

# MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

## MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS

**FEBRUARY 25, 2009**

The Board of Directors (the "Board" or "Directors") of Montgomery County Municipal Utility District No. 8 (the "District" or "MCMUD 8") met in special session, open to the public, on Wednesday, February 25, 2009, at 9:00 a.m., at the regular meeting place located at the Walden Yacht Club, 13101 Melville Drive, Montgomery, Texas 77356, inside the boundaries of the District, and the roll was called of the duly constituted officers and members of the Board, to-wit:

|                  |                          |
|------------------|--------------------------|
| Roy McCoy        | President                |
| Robert Leasure   | Vice President           |
| Daniel L. Davis  | Assistant Vice President |
| Roy Harpold, Jr. | Secretary                |
| Arch Payne       | Assistant Secretary      |

All members of the Board were present, except for Director Payne. Also attending were Phillip Wright of Hays Utility North Corporation ("Operator"); Ross J. Radcliffe of Johnson Radcliffe Petrov & Bobbitt PLLC ("District's Attorney"); Jim Bustin, Ernie Harris, Phil Griffin, Linda Wilson, and Judy Sanders, Board of Directors of Montgomery County Municipal Utility District No. 9 ("MCMUD 9"); and Bill Norris and Mike Irlbeck of NRS Consulting Engineers ("NRS").

The President, after finding that the notice of the meeting was posted as required by law and determining that a quorum of the Board was present, called the meeting to order and declared it open for such business as may come before it.

1. The President first opened the meeting to public comment. As no public comment was offered, the President directed the Board to proceed with the agenda.
2. The Board reviewed the status of options to reduce the groundwater demands for MCMUD 8 and MCMUD 9. Mr. Radcliffe reported that Michael Booth will be discussing the possibility of obtaining a credit for the effluent discharged into Lake Conroe and that he will be exploring agreements with the City of Houston ("COH") and the San Jacinto River Authority ("SJRA") to obtain such credit by way of an equivalent amount of water removed from Lake Conroe. The water taken from Lake Conroe could then be treated in a surface water treatment plant. The agreements with the COH and SJRA would be by way of obtaining their consent to a "bed and banks" permit from the Texas Commission on Environmental Quality ("TCEQ"), which is needed to take the water from Lake Conroe.
3. The President next introduced Messrs. Norris and Irlbeck who reviewed the credentials of their company with regard to the design, construction and operation of water treatment facilities. Messrs. Norris and Irlbeck reviewed with the Boards the various aspects of desalination and reverse osmosis facilities. Mr. Norris indicated that he should be able to provide a written step-by-step process within two weeks outlining his recommendations for treatment of water from Lake Conroe.

4. A discussion then ensued regarding a cost sharing agreement between MCMUD 8 and MCMUD 9. The consensus of the Boards was to limit the agreement to cost sharing related to the feasibility aspect of the project. Mr. Radcliffe indicated that he would draft an agreement and obtain comments from Mr. Lord, the attorney for MCMUD 9. Upon a **motion** by Director Davis, seconded by Director Harpold, after full discussion and with all Directors present voting aye, the Board approved cost sharing related to the feasibility aspect of the project, including any legal and engineering fees related to the acquisition of a bed and banks permit from the TCEQ and feasibility of water treatment facilities that would allow MCMUD 8 and MCMUD 9 to reduce their demands for groundwater.

5. The Boards then reviewed the status of the SJRA legislation discussed in prior MCMUD 9 meetings to send comments directly to the SJRA. Mr. Radcliffe stated that he has reviewed Mr. Lord's memorandum citing general comments regarding legislation. Mr. Radcliffe recommended the Board formalize such memorandum and send to the SJRA. Upon a **motion** by Director McCoy, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized Mr. Radcliffe to formalize and send the memorandum to the SJRA.

**THERE BEING NO FURTHER BUSINESS BEFORE THE BOARD**, the meeting was adjourned.

**PASSED AND APPROVED** this the 11th day of March, 2009.



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Secretary, Board of Directors