

AGENDA

TO: THE BOARD OF DIRECTORS OF HEADWATERS MUNICIPAL UTILITY DISTRICT OF HAYS COUNTY, HAYS COUNTY, TEXAS, AND TO ALL OTHER INTERESTED PERSONS:

Notice is hereby given that the Board of Directors of Headwaters Municipal Utility District of Hays County will hold a regular meeting on Thursday, November 20, 2025, at 12:00 p.m., outside the boundaries of the District, at the offices of McLean & Howard, LLP, located at 4301 Bull Creek Road, Suite 150, Austin, Texas 78731, a designated meeting place for the Board of Directors. The meeting will be held for the following purposes:

Meeting Packet:

A copy of the meeting packet is available at the following website: <https://txdistrictinfo.org>

Public Comment:

Public comment will be allowed during the Public Comment agenda item. Members of the public that desire to provide public comment may do so.

Meeting Topics:

The meeting will be held for the following purposes:

1. Receive Public Comments.
2. Discuss, consider, and take action regarding approval of minutes of the Board of Directors' October 16, 2025, meeting.
3. Consider and take action regarding Monthly Operations:
 - a. Receive Retail Water and Wastewater Operations Report;
 - b. Discussion and possible action relating to delinquent customer accounts;
 - c. Receive Wastewater Treatment Plant and Disposal Facilities Operations Report;
 - d. Authorize repairs and maintenance to District water, wastewater and drainage infrastructure improvements;
 - e. Discussion and possible action regarding customer billing and payment matters; and
 - f. Authorize action relating to District landscape services and property maintenance.
4. Discuss, consider and take action on pending engineering and construction projects relating to public infrastructure improvements serving the District:
 - a. Receive Report from District Engineer;
 - b. Approvals of Plans and Specifications;
 - c. Authorizations to Bid;

- d. Award of Construction Contracts;
 - e. Approval of Construction Pay Estimates;
 - f. Approval of Construction Change Orders; and
 - g. Acceptance of Facilities.
5. Discussion and possible action relating to request by Oryx Land Holdings, LLC for additional water service for Headwaters Commercial Tract.
 6. Discussion and possible action relating to installation of picnic tables on District lands.
 7. Discussion and possible action relating to adoption of Amended Rate Order regarding plumbing inspection fees.
 8. Discussion and possible action relating to construction restoration activities by Dripping Springs Independent School District contractors on District lands.
 9. Discussion and possible action relating to landscaping and maintenance of District lands and facilities, including brush clearing and removal activities within open space areas.
 10. Discussion and possible action relating to construction of trail improvements and trail maintenance on District lands.
 11. Discussion and possible action relating to funding and installation of restroom facilities for the District park.
 12. Discussion and possible action relating to vehicle parking on District lands near Wildwood Springs Elementary School, including authorizing the installation of signage to prohibit or direct parking.
 13. Discussion and possible action relating to unauthorized construction of improvements on District lands at 258 Townes.
 14. Consider and take action relating to potential sale and issuance of \$3,000,000 Headwaters Municipal Utility District Unlimited Tax Bonds, Series 2025A (the “Bonds”)
 - a. Receive Status Report;
 - b. Approve Agreed Upon Procedures Report for Disbursement of Proceeds of the Bonds;
 - c. Approve Payment of Proceeds of the Bonds in accordance with Agreed Upon Procedures Report and Closing Memorandum;
 - d. Approve Form of Receipt for payment of bond proceeds; and
 - e. Authorize the District’s Officers and Directors, Financial Advisor, General Counsel and Bond Counsel to take all actions necessary, appropriate or convenient in connection with the sale of the Bonds, including, without limitation, executing appropriate documents in connection therewith. uthorize other actions necessary, appropriate or convenient regarding the issuance, sale and delivery of the Bonds.

15. Consider and take action regarding adoption of Resolution Amending Authorized Meeting Locations for Board of Directors' meetings.
16. Consider and take action development matters pertaining to the Headwaters Residential Tract:
 - a. Receive Residential Developer Report Relating to Status of Development, Construction and Sales Activities within the Headwaters Residential Tract.
17. Consider and take action regarding development matters pertaining to the Headwaters Commercial Tract:
 - a. Receive Commercial Developer Report Relating to Status of Development, Construction and Sales Activities within the Headwaters Commercial Tract.
 - b. Approve issuance of Service Availability Letter for undeveloped lands.
18. Consider and take action regarding adoption of Resolution Approving Budget for Fiscal Year 2025 (See attached draft Budget and Taxpayer Impact Statement).
19. Consider and take action regarding approval of Bookkeeper Report and Payment of Bills and Invoices.



Anthony S. Corbett

Anthony S. Corbett,
Attorney for the District

The Board of Directors may go into Executive Session if necessary, pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act, on any of the above matters. No final action, decision or vote will be taken on any subject or matter in Executive Session.

The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call Anthony Corbett at (512) 328-2008 for further information.

HEADWATERS MUNICIPAL UTILITY DISTRICT

TAXPAYER IMPACT STATEMENT
PER TEXAS GOV'T CODE §551.043(c)(2)

Table with 2 columns: Description of property tax bill and Amount. Rows include: Property tax bill for the median-valued homestead* for current fiscal year (fiscal year 2024-2025): \$5,908; Estimated property tax bill for the median-valued homestead* for the upcoming fiscal year (fiscal year 2025-2026) if the proposed budget (attached) is adopted: \$6,054; Estimated property tax bill for the median-valued homestead* for the upcoming fiscal year (fiscal year 2025-2026) if a balanced budget funded at the no-new-revenue tax rate as calculated under Chapter 26 of the Texas Tax Code*** is adopted: \$6,118**

*The Appraisal District does not report "median" homestead values. The calculations above are based on "average" homestead values, which are reported.

**The No-New-Revenue Tax Rate, as calculated under Chapter 26 of the Texas Tax Code, is expected to be capable of funding a balanced budget for the District.

***No-New-Revenue Tax Rate = rate expressed in dollars per \$100 of table value calculated according to the following formula:

No-New-Revenue Tax Rate = (Last Year's Levy - Lost Property Levy) / (Current Total Value - New Property Value)

Last Year's Levy = the total of the amount of taxes that would be generated by multiplying the total tax rate adopted in the preceding year by the total taxable value of property on the appraisal roll for the preceding year, including taxable value that was reduced in an appeal, all appraisal roll supplements and corrections as of the date of the calculation (other than corrections made under Texas Tax Code § 25.25(d) for errors that resulted in an incorrect appraised value that exceeds more than one-fourth of the correct appraised value for a residence or one-third the correct value in the case of all other property), portions of property involved in an appeal that are not in dispute, and the amount of taxes refunded by the taxing unit in the preceding year for tax years before that year.

Lost Property Levy = amount of taxes levied in the preceding year on property value that was taxable in the preceding year but is not taxable in the current year because the property is exempt in the current year under a provision of the Texas Tax Code other than 11.251 (Tangible Personal Property Exempt), 11.253 (Tangible Personal Property in Transit), and 11.35 (Temporary Exemption for Qualified Property Damaged by Disaster), the property has qualified for special appraisal under Chapter 23 of the Texas Tax Code in the current year, or the property is located in the territory that has ceased to be part of the taxing unit since the preceding year.

Current Total Value = total taxable value of property listed on the appraisal roll for the current year, including all supplements and corrections as of the date of the calculation, less the taxable value of property exempted for the current tax year for the first time under Texas Tax Code § 11.31 (Pollution Control Property) or 11.315 (Energy Storage System in Nonattainment Area).

New Property Value = means the following:

- Total taxable value of property added to the appraisal roll in the current year by annexation and improvements listed on the appraisal roll that were made after January 1st of the preceding tax year, including personal property located in new improvements that was brought into the unit after January 1st of the preceding tax year.
Property value that is included in the current total value for the tax year succeeding a tax year in which any portion of the value of the property was excluded from the total value because of the application of a tax abatement agreement to all or a portion of the property, less the value of the property that was included in the total value for the preceding tax year.
For purposes of an entity created under Section 52, Article III, or Section 59, Article XVI of the Constitution, property value that is included in the current total value for the tax year succeeding a tax year in which the following occurs: (a) the subdivision of land by plat; (b) installation of water, sewer, or drainage lines, or (c) the paving of undeveloped land.

PROPOSED BUDGET FOR FISCAL YEAR 2025-2026

[ATTACH PROPOSED BUDGET]

Proposed Budget

Headwaters MUD - Fiscal Year Ending 12/2026

	Nine Month Actuals 01/25 - 09/25	Twelve Months Annualized FYE 12/25	Approved 2025 Budget	Proposed 2026 Budget
Revenues				
14101 · Water -Customer Service Revenue	515,275	680,275	725,000	715,000
14104 · Water Base Rate	413,697	492,209	460,000	516,820
14105 · Account Set Up Fees	1,800	2,400	3,750	3,750
14108 · Transfer Fees	4,910	6,547	5,000	6,500
14109 · TCEQ Regulatory Rev - Water	3,563	3,563	0	3,500
14201 · Wastewater-Customer Service Rev	134,048	200,048	180,000	210,000
14204 · Wastewater Base Rate	355,662	450,000	450,000	450,000
14206 · TCEQ Regulatory Rev - WasteWater	3,563	3,563	0	3,500
14301 · Maintenance Tax Collections	456,631	456,631	536,857	143,805
14303 · Property Tax Penalties & Int	990	990	1,000	1,000
14304 · Property Tax - Rollback	1,208	1,208	0	0
14501 · Water Tap Fees	57,605	69,126	57,500	55,000
14502 · Inspection Fees	6,775	8,130	10,000	10,000
14503 · Wastewater Tap Fees	32,425	38,910	55,000	55,000
14601 · Park Revenue	43,500	58,000	75,000	75,000
14702 · Penalties & Interest	18,532	18,532	10,000	15,000
14706 · Delinquent Tax Attorney Collect	41	49	1,000	1,000
14801 · Interest Earned on Checking	319	383	500	500
14802 · Interest Earned on Temp. Invest	113,947	113,947	75,000	110,000
15801 · Miscellaneous Income	716	716	100	100
Total Revenues	\$2,165,207	\$2,605,228	\$2,645,707	\$2,375,475
Expenditures				
16102 · Management & Ops CR - Water	56,991	75,988	80,000	80,000
16104 · LCRA Raw Water	41,829	55,773	60,000	60,000
16105 · Maintenance & Repairs - Water	56,368	67,642	75,000	75,000
16107 · Chemicals - Water	16,758	20,110	35,000	25,000
16108 · Laboratory Expense - Water	20,972	27,962	30,000	30,000
16110 · Utilities - Water	29,742	35,691	40,000	40,000
16115 · Meter Replacement	36,862	49,149	85,000	60,000
16116 · Permit Expense - Water	0	2,500	5,000	5,000

Proposed Budget

Headwaters MUD - Fiscal Year Ending 12/2026

	Nine Month Actuals 01/25 - 09/25	Twelve Months Annualized FYE 12/25	Approved 2025 Budget	Proposed 2026 Budget
16117 · TCEQ Regulatory Expense - Water	0	3,563	0	3,500
16118 · WTCPUA Volumetric Rate	168,629	224,838	240,000	250,000
16119 · WTCPUA Base Rate	236,169	314,891	322,776	325,000
16120 · Reservation Fees	16,008	16,008	13,000	17,000
16202 · Management & Ops CR- Wastewater	55,414	66,496	70,000	70,000
16205 · Maint & Repairs - Wastewater	56,510	67,812	15,000	70,000
16206 · Maintenance & Repairs - LS	102,676	123,211	85,000	100,000
16209 · Mowing - Wastewater	34,588	41,505	32,000	42,000
16212 · Sludge Removal	44,728	59,638	42,000	60,000
16213 · Supplies - Wastewater	1,841	2,455	0	2,500
16215 · WWTP Lease Payments				
16215a · WWTP Lease Payments - PH1	0	0	100,000	0
16215b · WWTP Lease Payments - PH2	21,600	28,800	35,000	30,000
16217 · TCEQ Regulatory Exp-Wastewater	0	3,563	0	3,500
16222 · Management & Operations - DA	61,950	82,600	80,500	80,500
16301 · Garbage Expense	142,529	191,414	175,000	200,000
16403 · Landscaping - Ponds	158,656	190,387	170,000	150,661
16502 · Inspection Expense	19,146	22,975	30,000	30,000
16601 · Lakes/Parks Maintenance	1,000	1,000	0	0
16703 · Legal Fees	27,690	36,920	50,000	50,000
16705 · Auditing Fees	12,500	12,500	12,500	15,000
16708 · Financial Advisor Fees	0	3,000	3,000	3,000
16710 · Website Hosting	710	852	1,000	1,000
16712 · Bookkeeping Fees	59,420	71,304	90,000	90,000
16714 · Printing & Office Supplies	1,468	1,762	1,500	1,500
16715 · Filing Fees	129	155	250	250
16716 · Delivery Expense	220	264	750	500
16717 · Postage	468	562	750	750
16718 · Insurance & Surety Bond	28,897	28,897	45,000	35,000

Proposed Budget

Headwaters MUD - Fiscal Year Ending 12/2026

	Nine Month Actuals 01/25 - 09/25	Twelve Months Annualized FYE 12/25	Approved 2025 Budget	Proposed 2026 Budget
16721 · Meeting Expense	2,857	3,429	3,000	3,000
16722 · Bank Service Charge	6,379	8,505	7,500	7,500
16723 · Travel Expense	1,783	2,377	2,500	2,500
16724 · Publication Expense (SB 622)	0	0	1,000	1,000
16725 · Tax Assessor/Appraisal	36,272	36,272	35,000	36,000
16726 · Delinquent Tax Attorney Expense	41	1,000	1,000	1,000
16728 · Record Storage Fees	410	492	500	500
16736 · Meter Subscription Fees	8,049	9,659	10,000	10,000
16737 · Engineering Fees- MW	39,185	52,247	70,000	75,000
17101 · Payroll Expenses	7,514	9,017	7,500	7,500
17102 · Payroll Administration	450	540	600	600
17103 · Payroll Tax Expense	575	690	750	750
17802 · Miscellaneous Expense	455	546	5,000	500
Total Expenditures	\$1,616,437	\$2,056,959	\$2,169,376	\$2,152,511
Other Revenues				
15901 · Assigned Surplus	0	0	0	111,894
Total Other Revenues	\$0	\$0	\$0	\$111,894
Capital Outlay				
17000 · Capital Outlay	16,781	16,781	50,000	0
17904 · CO - Park	79,142	0	414,000	334,858
18101 · Transfer To Capital Projects	492	492	0	0
Total Capital Outlay	\$96,414	\$17,273	\$464,000	\$334,858
Net Excess Revenues <Expenditures>	\$452,356	\$530,996	\$12,331	\$0