

MINUTES
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 278

July 10, 2025

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 10th day of July, 2025, 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:

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

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

Also attending the meeting were Barry Hards of Texas Groundworks Management, Inc.; Martin Bronstein, Matthew Bronstein, Levi Robinson, and Lucas Mason of BHW Capital; Dr. Gina Hudnall and Caveh Masum of Collaborate Team; Perry Miller of Champions Hydro-Lawn, Inc. ("Champions"); Kevin Gilligan of BGE, Inc. ("BGE"); Jarryd Mayfield of Si Environmental, LLC ("Si"); Danae Dehoyos of Touchstone District Services ("Touchstone"); Jessica Preston and Laura Alvarez of Municipal Accounts & Consulting, L.P.; Brittini Silva of Assessments of the Southwest, Inc. ("ASW"); and Adisa Harrington and Hope Palmer of Allen Boone Humphries Robinson LP ("ABHR").

MINUTES

The Board considered approving the minutes of the regular meeting of June 6, 2025. After review and discussion, Director Magee moved to approve the minutes, as presented. Director Allen 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.

Mr. Hards discussed the services offered by Texas Groundworks Management, Inc.

There being no additional members of the public present to address the Board at this time, Ms. Harrington closed the public comments portion of the meeting.

FINANCIAL AND BOOKKEEPING MATTERS

Ms. Preston presented and reviewed the bookkeeper's report, a copy of which is attached, including the quarterly investment report, summary of investments and bills for payment from the District's accounts. Ms. Preston also requested approval of the following checks: (1) check no. 16939 in the amount of \$706.15, payable to Director Newsom for reimbursement of expenses related to his attendance at the American Waterworks Association conference ("AWWA"); and (2) check no. 16940 in the amount of \$899.64, payable to Director Newsom for reimbursement of expenses related to his attendance at the Association of Water Board Directors conference ("AWBD").

Ms. Preston also presented a District Snapshot prepared by Municipal Financial Services, a copy of which is attached.

Following review and discussion, Director Thornburg moved to: (1) approve the bookkeeper's report, the summary of investments, and payment of the bills, including check nos. 16939 and 16940. Director Allen seconded the motion, which passed unanimously.

BUDGET FOR FISCAL YEAR ENDING AUGUST 31, 2026

Ms. Preston presented and reviewed the draft budget for the fiscal year ending August 31, 2026. She requested the directors and consultants send any comments or revisions to her prior to the next Board meeting.

TAX ASSESSMENT AND COLLECTION MATTERS

Ms. Silva presented and reviewed the tax assessor/collector's report, including the delinquent tax report. She stated that 98.39% of the 2024 property taxes were collected as of June 30, 2025. Following review and discussion, Director Magee moved to approve the tax assessor/collector's report and the delinquent tax report. Director Allen seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report, including the delinquent tax report, is attached.

RESOLUTION REGARDING DEVELOPMENT STATUS FOR 2025 TAX YEAR

Ms. Harrington discussed the "truth-in-taxation" property tax calculations and tax levy process for water districts and stated that Chapter 49 of the Texas Water Code establishes three main categories for water districts, based on a district's development status and/or tax rate. She reviewed the definitions for each of the three categories and

said the Board must annually determine the District's category for that tax year and follow the associated notice and levy provisions in the Texas Water Code.

Mr. Gilligan reviewed an analysis to assist the Board with determining the District's development status, a copy of which is included in the engineer's report.

Discussion ensued regarding the District's development status. After fully considering relevant data, information, and statutory definitions, the Board determined that the District is a Developing District for the 2025 tax year.

Following review and discussion, Director Magee moved to adopt a Resolution Regarding Development Status for 2025 Tax Year establishing the District as a Developing District for the 2025 tax year, pursuant to Section 49.23603, Texas Water Code, and direct that the Resolution be filed appropriately and retained in the District's official records. Director Allen seconded the motion, which passed unanimously.

RESOLUTION NOMINATING CANDIDATE FOR BOARD OF DIRECTOR ELECTION FOR HARRIS CENTRAL APPRAISAL DISTRICT ("HCAD")

Ms. Harington reviewed a memorandum regarding the HCAD Board of Directors Election, a copy of which is attached. Following discussion, the Board took no action regarding this matter.

CONFERENCE MATTERS

The Board discussed attendance at the AWWA conference. Ms. Preston stated she has confirmed that all expense reports from directors who attended the conference are in compliance with the District's Travel Reimbursement Guidelines (the "Guidelines"). After discussion, Director Magee moved to approve reimbursement of all eligible expenses for Directors who attended AWWA and to authorize attendance of any interested Directors at the next AWWA conference. Director Allen seconded the motion, which passed unanimously.

The Board then discussed attendance at the AWBD summer conference. Ms. Preston stated she has confirmed that all expense reports from directors who attended the conference are in compliance with the District's Guidelines. After discussion, Director Magee moved to approve reimbursement of all eligible expenses for Directors who attended the AWBD summer conference and to authorize attendance of any interested Directors at the AWBD winter conference. Director Allen seconded the motion, which passed unanimously.

The Board then discussed the District's Guidelines in connection with the upcoming Water Environment Federation's Annual Technical Exhibition and Conference ("WEFTEC"), which will be held September 27, 2025, through October 1, 2025, in Chicago,

Illinois, and discussion ensued regarding specific expenses eligible and ineligible for the conference. Following discussion, Director Magee moved to authorize a director advance of up to \$3,000.00 and reimbursement of up to seven per diems, six hotel nights, and reasonable meals for each director attending the WEFTEC conference. Director Allen seconded the motion, which passed unanimously.

The Board then discussed the District's Guidelines in connection with the upcoming Water Expo conference, which will be held August 20, 2025, through August 21, 2025, in Fort Lauderdale, Florida and discussion ensued regarding specific expenses eligible and ineligible for the conference. Following discussion, Director Magee moved to authorize a director advance of up to \$2,500.00 and reimbursement of up to four per diems, three hotel nights, and reasonable meals for each director attending the Water Expo conference. Director Allen seconded the motion, which passed unanimously.

UPDATE ON ANNUAL LETTER AGREEMENTS FOR FLOCK SAFETY

Ms. Palmer presented the annual letter agreement with the Village of Tour 18 Owners Association ("Village of Tour 18") for the 2025 reimbursement of Flock Safety license plate reader ("Flock") expenses in the amount of \$10,000.00.

Ms. Palmer then presented the annual letter agreement with the Clayton's Corner Homeowners Association, Inc. ("Clayton's Corner") for the 2025 reimbursement of Flock expenses in the amount of \$20,000.00. She requested the Board approve the letter agreement subject to receiving a revised letter from Clayton's Corner clarifying that the requested amount is \$20,000.00.

Following review and discussion, Director Magee moved to: (1) approve the annual letter agreement with Village of Tour 18; and (2) approve the annual letter agreement with Clayton's Corner, subject to revision of the request letter, as discussed. Director Allen seconded the motion, which passed unanimously.

WEBSITE MATTERS

Ms. Dehoyos distributed and reviewed the monthly communications report regarding the District's website, a copy of which is attached.

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 reviewed and recommended approval of Pay Estimate No. 9 in the amount of \$263,202.30, payable to C4 Partners, LLC.

Mr. Gilligan stated that bids were received for construction of the ground storage tank at water plant no. 2. He recommended that the Board award the contract to Schier Construction Company ("Schier") in the amount of \$1,326,800.00. The Board concurred that, in its judgment, Schier 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 the following projects, none of which required any action by the Board: (1) rehabilitation of the existing ground storage tank at water plant no. 2; (2) the wastewater treatment plant expansion, phase 2; and (3) the generators for the District's lift stations.

Mr. Gilligan reviewed an updated summary of costs for the bond application, a copy of which is included in the engineer's report.

The Board noted they will consider options for potential energy efficiency measures at a later meeting in conjunction with planned capital improvement projects.

Mr. Gilligan stated Alliance Residential is reviewing the Utility Commitment Letter ("UCL") provided for the Prose Atascocita apartment project.

Mr. Gilligan then reviewed the utility commitment letter ("UCL") for Humble Indoor Sports Club for the proposed development of a 20,000-square-foot indoor gym project on Atascocita Road and Lago Forest, which he noted is ready for the Board's execution. It was noted that the UCL contains a full shade lighting requirement for the area that abuts residences but that there is no tree buffer requirement since the tract has already been cleared.

Mr. Gilligan then updated the Board regarding a request for two equivalent single-family connections ("ESFCs") for the proposed development of a medical office and retail area at 12227 Will Clayton Parkway. Dr. Hudnall and Mr. Masum presented a site plan for the medical office, a copy of which is attached, and responded to inquiries from the Board. They stated that two ESFCs will be sufficient for the medical portion of the building, and that they may need an additional three ESFCs when they lease the remaining portion of the building. Mr. Gilligan noted that the developer has paid the deposit in the amount of \$7,500.00, and he recommended the Board authorize preparation of a UCL for two ESFCs for the medical office. It was noted that there are no tree buffer or lighting requirements in the UCL since the property does not abut any residences.

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, the Atascocita Apartment project, Providence Church Atascocita on Timber Forest Drive, the Alliance

(Prose Atascocita) apartment project, the Waste Management campus, and the Atascocita Road Warehouses.

Mr. Bronstein updated the Board regarding development by Clayton at Tour 18 LP.

Discussion ensued regarding repairs needed to the damaged manhole on Atascocita Road caused by Waste Management. Director Newsom requested Mr. Gilligan research the possible use of exterior coating in planning the repair.

Mr. Gilligan discussed the status of the proposed annexation of the 21.7-acre tract to be developed as the Atascocita Business Park. There were no action items for the Board's consideration.

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 the channel is under construction, and Ms. Harrington reported that the anticipated refund to the District for the weirs project in the amount of \$23,754.33 should be issued soon.

Following review and discussion, and based on the engineer's recommendation, Director Magee moved to: (1) approve the engineer's report; (2) approve Pay Estimate No. 9 for construction of the wastewater treatment plant expansion; (3) subject to receipt of the payment and performance bonds and the certificate(s) of insurance and endorsements, if any, provided by the contractor, award the contract for construction of the ground storage tank at water plant no. 2 to Schier in the amount of \$1,326,800.00; and (4) authorize preparation of a UCL for two ESFCs for the medical office at 12227 Will Clayton Parkway, as discussed. Director Thornburg seconded the motion, which passed unanimously.

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 96.63% for June, 2025. He reviewed recently completed and pending maintenance and repairs.

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.

Director Magee discussed water quality issues occurring in Trail of the Lakes Municipal Utility District ("TOL"), a neighboring district with whom the District has an emergency interconnect. Mr. Mayfield stated the District is not using the interconnect, and the District's water is not affected by TOL's water quality.

Following review and discussion, Director Allen 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.

MAINTENANCE OF DISTRICT FACILITIES

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

Director Thornburg left the meeting.

ACTION ITEM LIST

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

ATTORNEY'S REPORT, INCLUDING REPORT ON LEGISLATIVE MATTERS

Ms. Harrington distributed a legislative report prepared by ABHR regarding the 89th Regular Session of the Texas Legislature for the Board's review.

ADDITIONAL REPORTS FROM DIRECTORS AND CONSULTANTS

There were no additional reports from directors or consultants.

The Board concurred to meet next on August 8, 2025.

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

(SEAL)



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