the Board's approval. She reviewed multiple sections of the report and confirmed that everything is in order and there are no issues identified and stated that the District remains in good financial position. She also expressed her appreciation for the assistance from District management and staff.

The Board asked questions and held a brief discussion regarding the accounting system, uncollected taxes, and the rotation of auditors assigned to the District.

Director Almond moved to approve the Fiscal Year 2024-2025 Audit; Director Maroney seconded the motion, which carried 5-0.

3. Consider, discuss, and take any necessary action regarding Fiscal Year 2025-2026 Budget Adjustments.

Earl provided the report for this item. He explained that adjustments to each staff position affects various line items for a total adjustment of \$6,000.

Director Stiles moved to approve the Fiscal Year 2-25-2026 Budget Adjustments as presented; Director Almond seconded the motion, which carried 5-0.

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

Kurt provided the report as follows:

- MS4 – The new five-year permit was approved by TCEQ. The stormwater management plan will be presented to the Board at the next regular meeting.
- Drainage – The two houses currently under construction at 12 Glenway Drive and 21 Glen Rock Drive are nearing completion. The POA recently approved a new guest house at 129 The Hills Drive and they will need drainage plan approval from the MUD.

5. Consider, discuss, and take any necessary action to approve the Minutes of the November 10, 2025, Special Board Meeting.

Director Stiles moved to approve the Minutes of the November 10, 2025, Special Board Meeting as presented; Director Almond seconded the motion, which carried 5-0.

6. Consider, discuss, and take any necessary action to approve the Minutes of the November 17, 2025, Regular Board Meeting.

Director Coskey requested adding “together with correction actions and training to mitigate those hazards” to the first paragraph.

Director Maroney moved to approve the Minutes of the November 17, 2025, Regular Board Meeting with the requested addition; Director Almond seconded the motion, which carried 5-0.

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

Beth reviewed the written report with the Board. The General Fund closed the month with a balance of \$1.3 million and the Debt Service Fund closed the month with a balance of \$121,000. 4.04% interest was earned in TexPool for the month of November, and it was at 3.77% this morning. 2.58% of the property taxes have been collected. Revenues were

over budget by \$21,000 for the month and \$42,000 for the fiscal year, mainly due to property taxes. Expenses were under budget \$32,000 for the month and \$27,000 for the fiscal year. Payroll was under due to an unfilled position. Earl explained the red line on the Cash Reserve Comparison Chart and why it does not change. Beth reported that staff completed necessary training, therefore the Tyler system officially flipped to the cloud version on Wednesday, December 9, 2025, and that the transition went very smoothly.

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

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

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

- Office Closure – The administrative offices at 102 Trophy Drive will be closed to foot traffic on Wednesday, December 17th to replace a check valve on a high service pump and there will be no water for up to six hours.
- Debt Service Fund – \$46,000 in property taxes for 2025 were collected in November and \$127 for previous years were collected in November. The next bond payment will be made in March 2026. Bonds are on track to be paid off in 2027 and 2032.
- Connections Summary – There are 1,218 connections with two new homes currently under construction.
- Water Restriction Violations and Notifications – There were 164 water restriction violations logged in WaterScope, but only 15 customers were contacted during the month of November, with 11 being courtesy contacts, and four first violations. Staff did not issue violations to those who may be watering on the wrong assigned day(s) but are only watering two days per week.
- Operations – 24 million gallons of water were pumped from the lake in November and 858 total acre feet for the year (contract allows for 1,200). There was 50% less water pumped in November because the Pond was replenished in October. The Wastewater Treatment Plant continues to treat well. There was 0.76 inches of rain in November.
- Auto Transfer Switch for Emergency Generator – the switch has been received. Staff met with the electrician and walked the project site. Fence screening has been installed, and the project is about ready to start. A planning meeting will be held in January to set the project timeline.
- Lake Levels are static right now.

Director Almond moved to approve the November Manager's Operating Report; Director Maroney seconded the motion, which carried 5-0.

9. Consider, discuss, and take any necessary action regarding the resignation of Board Director James Wingard, effective February 1, 2026.

Director Almond moved to accept the resignation of Director Wingard effective February 1, 2026; Director Stiles seconded the motion, which carried 4-0 with Director Wingard abstaining.

10. Consider, discuss, and take any necessary action regarding the roles and responsibilities of Hurst Creek MUD and the Village of The Hills.

Earl provided the report regarding this item. He advised the Board that he, Director Coskey and Director Stiles met with the former Mayor of the Village of The Hills, Greg Wharton, current Councilmember Marty Khait, and Village Administrator Angie Massey regarding Mr. Wharton's concerns regarding Hurst Creek MUD and the possibility of the Village taking over the MUD.

The current Mayor, Kevin Proud, advised that there is a lot to consider and currently he does not have enough information to make a recommendation either way.

Discussion was held among the Board, staff and the Mayor regarding the process and the fact that this has come up several times over the past 25 years.

There was a consensus of the Board that they would like to do what is in the best interest of the customers and authorized Earl to research past presentations and decisions and provide the information to the Village Mayor and the MUD Board for review and consideration.

11. 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 recessed the regular meeting at 10:53 A.M. and convened the Executive Session at 11:02 A.M. The Board reconvened the regular meeting at 11:50 A.M.

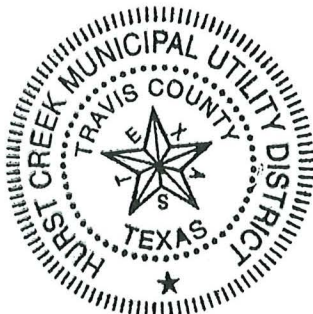
There was no reportable action.


Director Almond moved to adjourn the meeting; Director Stiles seconded the motion, which carried 5-0.

The meeting adjourned at 11:50 A.M.

Signed this 30th day of January 2026.

(seal)




Mike Maroney, Secretary