

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 278

June 18, 2024

The Board of Directors (the "Board") of Harris County Municipal Utility District No. 278 (the "District") met in regular session, open to the public, on the 18th day of June, 2024, at the offices of Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Houston, Texas, outside the boundaries of the District, and the roll was called of the members of the Board:

Shantai Magee	President
Tommie Ruth Allen	Vice President
Gwen Thornburg	Secretary
Eugene Newsom	Assistant Vice President
Vacant	Assistant Secretary

and all of the above were present, thus constituting a quorum.

Also attending the meeting were Martin Bronstein of BHW Capital; Zach Halbert of Champions Hydro-Lawn, Inc. ("Champions"); Kevin Gilligan of BGE, Inc. ("BGE"); Jarryd Mayfield and Andrea Martin of Si Environmental, LLC ("Si"); Angie Hartwell of Touchstone District Services ("Touchstone"); and Adisa Harrington and Hope Palmer of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board considered approving the minutes of the regular meeting of May 9, 2024. After review and discussion, Director Allen moved to approve the minutes, as presented. Director Thornburg seconded the motion, which passed unanimously.

PUBLIC COMMENTS

Ms. Harrington offered any members of the public attending the meeting the opportunity to make public comment. There being no members of the public wishing to address the Board at this time, Ms. Harrington closed the public comments portion of the meeting.

WEBSITE MATTERS

Ms. Hartwell distributed and reviewed the monthly communications report regarding the District's website, a copy of which is attached. She reported that 788 residents are currently enrolled in the text alert system. Ms. Hartwell then requested the Board's authorization to post an article on the District's website regarding the home-watch security service offered by Harris County, upon request, for residents who are

away from home for an extended time. Following review and discussion, Director Allen moved to approve the communications report and authorize Touchstone to post the home-watch article on the District's website. Director Thornburg seconded the motion, which passed unanimously.

DEVELOPER REPORT

Mr. Bronstein requested the Board consider amending his utility commitment letter ("UCL") for Creekstone at Tour 18, LLC ("Creekstone") to extend the substantial commencement period deadline to allow additional time for development of the tract. He discussed interest rates, market conditions, and potential Harris County permitting delays. Discussion ensued. Following discussion, Director Magee moved to amend the UCL with Creekstone to extend the substantial commencement period end date to May 10, 2025, and to include a requirement in the UCL that Creekstone must submit any required permit applications to Harris County by May 10, 2025. Director Allen seconded the motion, which passed unanimously.

ENGINEERING REPORT

Mr. Gilligan presented and reviewed the engineer's report, a copy of which is attached.

Mr. Gilligan updated the Board regarding construction of the following projects: (1) the wastewater treatment plant expansion; and (2) the walking trail around the Blackstone Creek detention pond.

Mr. Gilligan updated the Board regarding design of the new ground storage tank at water plant no. 2.

Mr. Gilligan discussed the District's Capital Improvement Plan (the "CIP"), including the anticipated rehabilitation of wastewater treatment plant no. 1. He stated BGE and Si continue to explore options for modifying the new wastewater treatment plant expansion project to add more capacity rather than rehabilitating wastewater treatment plant no. 1.

Mr. Gilligan presented an engineering proposal in the amount of \$763,000.00, for design of phases 2 and 3 of the wastewater treatment plant expansion, a copy of which is included in the engineer's report.

Mr. Gilligan updated the Board regarding preparation of the bond application.

Mr. Gilligan updated the Board on preparation of a surplus funds application to the Texas Commission on Environmental Quality (the "TCEQ") to use operating funds to reimburse KB Home for water, sewer and drainage facilities to serve Villages of Tour

18, Section 3. He stated the summary of costs has been revised to reflect an application in the amount of \$673,091.00, and he expects to submit the application to the TCEQ prior to the next meeting.

Mr. Gilligan reviewed requests for capacity in the District's water and wastewater system. He updated the Board regarding the requested annexation of a 21.7-acre tract at Atascocita Road and Wilson Road, proposed to be called the Atascocita Road Industrial Park, which will require 28 equivalent single-family connections in the District's water and wastewater system ("ESFCs"). He stated he is analyzing wastewater capacity issues.

Mr. Gilligan then updated the Board regarding a request from Providence Church Atascocita ("Providence Church") for two ESFCs for construction of a church on Timber Forest Drive. He reported that the District has received the utility commitment letter fee in the amount of \$7,500.00. He then reviewed his calculation of the non-taxable user fee in the amount of \$36,647.47, a copy of which is included in the engineer's report. The Board requested the bookkeeper invoice Providence Church for the non-taxable user fee.

Mr. Gilligan reported on the status of construction of the Canterbury Development 340-unit apartment complex development. Following discussion, the Board concurred that the project has commenced substantial construction and has satisfied the substantial construction requirement of its UCL.

Mr. Gilligan updated the Board regarding commercial development in the District, including the status of the following sites: the gym addition for River Pines Elementary School, Creekstone at Tour 18 LLC, Timber Forest Business Park, and Atascocita Apartment project.

Mr. Gilligan updated the Board regarding the proposed rehabilitation of the Williams Gully weirs, as well as maintenance of a portion of Williams Gully identified by Harris County Flood Control District ("HCFCD") as an "orphan channel," which was constructed by Trail of the Lakes Municipal Utility District but never accepted for maintenance by HCFCD. He stated he will follow up with HCFCD regarding any refund available to the District for the weirs project, and he reported that construction of the channel project is ongoing.

Mr. Gilligan updated the Board regarding the pending inventory of District service lines, which is being undertaken by BGE and Si pursuant to the Lead and Copper Rule Revisions issued by the Environmental Protection Agency.

Mr. Gilligan distributed and reviewed updated development procedures, which he explained is a document he provides to prospective commercial developers in the District. A copy of the updated procedures is included in the engineer's report. The Board requested Mr. Gilligan provide the updated procedures to Touchstone to be posted on the District's website.

Following review and discussion, Director Thornburg moved to: (1) approve the engineer's report; (2) approve the engineering proposal for design of phases 2 and 3 of wastewater treatment plant expansion; and (3) approve the updated development procedures and authorize Touchstone to post them on the District's website. Director Magee seconded the motion, which passed unanimously.

ANNEXATION OF LAND, ADOPT ORDER ADDING LAND, AUTHORIZE EXECUTION OF AMENDMENT TO INFORMATION FORM, AND ACCEPT WAIVER OF SPECIAL APPRAISAL

Ms. Harrington updated the Board regarding the proposed annexation of an approximate 5.9977-acre tract of land located along Atascocita Road between the Pentecostal Church and Blackstone Creek (the "Tract") into the District. She stated all documents have been received in connection with the annexation of the Tract, including the consent from the City of Houston (the "City"). She then presented an Order Adding Land for the Board's consideration. Following review and discussion, Director Magee moved to adopt the Order Adding Land and direct that it be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed unanimously.

Ms. Harrington then stated that the District's Information Form has been updated to reflect the addition of the 5.9977-acre tract to the District's total acreage. After review and discussion, Director Magee moved that the Board adopt and authorize execution of the Amended Information Form and direct that it be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed unanimously.

Ms. Harrington then reviewed a Waiver of Special Appraisal for the Benefit of the District from 3A Development, LLC ("3A"). She stated that by signing the waiver, the developer is agreeing not to claim special tax exemptions on land in the District. Following review and discussion, Director Magee moved to accept the Waiver of Special Appraisal from 3A and direct that it be recorded in the real property records of Harris County. Director Allen seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

Mr. Mayfield introduced Ms. Martin and reviewed a report on operating matters in the District, a copy of which is attached. He noted that the water accountability was 96.47% for May, 2024. He reviewed recently completed and pending maintenance and repairs. Ms. Martin then discussed Si's Humble office.

The Board reviewed the photographs provided by Ms. Maria Ortiz of her front yard, which she believes was affected by fire hydrant flushing. Copies of the

photographs are attached. Mr. Mayfield stated Si will inspect the yard and respond to Ms. Ortiz.

The Board noted that the apartment complex in the District contains numerous residents, Fresenius Kidney Care is a medical facility, the school in Humble Independent School District is a school, and All Star Kids Center is a daycare facility, and thus utility services should not be terminated for any delinquent payments by the account holders.

The Board then conducted a hearing on the termination of utility service to delinquent accounts. Mr. Mayfield reported that the persons on the termination list were mailed written notice prior to this meeting, in accordance with the District's Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and to show reason why utility service should not be terminated for reason of nonpayment.

Following review and discussion, Director Magee moved to: (1) approve the operator's report; and (2) authorize termination of delinquent accounts in accordance with the District's Rate Order, with the exception of the apartment complex, Fresenius Kidney Care, River Pines Elementary School, or All Star Kids Center, and direct that the delinquent customer list be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed unanimously.

MAINTENANCE OF DISTRICT FACILITIES

Mr. Halbert presented and reviewed the report on maintenance of the District's facilities, a copy of which is attached. After discussion, Director Magee moved to approve the maintenance report. Director Thornburg seconded the motion, which passed unanimously.

ACTION ITEM LIST

The Board reviewed and received updates on all items on the action item list, a copy of which is attached.

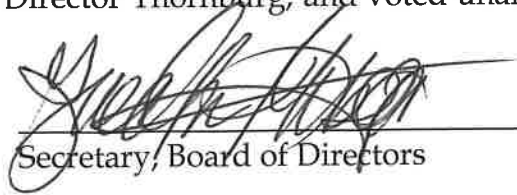
ADDITIONAL REPORTS FROM DIRECTORS AND CONSULTANTS

The Board discussed reimbursing Atascocita Trace Homeowners' Association (the "HOA") for Flock Safety license plate reader expenses. Following discussion, the Board requested ABHR notify the HOA that they can request reimbursement for Flock expenses in 2025.

The Board noted its next operations Board meeting will be held on July 11, 2024, at 12:00 p.m.

There were no additional reports from directors or consultants.

There being no further business brought before the Board, and based on a motion made by Director Magee, seconded by Director Thornburg, and voted unanimously by the Board, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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