

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

MINUTES OF SPECIAL MEETING OF BOARD OF DIRECTORS

OCTOBER 19, 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 Tuesday, October 19, 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	Secretary
Claude D. (Dan) Fryman	Assistant Secretary

All members of the Board were present. Also attending were Linda Wilson, Ernie Harris and Phil Griffin, Board of Directors of MCMUD 9; Danny Wright of Hays Utility North Corporation ("Operator"); Scott Sustman, General Manager of the Walden Community Improvement Association ("WCIA"); Carolyn Ahrens of Booth, Ahrens & Werkenthin, P.C.; Clark S. Lord, attorney for MCMUD 9; and Ross J. Radcliffe and Elliot M. Barner 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.
 - a. Mr. Sustman discussed the town hall meeting, reporting that the response from the public has been very positive.
 - b. Mr. Sustman next discussed reforming the WCIA deed restrictions to allow for individual irrigation wells and noted that this will be a lengthy process that could take up to one (1) year to complete.
 - c. A discussion ensued concerning the MCMUD 8 Engineer's proposed scoping meeting in connection with using the old lift station for the WCIA's proposed direct reuse project.

As no further public comment was offered, the President directed the Board to proceed with the agenda.

2. Bed and Banks Permit Issues.

- a. Ms. Ahrens reported that she has spoken with the Texas Commission on Environmental Quality (the "TCEQ") in connection with the Bed and Banks Permit. The District's application is pending TCEQ staff review.
- b. Ms. Ahrens indicated that the City of Huntsville ("Huntsville") will be filing its Bed and Banks Permit soon and that a pre-hearing meeting will be scheduled the week of October 18, 2010.
- c. A discussion ensued in relation to urging Huntsville to pursue a Bed and Banks Permit. Upon a **motion** by Director Payne, seconded by Director Davis, after full discussion and with all Directors present voting aye, the Board authorized the Board President to join MCMUD 9's Board President to provide the Districts' approval to Huntsville to move forward on its Bed and Banks application.

3. NRS Consulting Engineers ("NRS").

- a. Ms. Ahrens reported that an Engineering Report on the recommended Groundwater Reduction Plan for the Districts will not be completed until after meeting with the San Jacinto River Authority (the "SJRA").

4. Joint Facilities Agreement. Mr. Radcliffe presented a draft Joint Facilities Agreement for review by the Boards and explained that the goal is to find an agreement that would allow joint decision making with both districts, though allowing for MCMUD 8 to act for both districts, upon consents received from MUD 9.

5. Texas Water Development Board Water Infrastructure Fund Application. The Districts' Attorneys stated that the application is due on Friday, October 22, 2010, and that they are awaiting a few items from the Districts' Operator and Engineer in order to complete the application.

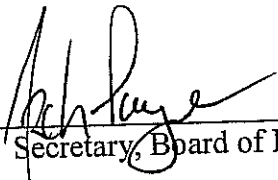
6. Executive Session. Pursuant to Chapter 551 of the Texas Government Code, Subchapter D, of the Open Meetings Act, the President called the executive session to order at 9:45 a.m. to discuss matters within the attorney/client privilege regarding potential litigation issues and Lone Star Groundwater Conservation District water credit issues. Present for the executive session were the Board of Directors of MCMUD 8; Linda Wilson, Ernie Harris and Phil Griffin, the Board of Directors of MCMUD 9; Ms. Ahrens, Mr. Barner and Mr. Radcliffe.

As of 10:59 a.m., the President declared the Executive Session was ended and the public session was resumed.

Upon a **motion** by Director Davis, seconded by Director Payne, after full discussion and with all Directors present voting aye, the Board authorized proceeding with the Bed & Banks permitting process, including proceeding with a contested case, if necessary, and provide notice to the City of Huntsville to begin their Bed & Banks permitting process with the TCEQ.

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

PASSED AND APPROVED this the 10th day of November, 2010.



Secretary, Board of Directors