

Memorandum

To: Board of Directors – Porter MUD
From: Greg A. Parker, P.E.
Date: December 23, 2002
Re: CCN Expansion Application
Project No. 99012-00800

I received a telephone call from Mr. Howell on Thursday regarding Crystal springs Water Company. Mr. Martin is still claiming that he was not noticed by mail. I discussed this matter in detail and indicated that notice was mailed to Mr. Martin as required by the regulations. Mr. Howell indicated that he would speak with Mr. Martin and get back with me.

I received a call this morning from Mr. Howell indicating that Mr. Martin still claims that he did not receive notice. Mr. Howell indicated that he was going to send Mr. Martin's protest to the hearings office for resolution. I reminded him that Porter MUD had followed all the requirements for notification, that Porter MUD had amended their application to exclude property requested by Mr. Martin due to a pending Sewer CCN application he had before the TCEQ. I suggested to Mr. Howell that since the TCEQ establishes the procedures for notification, establishes who should be notified, and provides addresses for notification that the TCEQ should stand behind their procedures and declare that Porter MUD has complied with the requirements and disallow Mr. Martin's untimely protest. He indicated he would send me a map of the area Mr. Martin wants Porter to exclude from their application. He also stated he would discuss this matter with his supervisor.

This would set a precedence that would jeopardize the entire CCN process.

I received a call from Mr. Martin this morning. He indicated he would fax me a map showing the area he and others wanted Porter MUD to release from their application. I explained that Porter MUD has met all the requirements of the TCEQ for notification and generally explained the district's reasoning for expanding their CCN service area. Mr. Martin indicated that he is poised to obtain an injunction to stop this process if an arrangement cannot be reached.

Mr. Martin suggested a meeting with several Board members to discuss this matter in detail sometime during the week of January 6.

I received the attached map from the TCEQ identifying the area of concern from Mr. Martin.

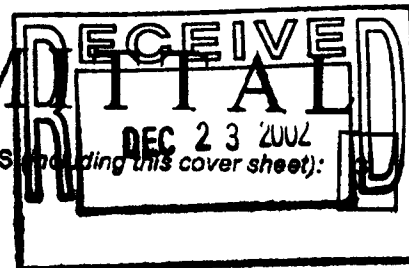


Protecting Texas
by Reducing and
Preventing Pollution

FAX TRANSMISSION

DATE: December 23, 2002

NUMBER OF PAGES (including this cover sheet):



TO: Name Greg Parker

Organization Porter MUD

FAX Number (713)939-9907

FROM: TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Name Mike Howell

Division/Region Water Supply Division

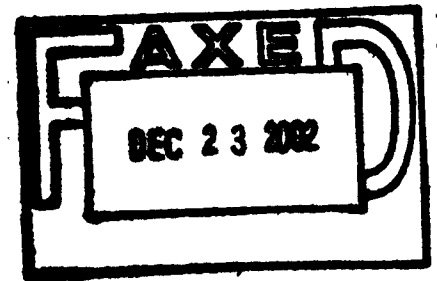
Telephone Number 512-239-6960

FAX Number 512-239-6972

NOTES:

Attached is the map sent to me by Mr. Tom Martin of Crystal Springs Water Company. Mr. Martin would like to know if Porter MUD is willing to remove the cross-hatched portion of the proposed area from Porter MUD's proposed area in Montgomery County.

GREG A. PARKER, P.E.
Consulting Engineer, Inc.



TELECOPY TRANSMITTAL

ATTENTION: Mr. Ron Young

COMPANY: Young & Brooks, LLP

FAX NO.: 713-951-9605

FROM: Greg A. Parker, P.E.

DATE: 12-23-2002 NO. OF PAGES: 5
(Including this cover sheet)

PROJECT DESCRIPTION Porter MUD – CCN Expansion

PROJECT NUMBER 99012-00800 ✓

MESSAGE:

Attached are several memorandums regarding recent "developments" in the CN application.

Please call with any questions.

NOTE: IF YOU DO NOT RECEIVE ALL OF THE PAGES, OR IF ANY PAGES ARE NOT LEGIBLE PLEASE CALL SENDER AT (713) 939-9916. REPLY BY FAX TO (713) 939-9907.

Memorandum

To: Board of Directors – Porter MUD
From: Greg A. Parker, P.E.
Date: December 17, 2002
Re: CCN Expansion Application
Project No. 99012-00800

We received a telephone message from Mr. Mike Howell of the TCEQ in Austin. He indicated that the application was still in mapping.

He further indicated that he had received a "protest" from Mr. Tom Martin of Crystal Sprigs Water Company, that he had contacted Mr. Martin and told him that Porter MUD was not technically required to notify him since he held a Water CCN. He further notified him that the period to protest had passed and his protest was therefore invalid.

Our procedures and records meet the requirements of the TCEQ for notification and appropriate documentation exists to verify that notice was in fact serviced to Crystal Springs. In fact, when service was made, we were contacted by Mr. Martin of Crystal Springs and we effected a change in the Application of the proposed boundaries of the CCN expansion to exclude properties covered by a proposed Sewer CCN filed by Crystal Springs.

The TCEQ is continuing with the processing and approval of our application.

Memorandum

To: Board of Directors – Porter MUD
From: Greg A. Parker, P.E.
Date: December 23, 2002
Re: CCN Expansion Application
Project No. 99012-00800

I received a telephone call from Mr. Howell on Thursday regarding Crystal springs Water Company. Mr. Martin is still claiming that he was not noticed by mail. I discussed this matter in detail and indicated that notice was mailed to Mr. Martin as required by the regulations. Mr. Howell indicated that he would speak with Mr. Martin and get back with me.

I received a call this morning from Mr. Howell indicating that Mr. Martin still claims that he did not receive notice. Mr. Howell indicated that he was going to send Mr. Martin's protest to the hearings office for resolution. I reminded him that Porter MUD had followed all the requirements for notification, that Porter MUD had amended their application to exclude property requested by Mr. Martin due to a pending Sewer CCN application he had before the TCEQ. I suggested to Mr. Howell that since the TCEQ establishes the procedures for notification, establishes who should be notified, and provides addresses for notification that the TCEQ should stand behind their procedures and declare that Porter MUD has complied with the requirements and disallow Mr. Martin's untimely protest. He indicated he would send me a map of the area Mr. Martin wants Porter to exclude from their application. He also stated he would discuss this matter with his supervisor.

This would set a precedence that would jeopardize the entire CCN process.

I received a call from Mr. Martin this morning. He indicated he would fax me a map showing the area he and others wanted Porter MUD to release from their application. I explained that Porter MUD has met all the requirements of the TCEQ for notification and generally explained the district's reasoning for expanding their CCN service area. Mr. Martin indicated that he is poised to obtain an injunction to stop this process if an arrangement cannot be reached.

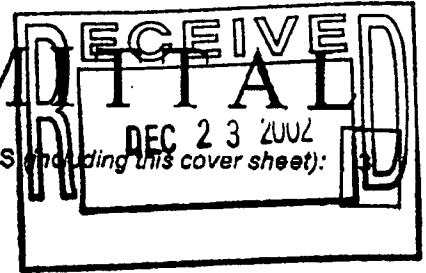
Mr. Martin suggested a meeting with several Board members to discuss this matter in detail sometime during the week of January 6.

I received the attached map from the TCEQ identifying the area of concern from Mr. Martin.



Protecting Texas
by Reducing and
Preventing Pollution

FAX TRANSMISSION



DATE: December 23,
2002

NUMBER OF PAGES (including this cover sheet): 3

TO: Name Greg Parker
Organization Porter MUD
FAX Number (713)939-9907

FROM: TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Name Mike Howell
Division/Region Water Supply Division
Telephone Number 512-239-6960
FAX Number 512-239-6972

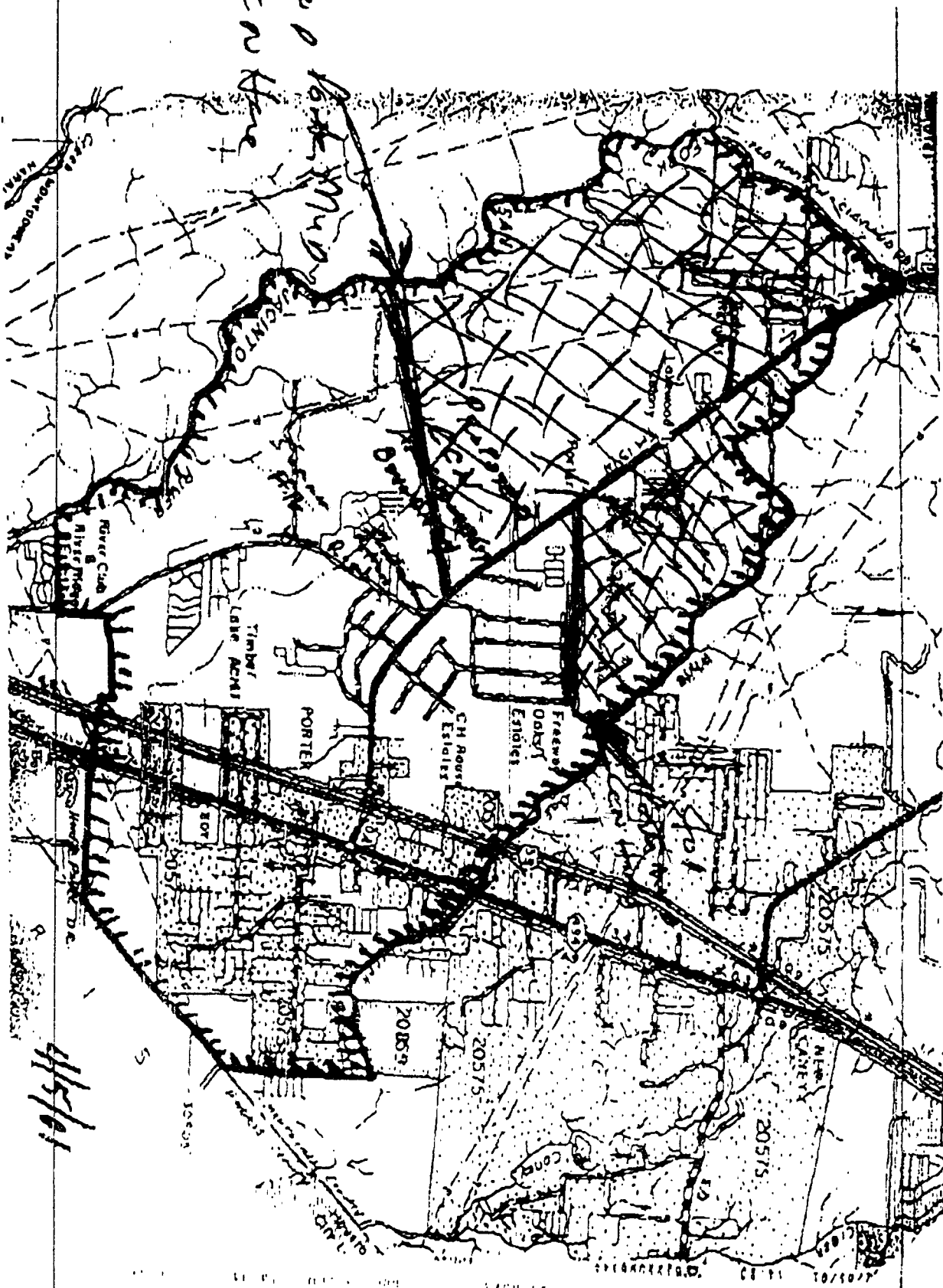
NOTES:

Attached is the map sent to me by Mr. Tom Martin of Crystal Springs Water Company. Mr. Martin would like to know if Porter MUD is willing to remove the cross-hatched portion of the proposed area from Porter MUD's proposed area in Montgomery County.

00-00000000000000000000000000000000

916491 / 833

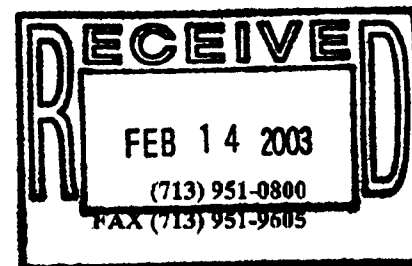
17. 1.4

[illegible]

**YOUNG & BROOKS
ATTORNEYS AT LAW
1415 LOUISIANA, FIFTH FLOOR
HOUSTON, TEXAS 77002-7349**

**J. RON YOUNG
MARK W. BROOKS**

MARGARET R. MADDOX



FAX TRANSMITTAL

PAGE 1 OF 6 (INCLUDES THIS SHEET)

DATE: February 14, 2003

TO: Greg A. Parker, P.E., Consulting Engineer

COMPANY: PORTER MUD

FAX: 713/939-9907

FROM: YOUNG & BROOKS

RE: Texas Commission on Environmental Quality (TCEQ)
Application to Amend Certificate of Convenience and Necessity (CCN) No. 20573
PORTER MUD

PLEASE CALL Joyce AT 713/951-0800 IF THE COPIES OF THIS TRANSMITTAL ARE NOT LEGIBLE, OR IF YOU HAVE DIFFICULTY WITH THIS TRANSMISSION. WE WILL NOT CONFIRM THIS TRANSMISSION WITH A FOLLOW-UP TELEPHONE CALL. OUR FAX MACHINE IS 713/951-9605.

THE INFORMATION CONTAINED IN THIS FAX MESSAGE IS INTENDED ONLY FOR THE CONFIDENTIAL USE OF THE DESIGNATED RECIPIENTS NAMED ABOVE. THIS MESSAGE MAY BE AN ATTORNEY-CLIENT COMMUNICATION, AND AS SUCH IS PRIVILEGED AND CONFIDENTIAL. IF THE READER OF THIS MESSAGE IS NOT THE INTENDED RECIPIENT OR AN AGENT RESPONSIBLE FOR DELIVERING IT TO THE INTENDED RECIPIENT, ANY REVIEW, DISSEMINATION, DISTRIBUTION, OR COPYING OF THIS MESSAGE IS **STRICTLY PROHIBITED**. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND RETURN THE ORIGINAL TRANSMITTAL TO US BY MAIL. THANK YOU.

99012-20800

Robert J. Huston, *Chairman*
R. B. "Ralph" Marquez, *Commissioner*
Kathleen Hartnett White, *Commissioner*
Margaret H. Ioffman, *Executive Director*



FAX TO GAFS
Parker

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

February 7, 2003

Margaret Maddox, Attorney at Law
Young & Brooks
1415 Louisiana, Fifth Floor
Houston, Texas 77002

Re: TCEQ Docket No. 2002-0311-UCR; Application of Porter Municipal Utility District to Amend Certificate of Convenience and Necessity ("CCN") No. 20573 in Montgomery County, Texas; Application No. 33613-C

Dear Ms. Maddox:

The mailed notice sent by Porter Municipal Utility District ("Applicant") to Crystal Springs Water Company ("Crystal Springs") on November 19, 2001, notifying that entity of the above-referenced CCN amendment application, contained an incorrect address for Crystal Springs. Crystal Springs has represented to me that it never received mailed notice of this application.

To complete my review, please send a mailed notice of your CCN amendment application to Crystal Springs at its correct address in accordance with 30 Texas Administrative Code ("TAC") § 291.106. Please ensure that the map of the proposed area sent with this mailed notice reflects your current revised proposed service area (and not the service area originally proposed).

30 TAC § 291.106(b)(5) requires that you submit an affidavit to the commission within 30 days of the date of the mailed notice specifying the person to whom notice was provided and the date of that notice. After you have properly mailed notice to Crystal Springs, please file a new "Affidavit of Notice to Neighboring Utilities and Affected Parties" with the commission specifying Crystal Springs as the person who received notice and the date mailed notice was given.

I will continue processing your application as an uncontested application if no hearing on the application is requested within 30 days after the required mailed notice is issued by the Applicant. However, if a hearing is requested by an affected person within 30 days after issuance of the mailed notice, I will refer the application back to the State Office of Administrative Hearings ("SOAH") for a hearing.

Please feel free to contact me at (512) 239-1108 if you have further questions regarding this matter.

Sincerely,

A handwritten signature in cursive script that reads "Mike Howell".

Mike Howell
Utilities & District Section
Water Supply Division

MH/ac

cc: Mailing List

MAILING LIST
Porter Municipal Utility District
TCEQ Docket No. 2002-0311-UCR

Margaret Maddox, Attorney at Law
Young & Brooks
1415 Louisiana, Fifth Floor
Houston, Texas 77002
Tel.: (713) 951-0800
Fax: (713) 951-9605
Representing: Porter Municipal Utility District

Wendall C. Braniff
816 Congress Ave., Suite 1100
Austin, Texas 78701
Tel: (512) 480-2216
Fax: (512) 291-1006
Representing: Crystal Springs Water Company

Blas Coy
TCEQ Office of Public Interest Counsel
MC-103, P.O. Box 13087
Austin, Texas 78711-3087
Tel: (512) 239-6363
Fax: (512) 239-6377
Representing the TCEQ Office of Public Interest Counsel

Geoffrey P. Kirshbaum, Staff Attorney
TCEQ Environmental Law Division
M.C. 173, P.O. Box 13087
Austin, Texas 78711-3087
Tel: (512) 239-6257
Fax: (512) 239-0606
Representing the TCEQ Executive Director

Doug Holcomb, Section Manager
Utilities and Districts Section
TCEQ Water Supply Division
MC-153, P.O. Box 13087
Austin, Texas 78711-3087
Tel: (512) 239-6947
Fax: (512) 239-6972

Mike Howell, Staff Engineer
Utilities and Districts Section
TCEQ Water Supply Division
MC-153, P.O. Box 13087
Austin, Texas 78711-3087
Tel: (512) 239-1108
Fax: (512) 239-6972

Notice to Neighboring Systems and Cities

NOTICE OF APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN)
TO PROVIDE SEWER UTILITY SERVICE IN MONTGOMERY COUNTY

To: Crystal Springs Water Company
Attn: Mr. Tom Martin
P.O. Box 603
Porter, Texas 77365

Date Notice Mailed:
March 5, 2003

Porter Municipal Utility District has filed an application to amend CCN No. 20573 with the Texas Commission On Environmental Quality to provide sewer utility service in Montgomery County.

The proposed utility service area is located approximately 7 miles north of downtown Humble, Texas and is generally bounded on the north by White Oak Creek; on the east by White Oak Creek and the Montgomery-Harris County Lines; on the south by North Park Drive; and on the west by the San Jacinto River. The total area being requested includes approximately 19,600 acres and 0 current customers.

A request for a public hearing must be in writing. You must state (1) your name, mailing address, and daytime telephone number; (2) the applicant's name, application number or another recognizable reference to this application; (3) the statement, "I/we request a public hearing"; (4) a brief description of how you or the persons you represent would be adversely affected by the granting of the application for a CCN; and (5) your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

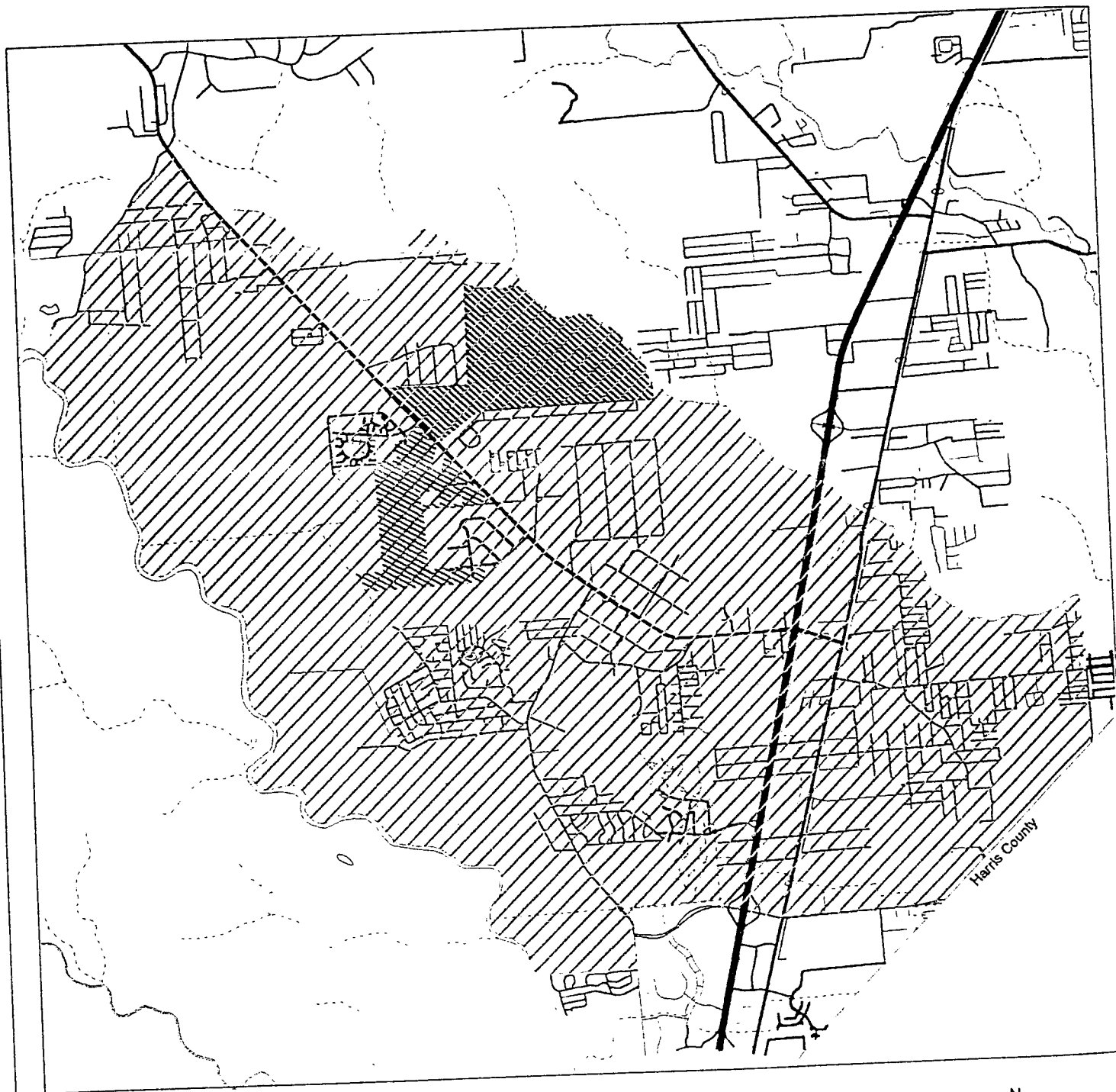
Persons who wish to intervene or comment should write the:

Texas Commission On Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P.O. Box 13087
Austin, TX 78711-3087

within thirty (30) days from the date of this publication or notice. A public hearing will be held only if a legally sufficient hearing request is received or if the Commission on its own motion requests a hearing. Only those individuals who submit a written hearing request or a written request to be notified if a hearing is set will receive notice if a hearing is scheduled.

If a hearing is requested, the Executive Director will not issue the CCN and will forward the application to the State Office Administrative Hearings (SOAH) for a hearing. If no settlement is reached and an evidentiary hearing is held, the SOAH will submit a recommendation to the Commission for final decision. If an evidentiary hearing is held, it will be a legal proceeding similar to civil trial in state district court.

Porter MUD to amend Sewer CCN 3573
Administrative Review No. A-170-1
Montgomery County

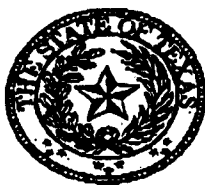


TNRCC

Porter MUD- Proposed Sewer CCN
Overlapping CCN and District Boundaries
Crystal Springs Water Co Inc- Proposed Sewer CCN
Montgomery Co MUD 56



0.5 0 0.5 Miles



Texas Natural Resource Conservation Commission

APPLICATION NO. _____

AFFIDAVIT OF NOTICE TO NEIGHBORING UTILITIES AND AFFECTED PARTIES

STATE OF TEXAS

COUNTY OF _____

_____ has provided individual notice to
the following entities:

DATE

OATH

I, _____, being duly sworn, file this form as
_____ (indicate relationship to applicant, that is, owner,
member of partnership, title of officer of corporation, or other authorized representative of applicant); that
in such capacity, I am qualified and authorized to file and verify such form, am personally familiar with the
notices given with this application, and have complied with all notice requirements in the application and
application acceptance letter; and that all such statements made and matters set for therein are true and
correct.

Applicant's Authorized Representative

If the applicant to this form is any person other than the sole owner, partner, officer of the applicant, or its'
attorney, a properly verified Power of Attorney must be enclosed.

Subscribed and sworn to before me this _____ day of _____, 2000, to certify
which witness my hand and seal of office.

Notary Public in and for the
State of Texas

Print or Type Name of Notary Public
Commission Expires _____

March 12, 2004

Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section MC-153
P.O. Box 13087
Austin, Texas 78711-3087

Attn: Mr. Mike Howell

Re: Porter Municipal Utility District
Expansion of CCN 20573 in Montgomery County Texas
Application No. 33613-C
Project No. 99012-00800

Dear Mr. Howell:

As we discussed over the past several months, we are enclosing four (4) copies each of the following maps:

Map identifying the boundaries of the Proposed Porter MUD CCN and adjacent utility districts and CCN holders. This map identifies specific areas agreed to for release from the Porter CCN, specifically property adjacent to MCMUD No. 84 and property to East Montgomery County MUD No. 3. The property released to EMCUD No. 3 was previously verified by correspondence to your office. The property released to MCMUD No. 84 is a new release and this submittal represents notification and request for amendment of Porter MUD's application to exclude that specific acreage.

Map identifying approximate locations of properties inquiring about sewer services from Porter MUD.

We have also enclosed one (1) copy each of correspondence to and from the property owners inquiring about services.

We trust this information will assist you in processing of the District's revised application. Should you have any questions or require additional information, please contact the undersigned.

Sincerely,

Greg A. Parker, P.E.
District Engineer

Enclosures

cc: Porter MUD
Mr. Ron Young, attorney – Young & Brooks, LLP
Mr. Geoffrey Kirshbaum – TCEQ Legal Services

C:/Projects/99012/9901200800/LOT-CCN Application Modification – 03-12-2004

XXXXXXXXXXXX 713-812-7200
XXXXXXXXXXXX 713-812-7255

April 28, 2004

Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section MC-153
P.O. Box 13087
Austin, Texas 78711-3087

Attn: Mr. Mike Howell

Re: Porter Municipal Utility District
Expansion of CCN 20573 in Montgomery County Texas
Application No. 33613-C
Project No. 99012-00800

Dear Mr. Howell:

As discussed at the SOAH Hearing of March 25, 2004 and your subsequent fax request, enclosed is a copy of a color-coded map identifying the proposed boundaries of the Porter MUD CCN and the boundaries of other utility district or sewer CCN holders.

We are forwarding one copy to each of the listed Party Representatives.

We trust this information will assist you and the court in this matter. Should you have any questions or require additional information, please contact the undersigned.

Sincerely,

Greg A. Parker, P.E.
District Engineer

Enclosures

cc: Porter MUD

October 9, 2003

Texas Commission on Environmental Quality
Water Permits and Resource Management Division
Utilities and Districts Section MC-153
P.O. Box 13087
Austin, Texas 78711-3087

Attn: Mr. Mike Howell

Re: Porter Municipal Utility District
Expansion of CCN 20573 in Montgomery County Texas
Application No. 33613-C
Project No. 99012-00800

Dear Mr. Howell:

We recently became aware of two (2) municipal utility districts that would be impacted by the current CCN Application No. 20573 of Porter Municipal Utility District. These districts, Montgomery County Municipal Utility District No. 83 and Montgomery County Municipal Utility District No. 84 were not previously notified. It is not the intent of Porter Municipal Utility District to seek overlapping service areas with these entities.

We have also become aware of the creation of a district known as East Montgomery County Municipal Utility No. 3. We have been in contact with their attorney and they have requested that we delete a specific area from our proposed CCN as the current property owner wishes to obtain sewer service from their district.

We were aware of the existence of East Montgomery County Improvement District but was not aware that we needed to contact them since they did not provide sewer services. EMCID boundaries currently overlap the boundaries of Porter MUD and its existing CCN and a portion of the proposed CCN. We have notified them and requested their concurrence for overlapping jurisdiction.

To resolve this matter the following actions have been taken:

- a) We have forwarded individual notices and maps to Montgomery County Municipal Utility District No. 83, Montgomery County Municipal Utility District No. 84, East Montgomery County Municipal Utility District No. 3 and East Montgomery County Improvement District. We have enclosed four (4) copies of each notice and map for neighboring utilities as required.

- b) Enclosed is one (1) original and three (3) copies of the affidavit of individual notice to neighboring utilities as required.

We hereby request amendment of our application to exclude the following jurisdictional overlaps and have enclosed a revised map accordingly:

- 1) Montgomery County Municipal Utility District No. 83
- 2) Montgomery County Municipal Utility District No. 84
- 3) East Montgomery County Municipal Utility District No. 3

As a note, Porter Municipal Utility District continues to receive inquiries concerning the availability of sanitary sewer services.

We trust this information will assist you in processing of the District's revised application. Should you have any questions or require additional information, please contact the undersigned.

Sincerely,

Greg A. Parker, P.E.
District Engineer

Enclosures

cc: Porter MUD
Mr. Ron Young, attorney – Young & Brooks, LLP
Mr. Geoffrey Kirshbaum – TCEQ Legal Services

C:/Projects/99012/9901200800/LOT-CCN Application Modification

December 5, 2001

Texas Natural Resource Conservation Commission
Water Permits and Resource Management Division
Utilities and Districts Section MC-153
P.O. Box 13087
Austin, Texas 78711-3087

Attn: Ms. Karen Blaschke

Re: Porter Municipal Utility District
Expansion of CCN 20573 in Montgomery County Texas
Application No. 33613-C
Project No. 99012-00800

Dear Ms. Blaschke:

As required by letter from the TNRCC dated October 26, 2001, we are providing the following documents and information to address the concerns relating to the Application to Amend CCN No. 0573 held by Porter Municipal Utility District.

As proof that we have complied with the notification process as follows:

- a) We have published the required notice once a week for two (2) consecutive weeks in the Humble-Kingwood-East Montgomery County Observer Sun. We have attached one original and three copies of the affidavit of publication with tear sheets as required.
- b) We have forwarded individual notices and maps to the entities noted in your letter with the exception of Montgomery County MUD #58 and Forest Cove MUD both of which have been dissolved. We have enclosed four (4) copies of each notice and map for neighboring utilities as required.
- c) Enclosed is one (1) original and three (3) copies of the affidavit of individual notice to neighboring utilities as required.

DO NOT DETACH

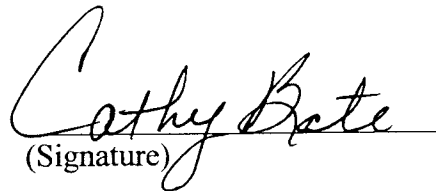
CERTIFICATE OF POSTING OF NOTICE OF MEETING

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

I, Cathy Bate, the undersigned, hereby state that I posted a copy of the attached Notice of Meeting of the Board of Directors of Porter Municipal Utility District at a location convenient to the public, within the boundaries of the District, at 23922 Loop 494, Porter, Texas, on the 29th day of July 2004, at 3:00 p.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, August 3, 2004 at 6:00 p.m.


(Signature)



AGENDA

PORTER MUNICIPAL UTILITY DISTRICT

NOTICE OF SPECIAL MEETING

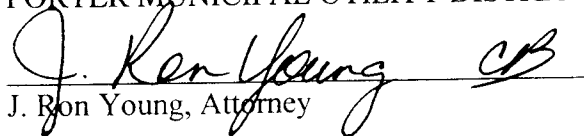
Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of Porter Municipal Utility District will meet for a Special Meeting open to the public, at **6:00 p.m.**, on **Tuesday, August 3, 2004** at the Porter Municipal Utility District Office, 23922 Loop 494, Texas. The items of business to be considered and transacted during said meeting are as follows:

1. Invocation and Pledge of Allegiance.
2. Review, discuss and take action on recommendation from Ron Young the District's Attorney concerning Wastewater Treatment Capacity Agreement with Valley Ranch and The Signorelli Company (developer) and Porter MUD.
3. Review and discuss 2004 – 2005 Budget for physical year ending September 30, 2005.

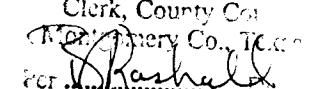
Pursuant to V.T.C.A., Government Code, Chapter 551, the Board of Directors may convene in closed session to discuss matters relating to pending or contemplated litigation, personnel matters, or real estate transactions.

EXECUTED this 29th day of July 2004.

PORTER MUNICIPAL UTILITY DISTRICT


J. Ron Young, Attorney

DISTRICT SEAL

POSTED
29 day of July 04
MARK TURNBULL
Clerk, County of
Montgomery Co., Texas
Per 

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
AUGUST 3, 2004

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

PORTER MUNICIPAL UTILITY DISTRICT §

The Board of Directors (the "Board") of Porter Municipal Utility District (the "District") met in special session, open to the public, at its regular meeting place inside the boundaries of the District, at 23922 Loop 494, Porter, Texas, on Tuesday, August 3, 2004 at 6:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Bill Sparks	-	President
Les L. Adams	-	Vice President
Ursel D. Mikel	-	Secretary
Jacques Verron	-	Treasurer/Investment Officer
Wayne Curry	-	Assistant Secretary/Assistant Treasurer

All members of the Board were present, thus constituting a quorum.

Also attending the meeting were Danny Signorelli, developer of land; Greer Pagan with Allen, Boone & Humphries, Attorney for Mr. Signorelli; Jeffrey Kay, Operator for the District; Greg Parker, the District's Engineer; Cathy Bate, the District's Office Manager; Jeannie Hargis, the District's Bookkeeper; and Gwen Briggs, Recording Secretary for the District.

WHEREUPON, the President called the meeting to order at 6:10 p.m. The posted meeting notices are attached hereto collectively as Exhibit "A".

PLEDGE OF ALLEGIANCE

The meeting was opened with an invocation by Director Sparks and the reciting of the Pledge of Allegiance.

WASTEWATER TREATMENT AGREEMENT WITH SIGNORELLI COMPANY (the
"Agreement")

Mr. Pagan presented the Board with copies of a "red lined" Agreement which reflects the changes that were made to the Agreement as requested by the District's Engineer and Attorney.

Mr. Parker noted that Signorelli has the option to expand the interim sewage treatment plant prior to constructing the permanent sewage treatment plant. Mr. Parker inquired of Mr. Signorelli about the phasing of the interim treatment plant which will have an affect on the District's operations of the interim plant. Mr. Signorelli stated that, to date, no decision on the phasing of the interim treatment plant as been determined.

Mr. Parker noted that a separate account will be established by the District related to the operations of the treatment plant and that a two month operating reserve will be established. An annual audit of said account will be conducted by the District's auditor.

Mr. Parker next noted that the Agreement establishes a twenty-one (21) month lead time for the District to design and construct the permanent treatment plant. Mr. Parker continued that the costs of design and construction will be borne by Signorelli or Valley Ranch MUD No. 1.

Discussion then followed that the Agreement does not address the consequences if the treatment plant exceeds its permitted flows and the associated fines for said violations. Mr. Parker suggested that Section 4.07 of the Agreement be revised to address the above and clarify that any fines associated with violations at the treatment plant will be paid by Signorelli or Valley Ranch MUD No. 1.

Discussion then followed on Section 4.03 of the Agreement....Construction of the Permanent Treatment Plant. Section 4.03 (c) is to be revised to read as follows: "The Developer/District will make a capital payment for the construction of the permanent wastewater treatment plant and shall advance funds for design and construction of the Permanent Wastewater Treatment Plant upon the District's authorization for the District's Engineer to proceed with designing and then constructing the Permanent Wastewater Treatment Plant". (Said language may be revised pursuant to the District's Attorney but the Board's intent shall remain).

After further discussion, Director Verron motioned approval of the Wastewater Treatment Capacity Agreement by and between the District and the Signorelli Company on behalf of Valley Ranch Municipal Utility District No. 1. The motion was seconded by Director Mikel and approved by unanimous vote. Mr. Signorelli noted that the Developer's name in the Agreement should be Sig-Valley Ranch and not the Signorelli Company.

2005 BUDGET

The Board next reviewed and made changes to a draft budget of expenses and revenues for the District's fiscal year ending September 30, 2005. The categories addressed included (i) the Operating Revenues, (ii) Professional Services Expenses, (iii) Sewer Operating Expenses, (iv) Office Expenses, and (v) Expenses for Capital Improvements.

After review and discussion of said draft budget, it was the consensus of the Board to adopt the final budget, with the noted corrections made thereto, at the August 17, 2004 meeting.

OTHER MATTERS TO COME BEFORE THE BOARD

It was the consensus of the Board to schedule a special meeting for August 30, 2004 to (i) move forward with the issuance of bonds, (ii) levy the District's 2004 tax rate, and (iii) renew the District's insurance policies.

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 8:30 p.m.

PASSED, ADOPTED AND APPROVED this 17th day of August, 2004.


Secretary, Board of Directors

(DISTRICT SEAL)

DO NOT DETACH

CERTIFICATE OF POSTING OF NOTICE OF MEETING

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

I, Cathy Bate, the undersigned, hereby state that I posted a copy of the attached Notice of Meeting of the Board of Directors of Porter Municipal Utility District at a location convenient to the public, within the boundaries of the District, at 23922 Loop 494, Porter, Texas, on the 23rd day of July 2004, at 2:20 p.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Wednesday, July 28, 2004 at 7:00 p.m.


(Signature)

AGENDA

PORTER MUNICIPAL UTILITY DISTRICT

NOTICE OF SPECIAL MEETING

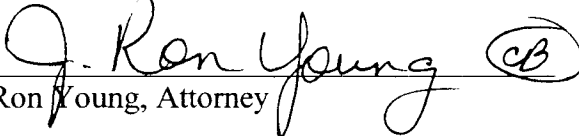
Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of Porter Municipal Utility District will meet for a Special Meeting open to the public, at **7:00 p.m.**, on **Wednesday, July 28, 2004** at the Porter Municipal Utility District Office, 23922 Loop 494, Texas. The items of business to be considered and transacted during said meeting are as follows:

1. Invocation and Pledge of Allegiance.
2. Review, discuss and take action concerning Valley Ranch Development Term Sheet between The Signorelli Company and Porter MUD.
3. Consider and take action on revision to the May 18, 2004 minutes related to hourly wage for District laborer.
4. Consider and take action on additional revision to the Service Agreement to New Caney ISD.

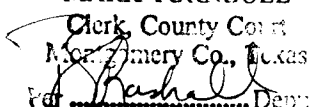
Pursuant to V.T.C.A., Government Code, Chapter 551, the Board of Directors may convene in closed session to discuss matters relating to pending or contemplated litigation, personnel matters, or real estate transactions.

EXECUTED this 23rd day of July 2004.

PORTER MUNICIPAL UTILITY DISTRICT


J. Ron Young, Attorney

DISTRICT SEAL

POSTED
23 day of July 04
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas

Per _____ Depu

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
JULY 28, 2004

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

PORTER MUNICIPAL UTILITY DISTRICT §

The Board of Directors (the "Board") of Porter Municipal Utility District (the "District") met in special session, open to the public, at its regular meeting place inside the boundaries of the District, at 23922 Loop 494, Porter, Texas, on Wednesday, July 28, 2004 at 7:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Bill Sparks	-	President
Les L. Adams	-	Vice President
Ursel D. Mikel	-	Secretary
Jacques Verron	-	Treasurer/Investment Officer
Wayne Curry	-	Assistant Secretary/Assistant Treasurer

All members of the Board were present, thus constituting a quorum.

Also attending the meeting were Danny Signorelli, developer of Valley Ranch MUD No. 1; Steve Robinson with Allen, Boone & Humphries, Attorneys for Mr. Signorelli; Jeffrey Kay, Operator for the District; Greg Parker, the District's Engineer; Cathy Bate, the District's Office Manager; and Gwen Briggs, Recording Secretary for the District.

WHEREUPON, the President called the meeting to order at 7:00 p.m. The posted meeting notices are attached hereto collectively as Exhibit "A".

PLEDGE OF ALLEGIANCE

The meeting was opened with an invocation by Director Sparks and the reciting of the Pledge of Allegiance.

AGREEMENT WITH SIGNORELLI COMPANY REGARDING CONSTRUCTION OF WASTEWATER TREATMENT PLANT

Discussion followed on the Term Sheet related to the District providing wastewater treatment service to approximately 600 acres to be known as Valley Ranch MUD No. 1. Mr. Robinson stated that it is in the best interest of the Signorelli development to create its own MUD and that the new MUD will remain in the District's expanded CCN. Under the Term Sheet, the District will design and construct a permanent treatment plant which will be funded by Signorelli. The District will also be responsible for operating and maintaining the plant but Valley Ranch MUD No. 1 will bill its customers.

An initial draft of the Wastewater Treatment Capacity Agreement (the "Agreement") between the parties was then reviewed. It was the consensus of the Board to revise Section 4.02 of the Agreement to read that the number of equivalent single-family connections should be changed to 250, at which point the parties will meet to discuss the taking the appropriate actions to begin the design and construction of the permanent treatment plant.

Mr. Signorelli stated that the first phase of development of Valley Ranch MUD No. 1 calls for 480 lots and that D.R. Horton Homebuilders has agreed to purchase these lots. Mr. Signorelli stated that a package treatment plant will be put in place to serve the initial development of Valley Ranch MUD No. 1.

The Board next reviewed Mr. Parker's Memorandum (page 7 of the meeting packet), concerning Mr. Parker's comments to the Term Sheet. Several changes were noted to the Term Sheet/Agreement by the Board and Mr. Parker; which changes/additions were approved by Mr. Robinson and Mr. Signorelli.

After further discussion, Director Verron motioned approval for Mr. Robinson to proceed with finalizing the Agreement subject to Mr. Parker's and Mr. Young's review and approval of same. The motion was seconded by Director Curry and approved by unanimous vote.

REVISIONS TO MAY 18, 2004 MINUTES

Related to the salary to be paid to new employees addressed in the minutes at the May 18, 2004 meeting, Director Adams motioned approval to revise said motion that the hourly rate of pay will range from \$8.00 to \$10.00 and will be determined at the time the employee is hired. The motion was seconded by Director Verron and approved by unanimous vote.

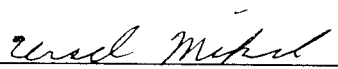
SERVICE AGREEMENT WITH NEW CANEY ISD

It was noted that at the July 20, 2004 meeting, the Board approved a correction on page 4 of the Service Agreement with New Caney ISD. Under Section 2.01 (b) of the Agreement, the Board agreed to delete the wording "(other than fees and expenses of the District's engineer)". Subsequent to the July 20, 2004 meeting, it was discovered that the same language appeared under Section 6.16 of the Service Agreement. Upon motion by Director Curry, seconded by Director Adams, the Board by unanimous vote approved the deletion of the above-stated wording under Section 6.16 of the Service Agreement with New Caney ISD, as well as under Section 2.01 (b).

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 8:00 p.m.

PASSED, ADOPTED AND APPROVED this 17th day of August, 2004.

(DISTRICT SEAL)


Secretary, Board of Directors

DO NOT DETACH

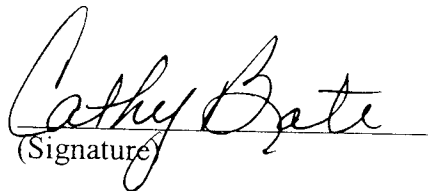
CERTIFICATE OF POSTING OF NOTICE OF MEETING

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

I, Cathy Bate, the undersigned, hereby state that I posted a copy of the attached Notice of Meeting of the Board of Directors of Porter Municipal Utility District at a location convenient to the public, within the boundaries of the District, at 23922 Loop 494, Porter, Texas, on the 15th day of July 2004, at 3:45 p.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, July 20, 2004 at 7:00 p.m.


(Signature)

AGENDA
PORTER MUNICIPAL UTILITY DISTRICT

Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of Porter Municipal Utility District will meet in regular session, open to the public, at **7:00 p.m.**, on **Tuesday, July 20, 2004** at the Porter Municipal Utility District Office, 23922 Loop 494, Porter, Texas, at which meeting the following items will be considered:

1. Invocation and Pledge of Allegiance;
2. Approval of Minutes of meeting(s) on May 18, 2004, June 2, 2004, June 15, 2004 & June 22, 2004.
3. Communications and take any necessary action on items listed;
 - a. Water News Letter from Porter Water Supply Corporation dated June 2004.
 - b. Letter from United States Department of the Interior; National Park Service dated June 15, 2004.
 - c. List of Directors, Consultants and Tax Information sheet received from Ron Young
4. Public Forum, including;
5. C P A's Report, including;
 - a. Authorizing payment of District bills and issuance of checks.
 - b. Acceptance of bookkeeper's report.
 - c. Approve the quarterly 941 and TWC reports.
 - d. Approve the quarterly Investment report.
6. Tax Assessor/Collector's report including;
 - a. Review and Approve Tax report.
7. Engineer's Report, including;
 - a. Review and discuss status of WWTP Site Fencing and consider acceptance of facilities as complete.
 - b. Review and discuss status of WWTP Digester Aeration Modifications and consider acceptance of facilities as complete.
 - c. Review status of TPDES Permit Application and Amendment.
 - d. Review and discuss GASB 34 mapping requirements.
 - e. Review status of CCN Update and Expansion and take any action.
 1. Discuss and act on request from Clinton Wong – Amvest
 2. Discuss and act on request by Signorelli – Valley Ranch
 3. Discuss and act on request by 1207 Grand Parkway
 4. Discuss and act on request by Landcraft Development
 5. Discuss and act on request by Terramark Communities
 6. Discuss and act on request by Friendswood Development
 - f. Review and discuss TxDOT plans for widening of FM 1314 and relocation and extension of District facilities and take any action.
 - g. Review and discuss TxDOT plans for improvements to US Hwy 59 and relocation of District facilities and take any action.
 - h. Review and discuss System (lift station) "H" repairs and consider award of contract as appropriate.
 - i. Discuss status of Hill and Smith Annexations and sewer service extension and take any action.
 - j. Discuss status of Martin, et al annexation and take any action.

15 **POSTED**
day of *July* 2004
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas
Per *[Signature]* Deputy

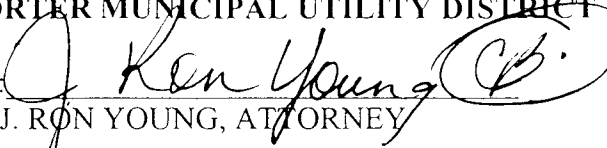
- k. Review and discuss status of New Caney ISD service agreement and construction of facilities and take any action.
 - l. Review status of Ambush Road Sewer Extension and take any action.
 - m. Review and discuss System "D" cleaning and video evaluation along FM 1314 and consider award of contract as appropriate.
 - n. Consider authorization to perform manhole and video evaluation of Sewer System (lift station) "D" along FM 1314.
 - o. Other engineering items for discussion and action, as appropriate
 1. Review inquires for sewer service outside current boundaries.
 - a. Golden Trails and
 - b. Freeway Oaks
 2. Review status of sewer service request inside district boundaries as appropriate
 - a. Hendricks Interest
 - b. A-Ok Auto Sales – Mr. & Mrs. Smith – Request for sewer capacity.
 - c. Porter Food Store – Request for additional sewer capacity.
 - d. Auto Zone – Request for sewer capacity.
 - e. Ben Polk – Request for sewer capacity.
 3. Review, discuss and take action concerning non-compliance conditions of customers as appropriate.
 - a. First Baptist Church
 - b. Atta Ur Rahman – Auto Repair Shop – Request for sewer capacity.
 4. Other engineering items as may require discussion or action.
8. Operator's Report, including;
 - a. Monthly report on operations of wastewater treatment plant and lift stations and take any necessary action.
 - b. Discussion concerning repairs to broken main at 21444 West Wallis Drive.
 - c. Discuss and take action concerning service line for James Collins at 21444 West Wallis Drive.
 - d. Discussion concerning repairs made to #2 Clarifier Drive.
 - e. Discussion concerning District Laborer.
 9. Financial Advisor's Report;
 10. New business;
 - a. Consider and take action on appointing 2004 – 2005 Budget Committee.
 - b. Consider and take action on Agreement of Porter MUD not to seek a CCN over Central Tree Development.
 - c. Consider and take action on Agreement of Porter MUD not to seek a CCN over Starwood Development, LLC.
 11. Old Business;
 - a. Review, discuss and take any necessary action concerning Wedgewater Drying Beds.
 12. Office Manager's Report, including;
 - a. Monthly benefit reports.
 - b. Report on Insurance claim with TML.
 - c. Consider and take action on recommendation from Cathy Bate, office manager, concerning annual review of employees.
 13. Attorney's Report;

14. Reports and proposals by Board of Directors;
 - a. Report from Bill Sparks and Jacques Verron concerning meeting on June 30, 2004
 - b. Report from Bill Sparks and Jacques Verron concerning meeting on July 5, 2004

Pursuant to V.T.C.A., Government Code, Chapter 551, the Board of Directors may convene in closed session to discuss matters relating to pending or contemplated litigation, personnel matters, or real estate transactions.

EXECUTED this 15th day of July 2004.

DISTRICT SEAL

PORTER MUNICIPAL UTILITY DISTRICT
By: 
J. RON YOUNG, ATTORNEY

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
JULY 20, 2004

THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

PORTER MUNICIPAL UTILITY DISTRICT §

The Board of Directors (the "Board") of Porter Municipal Utility District (the "District") met in regular session, open to the public, at its regular meeting place inside the boundaries of the District, at 23922 Loop 494, Porter, Texas, on Tuesday, July 20, 2004 at 7:00 p.m.; whereupon, the roll was called of the members of the Board, to-wit:

Bill Sparks	-	President
Les L. Adams	-	Vice President
Ursel D. Mikel	-	Secretary
Jacques Verron	-	Treasurer/Investment Officer
Wayne Curry	-	Assistant Secretary/Assistant Treasurer

All members of the Board were present, thus constituting a quorum.

Also attending the meeting were Bill Blitch of SAMCO Capital Markets, Co-Financial Advisor to the District; Jeannie Hargis with the office of Paula J. Hargis, CPA, the District's Bookkeeper; Jeffrey Kay, Operator for the District; Greg Parker, the District's Engineer; Cathy Bate, the District's Office Manager; Karen Ferguson, employee of the District; and Gwen Briggs, Recording Secretary for the District. A list of other people attending the meeting is attached hereto as Exhibit "A".

WHEREUPON, the President called the meeting to order at 7:00 p.m. The posted meeting notices are attached hereto collectively as Exhibit "B".

PLEDGE OF ALLEGIANCE

The meeting was opened with an invocation by Director Sparks and the reciting of the Pledge of Allegiance.

APPROVAL OF MINUTES

The first item of business to come before the Board was the approval of the minutes from the meetings held on May 18, 2004, June 2, 2004, June 15, 2004 and June 22, 2004. Director Adams moved approval of the minutes from the meetings held on the above-stated dates, as presented. Director Verron seconded the motion which was approved by unanimous vote.

COMMUNICATIONS

Communications reviewed by the Board include the items listed on tonight's agenda under items 3.a. through 3.c. and contained in the meeting packet beginning on page 26. Director Curry moved acceptance of the Communications listed under items 3.a. through 3.c. of the agenda. The motion was seconded by Director Verron and approved by unanimous vote. The Board noted that the list of Directors/Consultants for the District should be updated.

HEAR FROM THE PUBLIC

The Board noted that no one from the public was present at tonight's meeting wishing to address the Board.

BOOKKEEPER'S REPORT

The Board next received the Bookkeeper's report. Ms. Hargis reviewed the Bookkeeper's report, a copy of which is attached hereto as Exhibit "C". The District's Depository Pledge Reports with Bank of America and Wells Fargo National Bank for the

month of July, 2004 are included in the Bookkeeper's report attached hereto. Ms. Hargis also reviewed the additional checks written after her written report was completed.

Ms. Hargis noted that a bond payment of \$151,637 will be wired transferred into the District's Debt Service Account prior to the due date of September 1, 2004.

Ms. Hargis then reviewed the District's Investment Reports for the fourth quarter of 2004. Upon motion by Director Curry, seconded by Directors Adams, the Board by unanimous vote approved the Investment Reports for the fourth quarter of 2004 as prepared by Ms. Hargis.

Upon motion by Director Verron, seconded by Director Curry, the Board by unanimous vote approved the quarterly 941 and TWC Reports, as presented by Ms. Hargis.

Following review of the Bookkeeper's report and further discussion concerning District funds, a motion was made by Director Verron to approve the Bookkeeper's report. The motion was seconded by Director Curry and approved by unanimous vote. Director Verron then motioned approval of payment of the checks listed in the Bookkeeper's report, including payment of the additional checks presented at the meeting which do not appear on the written report. The motion was seconded by Director Curry and approved by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board next reviewed the Montgomery County Tax Assessor/Collector's report dated July 2, 2004 related to tax collections within the District during the month of June, 2004. The report shows that the tax office has collected 95.31% of the District's 2003 taxes through June 30, 2004.

Ms. Hargis directed the Board's attention to page 65 of the meeting packet, a letter from J.R. Moore stating that the District's 2004 tax rate must be levied by September 1, 2004

in order for the tax rate to be included on Montgomery County's consolidated tax roll. Ms. Hargis also noted that the Tax Assessor/Collector is required to publish notice of the meeting date at which the tax rate will be levied at least seven (7) days prior to the meeting date. Upon motion by Director Adams, seconded by Director Mikel, the Board by unanimous vote authorized Ms. Hargis to contact Mr. Moore concerning the District's 2004 tax rate and the District's schedule to set the tax rate.

After further discussion of tax related matters, a motion was made by Director Curry, seconded by Director Mikel and approved by unanimous vote to approve the Tax Assessor/Collector's report. A copy of the Tax Assessor/Collector's report is attached attached hereto as Exhibit "D" and shall be considered a part of these minutes.

ENGINEER'S REPORT

Mr. Parker presented the report attached hereto as Exhibit "E" and reviewed the following items with the Board:

1. Related to the wastewater treatment plant expansion, Mr. Parker reported that the Contractor finalized the project and that he is processing the documents with the TWDB for final release of retainage. Mr. Parker stated that he prepared the Engineer's Certificate of Completion and requested the Board approve an Owner's Certificate of Acceptance. Upon motion by Director Curry, seconded by Director Mikel, the Board by unanimous vote approved the Owner's Certificate of Acceptance related to the wastewater treatment plant expansion project.

Mr. Parker next stated that NTS, the contractor for the digester aeration at the treatment plant expansion, has completed the project but has not yet provided certain materials and

documents (Operation and Maintenance Manuals and Affidavit of All Bills Paid) so NTS' 5% retainage has not yet been released.

2. Related to the District's TPDES permit renewal and modification application, Mr. Parker reported that all TCEQ requirements have been fulfilled and that the TCEQ is processing the permit at this time.

3. Mr. Parker stated that related to the GASB 34 audit requirements, he is preparing documentation for the depreciation schedules and updating mapping as necessary.

4. Mr. Parker stated that a Motion for Summary Judgement has been filed related to Clinton Wong (Amvest Corporation) protesting the District's CCN expansion.

5. Mr. Parker next reported that Mr. Signorelli has not yet provided the District's Financial Advisor with financial data related to the possible development of 600 acres.

6. Mr. Parker next stated that he has nothing new to report related to the following Developers: 1207 Grand Parkway, Landcraft Development and Terramark Communities.

7. Mr. Parker stated that he has had some preliminary discussions with Friendswood Development Company regarding sewer service to Bentwood Subdivision.

8. Mr. Parker next reported that the annexation of the Hill-Smith properties is proceeding.

9. Mr. Parker next reported that the District received Martin's \$2,000 annexation fee and that he is proceeding with the annexation of the this tract of land.

10. Related to TxDot's FM 1314 project, Mr. Parker stated that the City of Houston has approved the plans for this project as well as the Montgomery County Engineer's office. Mr. Parker stated that the final drawings for the lift station relocation are underway.

11. Mr. Parker next stated that the TxDot U.S. Highway 59 project is "on hold" for now due to other priorities.

12. Mr. Parker next informed the Board that he should receive bids for the repairs to System "H" lift station prior to next month's meeting. Mr. Parker stated that he will present his recommendation on awarding the contract for this project for the Board's consideration at the August, 2004 meeting.

13. Mr. Parker directed the Board's attention to page 86 of the meeting packet, a Utility Development and Service Agreement with New Caney ISD which Agreement has been revised by the School District. Mr. Parker recommended that under Section 2.01 (b) of the Agreement, the wording "(other than fees and expenses of the District's engineer)" be deleted. Upon motion by Director Curry, seconded by Director Adams, the Board by unanimous vote approved the deletion of the above-stated wording, as recommended by Mr. Parker.

14. Mr. Parker next informed the Board that the contractor should begin the Ambush Road sanitary sewer extension project in the near future.

15. Mr. Parker next directed the Board's attention to page 104 of the meeting packet, the bid tabulation to clean and televise sewer lines along F.M. 1314 in System D. Based on Mr. Parker's recommendation, Director Curry moved approval to award the project to AAA Flexible Pipe at a cost of \$7,147.50. The motion was seconded by Director Adams and approved by unanimous vote.

16. Mr. Parker next reported on inquiries for sewer service from out-of-District customers, as follows:

a. Mr. Parker stated that a service study is being prepared related to serving properties owned by Hendricks Interests.

b. Mr. Parker stated that A-OK Auto Sales has requested 150 gallons per day of sewer service for the facility. Upon motion by Director Verron, seconded by Director Adams, the Board by unanimous vote approved the above-stated request for sewer service.

c. Mr. Parker stated that the owner of a Snow Cone building has requested 10 gallons per day of sewer service for the facility which building is located on the Porter Food Store property. Upon motion by Director Verron, seconded by Director Adams, the Board by unanimous vote approved the above-stated request for sewer service.

d. Mr. Parker next discussed AutoZone's request for sewer service. Mr. Parker noted that there are no floor drains at the facility and that AutoZone plans to use an absorption method to clear grease and other oils. Mr. Parker stated that Mr. Davis (owner/manager of the facility) is agreeable to putting in a 100-gallon grease trap. Mr. Parker recommended that once installed, the Operators carefully monitor the grease trap on a continual basis.

e. The Board next considered Ben Polk's request for a second tap in order to tie in 12 additional units at a mobile home park on East Knox. Mr. Polk further requests 8,000 gallons per month of sewer service for each unit. The Board stated that each unit should have its own meter and suggested that a new 8-inch main line be put in and the 12 new units tie into this main line. It was the consensus of the Board to defer action on this matter until Mr. Polk provides Mr. Parker with revised plans.

f. Mr. Parker stated that he has had no further communications with First Baptist Church of Porter concerning the requirement that the Church installs a grease trap prior to receiving additional sewer service.

g. The Board next considered a request for sewer service from an Auto Repair Shop. Mr. Parker recommended that the Board defer action on this request until he has had an opportunity to perform an inspection of the facility.

17. Mr. Parker next reported that an inspection of the utilities to serve Forest Colony, Section 2 is scheduled for the following day.

After further discussion concerning engineering matters, a motion was made by Director Verron, seconded by Director Adams, and approved by unanimous vote to accept the Engineer's report as presented by Mr. Parker.

OPERATOR'S REPORT

The Board next received the Operator's report, a copy of which is attached hereto as Exhibit "F". Mr. Kay reviewed the list of work orders completed in June, 2004.

Mr. Kay next reviewed the run-times of the Lift Stations in June, 2004 compared to the run times in May, 2004.

Mr. Kay next reported that the wastewater treatment plant operated within the parameters of its discharge permit during the month of June.

Mr. Kay reported that a contractor had to be called in to repair a broken main on West Wallis Drive because a track hoe was needed to make the necessary repair.

Mr. Kay next reported that James Collins' 4-inch line continues to stop up which then flows into the District's sewer line. Upon motion by Director Curry, seconded by Director Mikel, the Board by unanimous vote authorized Ms. Bate to send Mr. Collins a certified letter that he is to repair the stoppage in his line no later than Friday, July 23, 2004 or his service will be terminated the following Monday.

Mr. Kay next reported that NTS recently replaced the conduit and motor on the No. 2 Clarifier Drive.

Mr. Kay next stated that interviews will continue to find an additional laborer.

After further discussion concerning operations within the District, a motion was made by Director Verron, seconded by Director Mikel to approve the Operator's report as presented by Mr. Kay. The motion carried by unanimous vote.

NEW BUSINESS

It was the consensus of the Board that all Directors should take part in developing the District's 2005 budget. Ms. Hargis and Ms. Bate will prepare a draft budget and any new expenses/revenues for consideration in the 2005 budget should be forwarded to Ms. Hargis as soon as possible.

Concerning the exclusion of certain properties from the District's expanded CCN, Director Curry moved approval of the Letter Agreements to exclude Central Tree Development's property and Starwood Development, LLC's property and further to authorize the President of the Board to execute said Letter Agreements. The motion was seconded by Director Mikel and approved by unanimous vote.

OFFICE MANAGER'S REPORT

Ms. Bate next reviewed with the Board the Monthly Benefit Reports for the District's personnel beginning on page 184 of the meeting packet.

Ms. Bate noted that the District received an additional check from TML for \$1,600 as supplemental payment for the March 4, 2004 claim.

Upon a motion duly made and seconded, the Office Manager's report was approved. The motion passed by unanimous vote. A copy of the Office Manager's report is attached

hereto as Exhibit "G".

CLOSED SESSION

Director Sparks convened the meeting into Closed Session at 8:30 p.m., pursuant to V.T.C.A. Government Code, Chapter 551.

OPEN SESSION

Director Sparks re-convened the meeting into Open Session at 8:40 p.m. It was the consensus of the Board that at the September, 2004 meeting, they will consider taking action on the annual review of District employees.

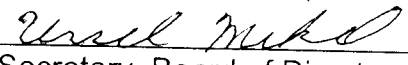
DIRECTORS' REPORTS

Discussion then followed on Directors Sparks' and Verron's meetings with representatives from Signorelli Development. Director Sparks stated that Signorelli Development plans to create a utility district comprised of approximately 600 acres and have requested that the District consider agreeing to design and construct a wastewater treatment plant which will be paid for by the Developer. It was the consensus of the Board to schedule a special meeting for July 28, 2004 to consider this matter further.

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 9:15 p.m.

PASSED, ADOPTED AND APPROVED this 17th day of August, 2004.

(DISTRICT SEAL)


Secretary, Board of Directors

DO NOT DETACH

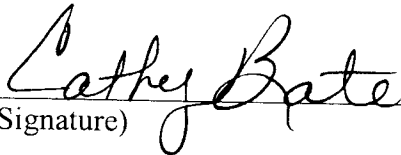
CERTIFICATE OF POSTING OF NOTICE OF MEETING

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

I, Cathy Bate, the undersigned, hereby state that I posted a copy of the attached Notice of Meeting of the Board of Directors of Porter Municipal Utility District at a location convenient to the public, within the boundaries of the District, at 23922 Loop 494, Porter, Texas, on the 17th day of June 2004, at 3:15 p.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, June 22, 2004 at 6:00 p.m.


(Signature)

AGENDA

PORTER MUNICIPAL UTILITY DISTRICT

NOTICE OF SPECIAL MEETING

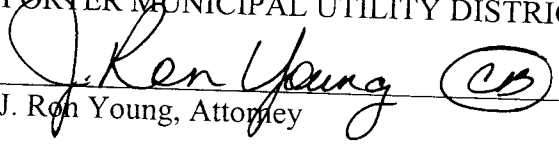
Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of Porter Municipal Utility District will meet for a Special Meeting open to the public, at **6:00 p.m.**, on **Tuesday, June 22, 2004** at the Porter Municipal Utility District Office, 23922 Loop 494, Texas. The items of business to be considered and transacted during said meeting are as follows:

1. Invocation and Pledge of Allegiance.
2. Adjourn from meeting at 23922 Loop 494 to Sanitary Sewer Treatment Plant at 24816 Cunningham for walk through concerning Wedgewater Drying Beds.
3. Open regular meeting.
4. Discuss and take any necessary action concerning installing Wedgewater Drying Bed.


Pursuant to V.T.C.A., Government Code, Chapter 551, the Board of Directors may convene in closed session to discuss matters relating to pending or contemplated litigation, personnel matters, or real estate transactions.

EXECUTED this 17th day of June 2004.

PORTER MUNICIPAL UTILITY DISTRICT


J. Ron Young, Attorney

DISTRICT SEAL

17 POSTED
day of June 04
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas
Per  Deputy

**MINUTES OF SPECIAL MEETING OF THE
BOARD OF DIRECTORS
June 22, 2004**

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

The Board of Directors (the "Board") of Porter Municipal Utility District (the "District") met in special session, open to the public, at its regular meeting place inside the boundaries of the District, at 23922 Loop 494, Porter, Texas, on Tuesday, June 22, 2004 at 6:00 p.m. whereupon, the roll was called of the members of the Board, to-wit

**Bill Sparks, President
Les L. Adams, Vice President
Ursel D. Mikel, Secretary
Jacques Verron, Treasurer/Investment officer
Wayne Curry, Assistant Secretary/Assistant Treasurer**

All members of the Board were present, thus constituting a quorum.

Also attending the meeting were, Jeffrey Kay, Operator for the District; Cathy Bate, the District's Office Manager; Karen Ferguson, employee of the District, Richard Stetzer of Newman Regency Group and Dennis Coe, representative of Coe Construction.

WHEREUPON, the President called the meeting to order at 6:00 p.m. The posted meeting notices are attached hereto collectively as Exhibit "A".

PLEDGE OF ALLEGIANCE

The meeting was opened with an invocation by Director Sparks and the reciting of the Pledge of Allegiance.

SEWER TREATMENT PLANT

At 6:05 p.m., the meeting was recessed and reconvened at the Sanitary Sewer Treatment Plant facility, 24816 Cunningham, Porter, Texas.

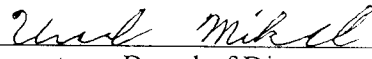
The Board of Directors along with Jeffrey Kay, Mr. Richard Stetzer and Dennis Coe discussed changing the #4 Drying Bed to a Wedgewater Bed.

At 7:10 p.m., the meeting reconvened at the District's office, 23922 Loop 494, Porter, Texas.

Mr. Stetzer presented a brochure on the Wedgewater Drying Beds containing calculation, recommendations, specifications, budget pricing and typical drawing of a proposed Wedgewater Bed. After much discussion concerning this matter, the Board directed Mr. Stetzer to prepare drawings and specifications on the Wedgewater Bed with the corrections made at this meeting. Mr. Stetzer will resubmit at a later date. Mr. Dennis Coe will be submitting a bid on the concrete work when specifications are submitted.

There being no further business to come before the Board, a motion was made by Director Verron, seconded by Director Curry and carried by unanimous vote to adjourn at 7:45 p.m.

PASSED, ADOPTED AND APPROVED this 20th day of July 2004.


Secretary, Board of Directors

(DISTRICT SEAL)

DO NOT DETACH

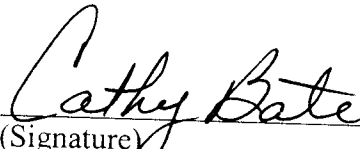
CERTIFICATE OF POSTING OF NOTICE OF MEETING

THE STATE OF TEXAS

COUNTY OF MONTGOMERY

PORTER MUNICIPAL UTILITY DISTRICT

I, Cathy Bate, the undersigned, hereby state that I posted a copy of the attached Notice of Meeting of the Board of Directors of Porter Municipal Utility District at a location convenient to the public, within the boundaries of the District, at 23922 Loop 494, Porter, Texas, on the 10th day of June 2004, at 1:30 p.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, June 15, 2004 at 7:00 p.m.


(Signature)