

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS

AUGUST 12, 2010

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, jointly with Montgomery County Municipal Utility District No. 9 ("MCMUD 9"), open to the public, on Thursday, August 12, 2010, at 9:00 a.m., at the Walden Yacht & Country Club, 13101 Melville Drive, Montgomery, Texas 77356, a designated meeting place located 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
Arch Payne	Assistant Secretary
Claude D. (Dan) Fryman	Director

All members of the Board were present. Also attending were Jim Bustin, Ernie Harris, Judy Sanders and Phil Griffin, Board of Directors of MCMUD 9; Scott Sustman, General Manager, of the Walden Community Improvement Association ("WCIA"); Mike Irlbeck of NRS Consulting Engineers ("NRS"); Carolyn Ahrens of Booth, Ahrens & Werkenthin, P.C.; Clark S. Lord, attorney for MCMUD 9; and Ross J. Radcliffe of Johnson Radcliffe Petrov & Bobbitt PLLC ("District's Attorney").

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. Public Comment. 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. Executive Session. Pursuant to Chapter 551 of the Texas Government Code, Subchapter D, of the Open Meetings Act, the President called the executive session to order at 9:43 a.m. to discuss matters within the attorney/client privilege regarding legal issues related to negotiations for a water supply agreement with the City of Huntsville, Texas. Present for the executive session were the Board of Directors of MCMUD 8; Jim Bustin, Ernie Harris, Judy Sanders and Phil Griffin, the Board of Directors of MCMUD 9; Mr. Irlbeck and Messrs. Ahrens, Radcliffe and Lord.

As of 12:04 p.m., the President declared the Executive Session was ended and the public session was resumed.


Upon a **motion** by Director Leasure, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized approval of the Option to Purchase and Water Supply Agreement with the City of Huntsville, Texas.

Upon a **motion** by Director Leasure, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized distribution of a letter, a copy of which

is attached hereto as Exhibit "A," to MCMUD 8 and MCMUD 9 customers regarding adoption of a groundwater reduction plan rate of \$0.53 per 1,000 gallons of water used and extending an invitation to a town hall meeting on Sunday, September 26, 2010, at the Walden Yacht Club.

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

PASSED AND APPROVED this the 8th day of September, 2010.



Secretary, Board of Directors

EXHIBITS:

A - Letter to MCMUD 8/MCMUD 9 customers

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 9

Dear Customers,

As many of you know, the MUD8 and MUD9 Board Members have worked extensively on finding the most cost-effective alternative to complying with the Lone Star Groundwater Conservation District (Lone Star) groundwater reduction regulations. The groundwater reduction plan (GRP) proposed by San Jacinto River Authority (SJRA GRP), which has been evaluated by MUD8 and MUD9, **IS NOT** the most cost-effective alternative for MUD8 and MUD9.

As have several other Lake Conroe-area water districts, MUD8 and MUD9 plan to move forward with an alternative water supply project, by jointly forming their own GRP that **WILL** be significantly less expensive than the SJRA GRP.

In order to meet the initial financial obligations to comply with the Lone Star groundwater reduction regulations, MUD8 and MUD9 have adopted a **GRP rate of \$0.53 per 1,000 gallons of water used**. Each customer will see this new monthly rate as an additional line item identified as "GRP Fee," which will be billed for the first time for August water usage and will appear on the bill you will receive in early September.

The MUD8 and MUD9 Boards are committed to providing you with quality cost-effective water and sewer service. The water industry has experienced many changes over the last several years with additional federal and state regulations, all of which increase the costs to produce water. As customers ourselves, the MUD8 and MUD9 Board Members understand your concerns regarding higher costs for water and we are committed to do whatever is reasonable to control the costs for you, as well as for the future customers and property owners of MUD8 and MUD9.

All MUD8 and MUD9 customers are invited to a **Town Hall** meeting that is scheduled for **Sunday, September 26, 2010, from 1:30 p.m. to 4:00 p.m. at the Walden Yacht Club**. A presentation will be made reviewing the proposed MUD8/MUD9 Joint GRP, which will include information on the anticipated costs to implement the MUD8/MUD9 GRP. Time will be allocated to responding to questions from the MUD8 and MUD9 customers.

On behalf of the Montgomery County MUD No. 8 and Montgomery County MUD No. 9 Board Members, we thank you for your attention.

Roy McCoy, President
Montgomery County MUD No. 8

Jim Bustin, President
Montgomery County MUD No. 9

