Aqua Water Supply Corporation
Board of Directors Meeting
Tuesday, December 2, 2025

Present: David Glass, Mark McArthur, Bill Tomsu, Howard McCall, Linda Garcia, Craig Williams, Pam Harkins, Mark Hippler, and Barry Barker

Absent: N/A

Staff: Heather Tucker, Emily O'Leary, Christie Nutt, Frank Pacheco, Cody Boatright, Hollye Fain, Jason Kennedy, Abby Valderrama, Trey Daywood, and Alma Villarreal

Consultants: Joe Morris, Ty Embrey of Lloyd Gosselink

Guests: Audie Nelson representing himself, Ms. Reinhart representing herself, Camden Corzine representing Cude Engineers, Nieves Alfaro and Mary Barton representing Quiddity

President David Glass called the meeting to order at 9:05 a.m.

Mr. Glass invited all in attendance to stand and recite the Pledge of Allegiance to the national and the state flags.

Mr. Tomsu delivered the Invocation.

President Glass convened a Public Hearing on a proposed water rate increase at 9:07 a.m.

Heather Tucker presented a PowerPoint slide presentation supporting the recommendation for a water rate adjustment. Mrs. Tucker explained that due to a lack of rate adjustment over the past nine years, revenue will not be enough to cover capital expenses. She noted that the need for the rate adjustment is driven by inflation and the fact that water rates have not kept up with rising costs. Mrs. Tucker then stood for questions from the board.

Ms. Reinhart addressed the board to express concerns about having to pay a base rate increase, arguing that long-term customers should not bear the increase and that it should apply only to newcomers. The board responded that newcomers already pay system development fees and explained that the rate adjustment is necessary to cover ongoing infrastructure costs, including maintaining water production, replacing aging water lines, repairing wells and pumps, and meeting growing demand. He also noted that material costs such as chlorine have risen significantly. Heather Tucker added that a prior financial analysis by NewGen recommended rate increases to support system growth and infrastructure needs.

Mr. Audie Nelson addressed the board with an inquiry regarding Aqua WSC's current financial surplus. Staff clarified that Aqua WSC is a 501(c)(12) non-profit corporation. Additionally, it was noted that the company's audit is available on the Aqua WSC website for members to review.

President Glass adjourned the Public Hearing at 9:42 a.m.

President Glass convened the Regular Session at 9:42 a.m.

Mark McArthur made a motion approving the FY2026 Operating Budget. Howard McCall seconded the motion. The board expressed concerns regarding the projected Electric Power budget, noting that increased water production and the addition of more wells are expected to result in higher electricity usage, and therefore the budgeted amount may need to be adjusted to account for these projected expenses. The board approved the FY2026 Operating Budget and authorized staff to make necessary adjustments to the Electric Power budgeted amount. The motion carried.

Mark McArthur made a motion approving tariff amendment to Section 5.1- Rate Schedule. Barry Barker seconded the motion. Craig Williams raised the question of adopting a high-volume industrial rate in the tariff. Ty Embrey advised that further research is needed and that the topic should be reconsidered in the future. The motion carried.

Heather Tucker provided a presentation on a system development fee increase. She presented NewGen Strategies & Solutions calculation analysis and recommendation. Mrs. Tucker explained that NewGen evaluated two scenarios for calculating the system development fee and ultimately reassessed it to propose a phased-in approach based on the CIP maximum projected amount. The revised process follows a "growth pays for growth" model, requiring new customers to fund their proportional share of system investments, which helps accommodate the CIP. Staff responded to board questions, and the board recommended informing developers of the new impact fee process. Staff confirmed that notification letters are currently being drafted and soon be sent to developers.

Craig Williams made a motion to table the water tariff amendment to Section 5.2 – Connection Fees: System Development Fee. Bill Tomsu seconded the motion. Heather Tucker clarified that the motion should approve the phased-in system development fee while tabling the tariff update until May. Craig Williams made an amended motion, then moved to approve the phased-in system development fee as presented, direct staff to notify developers and post the information on the website, and schedule the tariff amendment for May, with the fee to become effective in June. Howard McCall seconded the motion, and the motion carried.

There was no member communication.

Bill Tomsu shared about a recent fire near his area and noted that firefighters expressed appreciation to Aqua staff for their efforts in providing adequate water pressure to quickly refill fire trucks. David Glass added that the fire department relies heavily on Aqua for water supply and confirmed that Aqua does not charge the fire department for the water used.

Linda Garcia shared that people were concerned that water was being wasted with all the water flushing on Hwy 304. She reminded the concerned people that flushing is necessary to maintain water safety. She also added that some people are concerned about preventing trucks from filling water in their neighborhood and Mrs. Garcia clarified that restricting this practice is not an option.

Craig Williams shared feedback he received regarding the Aqua storage project with the City of Austin, noting that there was some confusion about a previously passed resolution and that Aqua's stance on the project is unclear. He requested that more information be made available on Aqua's website. Staff clarified that Aqua maintains transparency and has already posted relevant project information online.

President Glass announced the next regularly scheduled board meeting would be held on Thursday, January 8, 2026, at 9:00 a.m.

Bill Tomsu made a motion to approve the minutes of the November 5, 2025, board meeting. Craig Williams seconded the motion, and the motion carried.

Bill Tomsu made a motion to approve the minutes of the November 13, 2025, board budget workshop. Linda Garcia seconded the motion, and the motion carried.

Craig Williams made a motion to approve the bills as paid. Howard McCall seconded the motion. The board reviewed the bills as paid. The staff answered questions from the board. The motion carried.

The board reviewed the financial statement. The staff answered questions from the board.

Howard McCall made a motion awarding the L Improvement Project to Excel Construction Services, LLC. Mark McArthur seconded the motion. Emily O'Leary provided a briefing and discussion, then stood for questions from the board. The motion carried.

Craig Williams made a motion authorizing condemnation for Sonia L. Gamez of the Lund Pump Station Project. Resolution No. 25.12.01. Pam Harkins seconded the motion. Emily O'Leary presented a briefing and discussion. Mrs. O'Leary recommended to the board that any questions regarding compensation or offers that were made should be addressed in executive session. The motion carried.

Linda Garcia made a motion authorizing condemnation for Subramanian Family Trust of the Lund Pump Station Project. Resolution No. 25.12.02. Mark McArthur seconded the motion. Emily O'Leary presented a briefing and discussion. Mrs. O'Leary recommended to the board that any questions regarding compensation or offers that were made should be addressed in executive session. The motion carried.

Howard McCall made a motion to approve Wholesale Water Service to Edgehill Ranch. Resolution No. 25.12.03. Craig Williams seconded the motion. Emily O'Leary provided a briefing and discussion, then stood for questions from the board. The motion carried.

President Glass adjourned Regular Session at 10:36 a.m. for a break.

Mr. Glass reconvened Regular Session at 10:56 a.m.

President Glass made a formal request to the board for the approval of the feasibility studies pertaining to agenda items 23(a) through 23(n). Mr. Glass inquired with the board regarding the existence of any feasibility studies that require discussion prior to granting approval. Emily O'Leary answered questions from the board. Bill Tomsu made a motion to approve agenda items 23(a) through 23(n). Mark McArthur seconded the motion, and the motion carried.

David Glass reported there was no meeting held, and there were no recommendations from the Strategic Committee.

Linda Garcia provided a report from the Finance Committee Meeting held on November 13, 2025. She indicated that the committee reviewed the budget, current expenditures, and proposed projects. The discussion included credit card expenses, and the committee advised that credit card statements should be incorporated into the board packet. The proposed rate adjustment was also reviewed.

Craig Williams reported there was no meeting held, and there were no recommendations from the Performance Review Committee.

Bill Tomsu reported there was no meeting held, and there were no recommendations from the Corporate Governance Committee.

David Glass reported there was no meeting held, and there were no recommendations from Aqua's Public Relations Committee.

Heather Tucker reviewed the Assistant General Manager's Report. Mrs. Tucker then stood for questions from the board.

Emily O'Leary stated she currently has no updates to share regarding the Subdivision Development Report. David Glass suggested including the total number of LUE's in the report.

Emily O'Leary gave a briefing on the Engineering and Construction Report. Mrs. O'Leary then stood for questions from the board.

Hollye Fain provided updates on new brand signage at the new Aqua Annex building, noting that additional signage remains pending. She reported on a legacy video project commemorating Aqua's 55-year history and shared an update on the implementation of the H2O Analytics notification system to improve real-time communication with members. Mrs. Fain also highlighted recent and upcoming community outreach activities. She then stood for questions from the board.

Joe Morris provided his Government Relations overview. Mr. Morris then stood for questions from the board.

There was no General Counsel's Report.

President Glass adjourned the Regular Session at 11:44 a.m. and immediately convened an Executive Session under the Texas Government Code, Section 551.071 for purposes of legal advice and consultations with Aqua's general counsel, Texas Government Code, Section 551.072, for the purposes of deliberating real property, and Texas Government Code, Section 551.074, for purposes of discussing personnel matters.

President Glass adjourned the Executive Session at 12:25 p.m. Mr. Glass reconvened the Regular Session at 12:25 p.m. He stated no action was taken and no decisions were made in the Executive Session.

There being no further business, Linda Garcia made a motion to adjourn the meeting. Craig Williams seconded the motion, and the motion carried. The meeting adjourned at 12:25 p.m.

Approved: January 8, 2026

William F. Tomsu, Secretary Treasurer

David Glass, President