

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 278

May 9, 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 9th day of May, 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 Zach Halbert of Champions Hydro-Lawn, Inc. ("Champions"); Kevin Gilligan of BGE, Inc. ("BGE"); Jarryd Mayfield 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 April 11, 2024. After review and discussion, Director Thornburg moved to approve the minutes, as presented. Director Magee seconded the motion, which passed unanimously.

2024 DIRECTORS ELECTION

The Board considered approving a Certificate of Election, reflecting the election of Tommie Ruth Allen to the Board of Directors of the District for a four-year term. Ms. Harrington reviewed the Sworn Statement and Oath of Office for Director Allen.

After review and discussion, Director Magee moved to: (1) approve the Certificate of Election and its distribution to Director Allen; (2) approve the Sworn Statement and Oath of Office and direct that the Oath of Office be filed with the Secretary of State, as required by law; and (3) direct that all documents be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed unanimously.

TEXAS PUBLIC INFORMATION ACT TRAINING

Ms. Harrington discussed the Texas Public Information Act ("TPIA") and noted that the Texas Legislature has made it explicit that officers and employees of governmental entities are temporary custodians of public information. She distributed a memorandum regarding Texas Open Meetings Act ("TOMA") and TPIA training requirements, noted that all Directors have previously completed TOMA training, and encouraged the Board of Directors to receive TPIA training as soon as possible and forward their certificate of completion to ABHR for inclusion in the District's permanent records.

CONFLICT OF INTEREST DISCLOSURES AND LIST OF LOCAL GOVERNMENT OFFICERS

Ms. Harrington next reviewed with the Board legislation enacting Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest. Ms. Harrington reviewed with the Board the forms adopted by the Texas Ethics Commission for making disclosures under Chapter 176 and noted that the forms are required to be filed with the records administrator for the District.

Ms. Harrington stated that, pursuant to Chapter 176 of the Texas Local Government Code, the District maintains a List of Local Government Officers. The Board reviewed the List of Local Government Officers. After review and discussion, Director Magee moved to approve and authorize execution of the List of Local Government Officers and direct that the List be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed by unanimous vote.

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 requested the Board's authorization for the operator to release an updated customer list to Touchstone for the purpose of updating the text alert system. She also requested the Board's authorization to post an article on the District's website regarding hurricane preparedness.

Director Newsom arrived at the meeting.

Following review and discussion, Director Allen moved to approve the communications report, authorize the operator to provide the updated customer list to Touchstone for the purpose of updating the text alert system, and authorize Touchstone to post the hurricane preparedness article on the District's website. Director Thornburg seconded the motion, which passed unanimously.

DEVELOPER REPORT

The Board did not receive an update regarding development matters.

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 wastewater treatment plant expansion. He requested the Board's approval and execution of the forms required by Harris County for the stormwater permitting of the project, copies of which are included in the engineer's report.

Mr. Gilligan stated that bids were received for construction of the walking trail around the Blackstone Creek detention pond. He recommended that the Board award the contract to Division III + Contractors, Inc. ("Division III") in the amount of \$121,932.00. The Board concurred that, in its judgment, Division III was a responsible bidder who would be most advantageous to the District and would result in the best and most economical completion of the project.

Mr. Gilligan updated the Board regarding design of the new ground storage tank at water plant no. 2. He stated the proposal previously presented to the Board for engineering work related to the design and construction of the project had a typographical error in the total engineering cost. He then presented a revised engineering proposal with the corrected total engineering cost of \$95,700.00. A copy of the revised proposal is included in the engineer's report.

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 are exploring options for modifying the new wastewater treatment plant expansion project to add more capacity rather than rehabilitating wastewater treatment plant no. 1. He stated they will continue to review options.

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

Mr. Gilligan updated the Board on preparation of a surplus funds application to use operating funds to reimburse KB Home for water, sewer and drainage facilities to

serve Villages of Tour 18, Section 3. He then presented and reviewed a revised summary of costs for the surplus funds application to the Texas Commission on Environmental Quality (the "TCEQ") in the amount of \$653,730, a copy of which is included in the engineer's report.

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. He stated he has not received a phasing plan from the landowner to address the wastewater capacity issues.

Mr. Gilligan then updated the Board regarding a request from Providence Church Atascocita ("Providence Church") for two equivalent single-family connections in the District's water and wastewater system for construction of a church on Timber Forest Drive. He stated he is calculating the non-taxable user fee, and the District has not received the \$7,500.00 utility commitment letter fee.

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.

Following review and discussion, Director Newsom moved to: (1) approve the engineer's report; (2) authorize execution of the Harris County stormwater permitting forms in connection with construction of the wastewater treatment plant expansion; (3) award the contract for construction of the walking trail around the Blackstone Creek detention pond to Division III in the amount of \$121,932.00, based upon the engineer's recommendation and receipt of the payment and performance bonds and certificate(s) of insurance and endorsements, if any, provided by the contractor; and (4) approve the revised engineering proposal for the new ground storage tank at water plant no. 2. Director Allen seconded the motion, which passed unanimously.

RE-ORGANIZE THE BOARD OF DIRECTORS

The Board then considered reorganizing the Board. Director Allen moved that Director Newsom take the position of President, Director Magee take the position of Assistant Vice President, and all other directors remain the same. Director Thornburg seconded the motion, which passed unanimously.

AUTHORIZE FILING OF DISTRICT REGISTRATION FORM

Ms. Harrington stated the District Registration Form must be filed with the TCEQ to show the new slate of officers. After discussion, Director Allen moved to authorize ABHR to file the District Registration Form with the TCEQ. Director Thornburg seconded the motion, which passed unanimously.

ANNEXATION MATTERS

Mr. Gilligan reported that the City of Houston is reviewing the proposed annexation into the District of the 5.9977-acre tract of land located along Atascocita Road between the Pentecostal Church and Blackstone Creek.

OPERATION OF DISTRICT FACILITIES

Mr. Mayfield reviewed a report on operating matters in the District, a copy of which is attached. He noted that the water accountability was 93.43% for April, 2024. He reviewed recently completed and pending maintenance and repairs.

Mr. Mayfield reported that the bar screen at wastewater treatment plant no. 3 is broken so Si is currently jetting the lines and using a vactor to clean out the scum pits and the aeration basin. He stated that a new bar screen is included in the wastewater treatment plant expansion project, so he did not recommend any repair to the bar screen at this time.

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 Newsom 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 Magee seconded the motion, which passed unanimously.

CONSUMER CONFIDENCE REPORT

Mr. Mayfield reviewed the Consumer Confidence Report ("CCR"), a copy of which is attached, regarding the quality of the District's water and stated that it will be filed with the TCEQ and distributed to District residents by July 1, 2024. After review and discussion, Director Newsom moved to approve the CCR and authorize it to be distributed to the District's residents. Director Magee seconded the motion, which passed unanimously.

REVIEW WATER AND SEWER RATES AND, IF APPROPRIATE, AMEND THE DISTRICT'S RATE ORDER

Mr. Gilligan stated that the Amended Rate Order adopted by the Board at the April Board meeting has not been distributed or incorporated into the District's billing procedures yet. He reported that the City of Houston's fees in connection with the Groundwater Reduction Plan ("GRP") are lower than he projected, and he revised his previous recommendation to increase the District's GRP fee to \$2.96 per 1,000 gallons rather than \$3.15 per 1,000 gallons. He recommended all other changes to the Rate Order that the Board adopted at the April meeting remain the same. Following discussion, Director Newsom moved to amend the District's Rate Order as follows, effective as of the June customer bill: (1) increase the GRP fee to \$2.96 per 1,000 gallons; (2) increase the base water rate for single-family residential users to \$25.10; and (3) increase the base sewer rate for single-family residential users to \$35.10. 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. He reported that the District's detention ponds drained well during the recent heavy rain events. After discussion, Director Newsom moved to approve the maintenance report. Director Magee seconded the motion, which passed unanimously.

ACTION ITEM LIST

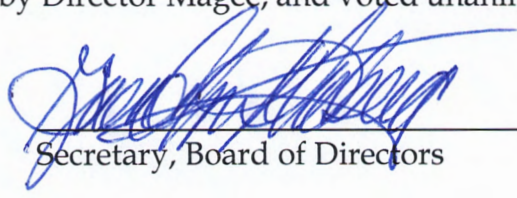
The Board reviewed and received updates on all items on the action item list, a copy of which is attached.

ADDITIONAL REPORTS FROM DIRECTORS AND CONSULTANTS

The Board noted its next operations Board meeting will be held on June 18, 2024, at 10:00 a.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 Newsom, seconded by Director Magee, and voted unanimously by the Board, the meeting was adjourned.


Secretary, Board of Directors

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