

DO NOT DETACH

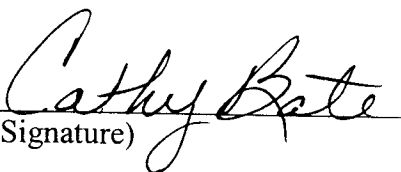
CERTIFICATE OF POSTING OF NOTICE OF MEETING

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 12th day February 2004, at 11:45 a.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, February 17, 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, February 17, 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 January 20 2004 & February 9, 2004.
3. Communications and take any necessary action on items listed;
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. Report on \$30,000.00 bond payment.
6. Tax Assessor/Collector's report including;
 - a. Review and Approve Tax report.
7. Engineer's Report, including;
 - a. Review and discuss status of Drainage Improvements for Bens Branch tributary No. 1 and Accept facilities as complete.
 - b. Review and discuss status of WWTP Site Fencing and take any action.
 - c. Review and discuss status of WWTP Digester Aeration Modifications and take any action.
 - d. Review status of TPDES Permit Application and Amendment.
 - e. Review and discuss GASB 34 mapping requirements.
 - f. Review status of CCN Update and Expansion and take any action:
 1. Discuss and act on request from Friendswood Development
 2. Discuss and act on request from Clinton Wong – Amvest
 3. Discuss and act on request by Signorelli – Valley Ranch
 - g. Review and discuss TxDOT plans for widening of FM 1314 and relocation and extension of District facilities and take any action.
 - h. Review and discuss TxDOT plans for improvements to US Hwy 59 and relocation of District facilities and take any action.
 - i. Review and discuss status of Sanitary Sewer Evaluation Study for System (lift station) "H" and take any action.
 - j. Discuss status of Hill-Martin and Smith Annexations and sewer service extension and take any action.
 - k. Review and discuss sewer capacity commitment for Wildwood Baptist Church and take any action.
 - l. Other engineering items for discussion and action, as appropriate:
 1. Review inquires for sewer service outside current boundaries.
 - a. Golden Trails/Porter Heights/Live Oak Estates – Ms. Kennedy
 2. Review status of sewer service inside district boundaries as appropriate
 3. Review, discuss and take action concerning non-compliance conditions of customers as appropriate.

4. Discuss need for Sanitary Sewer Evaluation Study for System (lift station) “D” trunk line prior to FM 1314 construction.
8. Operator’s Report, including;
 - a. Monthly report on operations of wastewater treatment plant and Lift Stations.
 - b. Discuss status of construction of Ambush Road sewer line by Mark Martin and take any necessary action.
9. New business;
 - a. Review and discuss developer reimbursement for sewer infrastructure in Forest Colony Section 1 & 2 and take any action.
 - b. Review, discuss and take action on Notice to amend New Caney Municipal Utility District CCN No. 11969 and 20575 water/sewer Utility Service in Montgomery County with the Texas Commission on Environmental Quality, “TCEQ”.
 - c. Call Directors Election for May 2004.
10. Old Business;
11. Financial Advisor Report;
12. Office Manager’s Report, including;
 - a. Monthly benefit reports.
 - b. Report on filing annual Audit with TCEQ.
13. Attorney’s Report;
14. Reports and proposals by Board of Directors;
 - a. Discuss and take action on changing Personnel Policy concerning Employee Retirement Plan.

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 12th day of February 2004.

PORTER MUNICIPAL UTILITY DISTRICT

DISTRICT SEAL

By: J. Ron Young (CS)
J. RON YOUNG, ATTORNEY

POSTED
12 day of Feb 04
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas
Per Blashed Dep

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
FEBRUARY 17, 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, February 17, 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 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; Bill Blich (arriving at 7:45 p.m.) of SAMCO Capital Markets, Co-Financial Advisor to the District; 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 January 20, 2004 and February 9, 2004. Director Adams moved approval of the minutes from the meetings of January 20, 2004 and February 9, 2004, as presented. Director Mikel seconded the motion which was approved by unanimous vote.

COMMUNICATIONS

There were no Communications to be reviewed by the Board at tonight's meeting.

HEAR FROM THE PUBLIC

The Board noted that no one from the public was present at the meeting who wished 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 February, 2004 are included in the Bookkeeper's report attached hereto. Ms. Hargis also reviewed the additional checks written after her written report was completed.

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 Adams and approved by unanimous vote. Director Adams

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 Verron and approved by unanimous vote.

Ms. Hargis next reported that the State Comptroller returned the \$30,000 bond that was returned to the State by mistake. Ms. Hargis confirmed that these funds came out of the Operating Account and have been re-deposited into the Operating Account.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board next reviewed the Montgomery County Tax Assessor/Collector's report dated February 5, 2004 related to tax collections within the District during the month of January, 2004. The report shows that the tax office has collected 80.30% of the District's 2003 taxes through January 31, 2004.

After further discussion of tax related matters, a motion was made by Director Curry, seconded by Director Adams 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 and channel improvements projects, Mr. Parker reported that he is recommending the release of retainage and paying the final pay request to Cross Contracting Services once he receives approval of the release of funds from the TWDB.

Mr. Parker next stated that he issued a Notice to Proceed to the contractor for the site fencing project at the treatment plant. Mr. Parker stated that the fencing should be completed within forty-five days.

2. Mr. Parker next reported that Neil Technical Services ("NTS") was the low bidder at \$56,220 for the digester aeration modification project and recommended that the Board award the contract to NTSI. Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote approved the award of the digester aeration modification project to NTS at a cost of \$56,220, subject to Director Mikel's review and approval of the specifications.

3. Related to the District's TPDES permit renewal and modification application, Mr. Parker reported that the TCEQ has prepared a draft permit which he just recently received. Mr. Parker next stated that he is providing the TCEQ with additional information they requested concerning average daily flows at the plant.

4. Mr. Parker stated that related to the GASB 34 audit requirements, he is preparing documentation of improvements made to District facilities since the first bond issue and will forward this information to the District's Auditor.

5. Mr. Parker stated that Friendswood Development proposed that the lots within the 22.9 acres receive sewer service from Montgomery County MUD No. 83 through an Interlocal Agreement. Friendswood Development also requested that a 3.7 acre tract located adjacent to the north edge of Montgomery County MUD No. 84 be released from the proposed Porter CCN for inclusion into Montgomery County MUD No. 84. Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote approved the release of 3.7 acres from the District's CCN.

6. Mr. Parker stated that he is waiting for a response from Clinton Wong regarding the District's suggestion that Amvest Corporation convey property to the District to construct a wastewater treatment plant in order to provide sewer service to Amvest Corporation's 470 acres.

7. Mr. Parker next reported on his meeting with Mr. Signorelli, Mr. Carter and Director Sparks concerning the possible development of 600 acres between White Oak Creek and Forest Colony. Mr. Signorelli is still reviewing the feasibility of the project.

8. Mr. Parker next reported that he received data for the Smith tract annexation and that the Attorney is reviewing the status of the Hill-Martin annexation project.

9. Related to TxDot's FM 1314 project, Mr. Parker stated that the District should be reimbursed for most of the costs of new Lift Station D by TxDot. Mr. Parker stated that he is evaluating the costs of the new Lift Station. Mr. Parker next recommended that a sewer line evaluation be completed on the lines that will be left in place. Mr. Parker next stated that plans for this project have not yet been submitted to the regulatory agencies.

10. Mr. Parker next stated that he is waiting for a response from TxDot to his written request for the agency to modify their facility locations related to their improvement project to U.S. Highway 59 in order to assist the District with reducing its costs to relocate the District's utilities.

11. Mr. Parker next informed the Board that AAA Pipe started the manhole inspection and line cleaning of System "H".

12. Mr. Parker informed the Board of a request for 120 gallons per day of sewer service from Wildwood Church to serve a future Fellowship Hall. Upon motion by Director Verron, seconded by Director Curry, the Board by unanimous vote approved Wildwood

Church's request for 120 gallons per day of additional sewer capacity and Mr. Parker issuing the Church a utility commitment letter.

13. Mr. Parker next informed the Board of his conversation with a resident in Golden Trails who is spearheading a campaign with residents in Golden Trails/Porter Heights and Live Oak Estates to receive sewer service from the District. The resident will arrange for a town hall meeting hopefully in March, 2004.

14. Mr. Parker next informed the Board on the status of obtaining an easement from the Rhodes. Mr. Parker added some provisions to the easement that Mr. Rhodes had requested and that he believed were reasonable. Mr. Rhodes indicated that he will execute the easement document in the near future.

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 January, 2004.

Mr. Kay next reviewed the run-times of the Lift Stations in January, 2004 compared to the run times in December, 2003.

Mr. Kay next reported that the wastewater treatment plant operated within the parameters of its discharge permit during this reporting period.

Mr. Kay next reported that the contractor for the sewer line extension project on Ambush Road has been delayed because of the weather.

Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote approved Mr. Kay purchasing a rain gauge with a program dialer from Electrical Field Services.

Mr. Kay next stated that he will obtain bids from NTS and Electrical Field Services to repair the panel to the RAS pump.

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

The President of the Board recognized Jack Carter and Danny Signorelli. Mr. Carter presented a report on a proposed bond issue to reimburse the developer for Forest Colony, Sections 1 and 2 as well as a report on a bond issue to reimburse the developer for Forest Colony, Sections 1 through 4. Mr. Carter stated that he will submit the plat for Sections 3 and 4 to the City of Houston in the future. Discussion then followed that there is no reimbursement agreement in place for Forest Colony, Section 2. After discussion, Director Curry motioned approval for the District's Attorney to prepare a Reimbursement Agreement for Forest Colony, Sections 2, 3 and 4. The motion was seconded by Director Verron and approved by unanimous vote.

Regarding the Notice the District received that New Caney MUD has filed with the TCEQ an application to amend its CCN, Director Adams moved approval not to oppose New Caney MUD's application. The motion was seconded by Director Curry and approved by unanimous vote.

Ms. Bate stated that the Directors Election will be held on May 15, 2004 and that Directors Mikel, Adams and Curry are up for re-election. Ms. Bate next informed the Board on the people who have agreed to serve as election officials. Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote adopted an Order Calling 2004 Directors Election and to pay the election officials \$8.00 per hour for both Early Voting and the day of the election.

OLD BUSINESS

The President of the Board recognized Kenny Allison who requested reimbursement of his costs to develop Cherokee Trace. Mr. Blich stated that the average value of the houses in this subdivision is too low to support a bond issue and maintain the District's current tax rate. Mr. Allison stated that he will obtain copies of the CAD's tax roll for Cherokee Trace and will notify the Board of his findings.

OFFICE MANAGER'S REPORT

Ms. Bate next reviewed with the Board the Monthly Benefit Reports for the District's personnel beginning on page 74 of the meeting packet.

Ms. Bate next informed the Board that the District's audit was e-filed to the TCEQ by the District's Auditor.

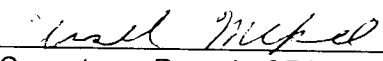
Upon a motion duly made and seconded, the Office Manager's report was approved. The motion passed by unanimous vote. A copy of the Office Manager's report is attached hereto as Exhibit "G".

DIRECTORS' REPORTS

Director Sparks stated that currently \$2,000 goes into a Roth IRA annually for the District's employees and recommended that the funds be placed in Oakmark Family of Funds. Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote approved placing funds for District employees' retirement plan in Oakmark Family of Funds.

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 16th day of March, 2004.


Secretary, Board of Directors

(DISTRICT SEAL)

DO NOT DETACH

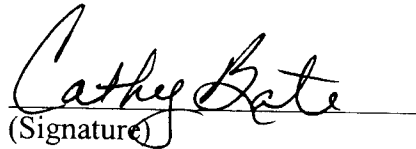
CERTIFICATE OF POSTING OF NOTICE OF MEETING

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 Special 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 3rd day February 2004, at 11:45 a.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Monday, February 9, 2004 at 7:00 p.m.


(Signature)

AGENDA

PORTER MUNICIPAL UTILITY DISTRICT

NOTICE OF SPECIAL MEETING

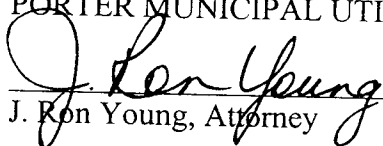
Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of Porter Municipal Utility District will meet for a Special Meeting open to the public, at **7:00 p.m.**, on **Monday, February 9, 2004** at the Porter Municipal Utility District Office, 23922 Loop 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 Audit of District's records for fiscal year ended September 30, 2003.
3. Review, discuss and approve recommendation from Engineer concerning blowers for Digester.
4. Review, discuss and approve recommendation for televising lines flowing through Lift Station "H", Adams Street area.

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.

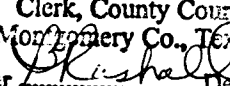
EXECUTED this 3rd day of February 2004

PORTER MUNICIPAL UTILITY DISTRICT



J. Ron Young, Attorney 

DISTRICT SEAL

POSTED
03 day of Feb 04
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas

Per _____ Depu

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
FEBRUARY 9, 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 Monday, February 9, 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 Tommy Sellars of Hereford Lynch Sellars & Kirkham, PC, the District's Auditor; Jeffrey Kay, Operator for the District; Cathy Bate, the District's Office Manager; Karen Ferguson, employee of the District; 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.

APPROVAL OF AUDIT

The first item of business to come before the Board was approval of the audit for fiscal year ended September 30, 2003. Mr. Sellars presented the final draft of the audit and noted certain revisions made to the audit since the original draft was mailed to the Directors. Mr. Sellars stated that the Bookkeeper complied with the terms of the District's Investment Policy and further acknowledged the District's consultants/employees cooperation to complete the District's audit. After further discussion, Director Verron motioned approval of the audit as prepared by Mr. Sellars' firm and electronically filing the audit with the TCEQ prior to February 12, 2004. The motion was seconded by Director Adams and approved by unanimous vote.

TELEVISIONING LIFT STATION

The Board next considered two bids to televise Lift Station H. AAA Flexible Pipe submitted the low bid of \$22,545. Depending on the findings of the televising, the Operators or AAA Flexible Pipe will correct the problems detected. After further discussion, Director Curry moved approval to award the contract to televise Lift Station H to AAA Flexible Pipe at a cost of \$22, 545 and further to authorize AAA Flexible Pipe or the Operators to proceed with any necessary repairs. The motion was seconded by Director Verron and approved by unanimous vote.

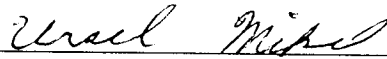
PURCHASE AUTO DIALER

The Board next considered Electrical Field Services' proposal for the District to purchase either a 4-channel auto dialer or an 8-channel auto dialer and to install one of the dialers at a cost of \$250. Upon motion by Director Curry, seconded by Director Mikel, the

Board by unanimous vote approved the purchase of an 8-channel auto dialer at a cost of \$2,690 plus \$250 to install the auto dialer.

There being no further business to come before the Board, a motion was duly made, seconded and unanimously approved to adjourn the meeting at 7:40 p.m.

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


Secretary, Board of Directors

(DISTRICT SEAL)

DO NOT DETACH

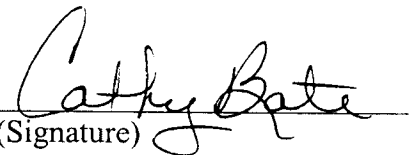
CERTIFICATE OF POSTING OF NOTICE OF MEETING

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 15th day January 2004, at 11:45 a.m., which date was not less than 72 hours prior to the scheduled time of the meeting on Tuesday, January 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, January 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 December 16 2003.
3. Communications and take any necessary action on items listed;
 - a. Review letter received from Montgomery Central Appraisal District dated December 17, 2003, concerning elected members to the Board.
 - b. Review letter received from Texas Water Development Board dated January 5, 2004, concerning executed Contract documents and Addendum No.1 Approval on Site Fencing.
 - c. Review letter received form Texas Water Development Board dated January 7, 2004, Concerning authorization to release funds from escrow fund to construction fund.
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. Review and approve Quarterly Investment and 941 Reports.
6. Tax Assessor/Collector's report including;
 - a. Review and Approve Tax report.
7. Engineer's Report, including;
 - a. Review and discuss status of Drainage Improvements for Bens Branch tributary No. 1 and Accept facilities as complete.
 - b. Review and discuss status of WWTP Site Fencing and take any action.
 - 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 Friendswood Development;
 2. Discuss and act on request from Clinton Wong – Amvest
 - 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. Discuss status of Hill-Martin and Smith Annexations and sewer service extension and take any action.
 - i. Other engineering items for discussion and action, as appropriate:
 1. Review inquires for sewer service outside current boundaries.
 - a. Wood Hollow Subdivision – Ms. Debra Patton.
 2. Review status of sewer service inside district boundaries.
 3. Review, discuss and take action concerning non-compliance conditions of customers as appropriate.

4. Other Engineering items as may require discussion or action;
 - a. Discuss program for elimination of storm water inflow and infiltration into the District sewer system.

8. Operator's Report, including;
 - a. Monthly report on operations of wastewater treatment plant and Lift Stations.
 - b. Discuss status of construction of Ambush Road sewer line by Mark Martin and take any necessary action.
 - c. Review & Discuss bid and status of Beaver problem in effluent Ditch from East Texas Wild Life Damage Control and take any necessary action.
 - d. Review and Discuss problems with #1 Floating Aerator in Digester and consider price to replace it or look at other options.
 - e. Discuss action taken to correct illegal sewer connection and installation of backflow prevention for Mary Sandoval on Albert Drive.

9. New business;

10. Old Business;

11. Financial Advisor Report;

12. Office Manager's Report, including;
 - a. Monthly benefit reports.
 - b. Report on Adopted Family for Christmas.
 - c. Review, Discuss and take action on Texas unclaimed property.
 - d. Review, Discuss and take action on discontinuation of sewer service – Well #3 (Sears Road) for Porter Water Supply Corporation.
 - e. Consider and take action on 90 day probation period for Karen Ferguson and recommendation from Cathy Bate, Office Manager.

13. Attorney's Report;

14. Reports and proposals by Board of Directors;

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 January 2004.

PORTER MUNICIPAL UTILITY DISTRICT

DISTRICT SEAL

By: J. Ron Young (CD)
J. RON YOUNG ATTORNEY

POSTED
15 day of Jan 04
MARK TURNBULL
Clerk, County Court
Montgomery Co., Texas
Per Shahall Deputy

MINUTES OF MEETING OF THE
BOARD OF DIRECTORS
JANUARY 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, January 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 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; Bill Blitch of SAMCO Capital Markets, Co-Financial Advisor to the District; 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 Mr. Parker 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 meeting held on December 16, 2003. Director Adams moved approval of the minutes from the meeting of December 16, 2003, as corrected. 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 item 3.a. through 3.c. and contained in the meeting packet appearing on pages 14 through 21. Director Verron moved acceptance of the Communications listed under item 3.a. through 3.c. of the agenda. The motion was seconded by Director Adams and approved by unanimous vote.

HEAR FROM THE PUBLIC

The Board noted that no one from the public was present at the meeting who wished 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 January, 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 next reviewed the District's Investment Reports for the fourth quarter of 2003, copies of which are attached to the Bookkeeper's report. Upon motion by Director Verron, seconded by Director Adams, the Board by unanimous vote approved the Investment Reports for the fourth quarter of 2003.

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 Mikel and approved by unanimous vote. Director Curry 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 Verron and approved by unanimous vote.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board next reviewed the Montgomery County Tax Assessor/Collector's report dated January 7, 2004 related to tax collections within the District during the month of December, 2003. The report shows that the tax office has collected 36.12% of the District's 2003 taxes through December 31, 2003.

After further discussion of tax related matters, a motion was made by Director Verron, 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 and channel improvements projects, Mr. Parker reported that Cross Contracting Services has addressed the deficiencies to his satisfaction and presented the Engineer's Certificate of Acceptance for the Board's approval. Upon motion by Director Curry, seconded by Director Verron, the Board by unanimous vote approved the Certificate of Acceptance for the Cross Contracting Services' construction project, subject to the TWDB's approval to make final payment.

Mr. Parker next stated that he issued a Notice to Proceed to the contractor for the site fencing project at the treatment plant. Mr. Parker stated that the fencing should be completed within forty-five days.

2. Related to the District's TPDES permit renewal and modification application, Mr. Parker reported that he filed a buffer zone exemption for the treatment plant with the TCEQ. Mr. Parker stated that it will be approximately sixty to ninety days before he will be able to advertise for bids for the expansion of the plant. Mr. Parker reminded the Board that the TWDB will not approve the release of escrowed funds for construction of the new facility until the District receives the new discharge permit from the TCEQ.

3. Mr. Parker stated that he has nothing new to report related to the GASB 34 audit requirements.

4. Mr. Parker next stated that he has had no further communications with Friendswood Development regarding their request to exclude property they may purchase from the District's CCN.

5. Mr. Parker stated that he met with Directors Sparks and Verron and Clinton Wong regarding Mr. Wong's request that the District exclude Amvest Corporation's 470-acres from the District's CCN. Mr. Wong is now considering the Engineer's and Directors' suggestion that he convey property to the District to construct a 500,000 gallons per day treatment plant to serve his 470-acres and future development as well.

6. Mr. Parker next reported that he is not aware of any change in the status of the Hill-Martin and Smith annexation projects.

7. Related to TxDot's FM 1314 project, Mr. Parker discussed the status of the Lift Station relocation and reimbursement of the costs to the District by TxDot/Montgomery County and the proposed drainage/storm sewer facilities as related to the District's sanitary sewer facilities.

8. Mr. Parker next stated that he is waiting for a response from TxDot to his written request for the agency to modify their facility locations related to their improvement project to U.S. Highway 59 in order to assist the District with reducing its costs to relocate the District's utilities.

9. Mr. Parker next informed the Board of a request for 1,038 gallons per day of sewer service from First Baptist Church of Porter. This request is in addition to what the Church is currently utilizing and will serve a new two-story building. Mr. Parker stated that it will be necessary for the Church to install a grease trap. Upon motion by Director Verron, seconded by Director Curry, the Board by unanimous vote approved First Baptist Church of Porter's request for 1,038 gallons per day of additional sewer capacity.

10. Mr. Parker stated that he received a request from Dannenbaum Engineers for a meeting regarding reimbursement to the developer of Forest Colony, Section 1. The meeting has not yet been formally scheduled.

11. Mr. Parker next discussed with the Board eliminating storm water inflow and infiltration into the District's sewer system. Mr. Parker recommended that System H be addressed first and estimated the cost at \$30,000. Mr. Parker stated that he will coordinate this project with Mr. Kay and have a recommendation for the Board's consideration at the next meeting.

12. Mr. Parker next stated that he hopes to finalize obtaining an easement from the Rhodes by the end of February, 2004.

After further discussion concerning engineering matters, a motion was made by Director Verron, seconded by Director Mikel, 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 December, 2003.

Mr. Kay next reviewed the run-times of the Lift Stations in December, 2003 compared to the run times in November, 2003.

Mr. Kay next reported that the wastewater treatment plant operated within the parameters of its discharge permit during this reporting period.

Mr. Kay next reported that the contractor for the sewer line extension project has been delayed because of the weather.

Mr. Kay recommended that no action be taken at this time concerning beavers because they are not adversely affecting the effluent ditch.

Mr. Kay next reviewed Aeration Industries' bid of \$7,230 to replace an aerator in the digester. Mr. Parker stated that he will obtain cost proposals to put in blowers instead of an aerator.

Mr. Kay next reported that Mary Sandoval's sewer connection was repaired and passed inspection.

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

FINANCIAL ADVISOR'S REPORT

Mr. Blich stated that he has nothing new to report to the Board at this time.

OFFICE MANAGER'S REPORT

Ms. Bate next reviewed with the Board the Monthly Benefit Reports for the District's personnel beginning on page 84 of the meeting packet.

Ms. Bate next informed the Board that two families, with a total of six children, were provided with Christmas baskets.

Ms. Bate next directed the Board's attention to page 88 of the meeting packet, a letter from the State Comptroller regarding the District's request to refund \$30,000, which funds were escheated to the State of Texas. Ms. Bate stated that she will work with Ms. Hargis to resolve this matter.

Ms. Bate next discussed Porter Water Supply Corporation's request to discontinue sewer service to Water Well No. 3 on Sears Road. Upon motion by Director Curry, seconded

by Director Verron, the Board by unanimous vote authorized the Operator to terminate service to Porter Water Supply Corporation's Water Well No. 3.

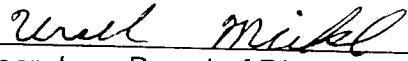
Discussion then followed on increasing Karen Ferguson's hourly rate of pay. Upon motion by Director Verron, seconded by Director Adams, the Board by unanimous vote agreed to increase Ms. Ferguson's hourly rate of pay to \$10.00 effective February 1, 2004.

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".

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously approved, the meeting was adjourned at 9:00 p.m.

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

(DISTRICT SEAL)


Secretary, Board of Directors