

MINUTES OF REGULAR MEETING
OF
SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 2

January 15, 2007

THE STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

The Board of Directors of Sienna Plantation Municipal Utility District No. 2 (the "District") met in regular session, open to the public, on the 15th day of January, 2007, at a designated meeting place of the District, ECO Resources, Inc., 12535 Reed Road, Sugar Land, Texas, outside the boundaries of the District, and the roll was called of the duly elected members of the Board, to-wit:

- | | |
|---------------|--------------------------|
| Mark Parsons | President |
| Larry Zwang | Vice President |
| David Daniel | Secretary |
| Richard Luke | Assistant Vice President |
| Brian Machart | Assistant Secretary |

and all of the above were present, except Directors Daniel and Luke, thus constituting a quorum.

Also present at the meeting were the following: Mark McGrath of Null-Lairson, PC; Stephen Eustis and Jan Bartholomew of RBC Capital Markets, Inc.; Michael Rusk of LJA Engineering & Surveying, Inc.; Kim Saunders of Tax Tech, Inc.; Shirley McLennan of McLennan & Associates, L.P.; Chris Wilson of ECO Resources, Inc. ("ECO"); Joe Wertz of Klotz & Associates, Inc. ("Klotz"); Tommy Haynes, District Consultant; and Rich Muller and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of a meeting held December 18, 2006. After review and discussion, Director Machart moved that the Board approve the minutes of the December 18, 2006 meeting, as presented. Director Zwang seconded the motion, which passed unanimously.

RECEIVE PUBLIC COMMENTS

No public comments were present.

APPROVE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2006 AND AUTHORIZE FILING OF AUDIT WITH THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Mr. McGrath reviewed the District's audit for the fiscal year ended September 30, 2006. After review and discussion, Director Zwang moved that the Board approve the audit, subject to final review by ABHR, and authorize filing of audit with the Texas Commission on Environmental Quality. Director Machart seconded the motion, which passed unanimously.

BOOKKEEPER'S REPORT

Ms. McLennan reviewed with the Board the bookkeeper's report and the investment report, and the Board considered bills for payment. Following review and discussion, Director Machart moved that the Board approve the bookkeeper's report, investment report, and payment of bills. Director Zwang seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Saunders reviewed the monthly tax assessor/collector's report, a copy of which is attached. She also reported that current collection rate for 2006 is 18.70%. After review and discussion, Director Machart moved to approve the tax assessor/collector's report and payment of bills from the District's tax account. Director Zwang seconded the motion, which passed unanimously.

ADOPT RESOLUTION PROVIDING FOR ADDITIONAL PENALTY FOR TAX COLLECTION COSTS

Mr. Muller stated that the District has a contract with Perdue, Brandon, Fielder, Collins & Mott, L.L.P. for the collection of delinquent taxes.

Mr. Muller then reviewed a Resolution Providing for Additional Penalty for Tax Collection Costs with the Board. He stated that the Resolution reflects (1) that an additional 20% penalty will be imposed on delinquent personal property taxes that are not paid prior to April 1, 2007 for the current year and each succeeding year thereafter and that the District's tax assessor/collector will deliver notice of the delinquency and the penalty to the property owner at least 30 but not more than 60 days prior to April 1, 2007 for the current year and April 1 in each succeeding year thereafter and (2) that an additional 20% penalty will be imposed on delinquent real property taxes that are not paid prior to July 1, 2007 for the current year and each succeeding year thereafter and that the District's tax assessor/collector will deliver notice of the delinquency and the penalty to the property owner at least 30 but not more than 60 days prior to July 1, 2007 for the current year and July 1 in each succeeding year hereafter. After review and discussion, Director Zwang moved that the Board adopt a Resolution Providing for Additional

Penalty for Tax Collection Costs. Director Machart seconded the motion, which passed unanimously. A copy of the Resolution is attached.

REPORT FROM TOMMY HAYNES

Mr. Haynes reviewed his report and updated the Board on calls received from residents regarding project status and schedule, copy of which is attached. He also reported on discussion with residents regarding ditch maintenance and the District's objectives towards maintenance.

Mr. Haynes then discussed the removal of an oak tree in the District's easement. Following discussion Director Machart authorized Mr. Haynes to contract with Texas Tree Service, Inc. to remove the tree. Director Zwang seconded the motion, which passed by unanimous vote.

DISCUSS ISSUANCE OF TAX ANTICIPATION NOTE FOR STEEP BANK VILLAGE DITCH PROJECT AND AUTHORIZE APPROPRIATE ACTION

Ms. Bartholomew discussed maintenance tax and debt service tax needs related to alternative financing vehicles for funding the balance of the cost of the ditch rehabilitation program. She then reviewed advantages and disadvantages of funding comparison by tax anticipation notes versus revenue anticipation notes and the affect on the District's reserves for operating expenditures.

She stated that she requires an update of the District's current appraised value from the District's tax assessor/collector and cash flow schedule for Phase 3, 4 and 5 starting in February, 2007 in order to prepare and updated cash analysis to better determine funding options. No action was taken by the Board.

ENGINEER'S REPORT

Mr. Wertz presented the engineer's report, a copy of which is attached, and discussed with the Board the items more particularly described hereafter.

Mr. Wertz next presented and recommended approval of 1) Pay Estimate No. 4 in the amount of \$285,036.26 to Huff & Mitchell, Inc. for construction of the Steep Bank Village Ditch Project, Phase I; 2) Pay Estimate No. 2 in the amount of \$219,971.61 to Jimerson Underground, Inc. for construction of the Steep Bank Village Ditch Project, Phase II; and 3) authorization to advertise construction of Phase III and IV of the ditch rehabilitation project. Following review and discussion, and based on the engineer's recommendation, Director Zwang moved to approve the engineer's report, all pay estimates and authorize advertisement of bids for Phase III and IV of the ditch rehabilitation project. Director Machart seconded the motion, which passed unanimously.

OPERATOR'S REPORT

Mr. Wilson presented and discussed the operator's report, a copy of which is attached. He stated there are 1,757 connections in the District, with 5 new taps installed for the month and an overall accountability for a twelve-month period of 96%. He then reviewed the management report which describes maintenance and repair items performed within the District since the last meeting and the District backcharge list. Following review and discussion, Director Zwang moved to approve the operator's report and authorize the insertion of a line in the water bill requesting residents to notify the Tax Assessor/Collector of non-receipt of tax bill. Director Machart seconded the motion, which passed unanimously.

CONDUCT HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS

Mr. Wilson next presented a list of delinquent customers this month. The Board conducted a hearing regarding water and sewer service terminations. He informed the Board that the residents on the termination list were delinquent in payment of their water and sewer bills and were given written notification in accordance with the District's Rate Order prior to the meeting of the opportunity to appear before the Board of Directors to explain, contest, or correct their bills and to show why utility service should not be terminated for reason of non-payment. After discussion, Director Zwang moved that, because the residents on the termination list were either not present at the meeting or had not requested to speak regarding their delinquency nor had they presented any written statement on the matter to the Board, utility service for such residents should be terminated in accordance with the District's Rate Order. The motion was seconded by Director Machart and passed unanimously. A copy of the termination list is attached.

DISCUSS FENCING UPGRADE AT LIFT STATION NO. 5, AND AUTHORIZE APPROPRIATE ACTION

Mr. Wilson reported that he obtained estimates to replace the fencing around the lift station and the approximate cost of cedar fencing is \$5,250 and approximate cost of pine fencing is \$4,400. He then stated that the cost to strip and re-paint the current fence is higher than the cost to replace the fencing. Mr. Muller then reported that the Sienna Plantation Residential Association, Inc. ("SPRAI") is not interested in participating in the cost to enhance the landscaping at the site of the lift station. No action was taken by the Board.

RECEIVE REPORT FROM PARK COMMITTEE AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller reported that the Joint Park Committee is scheduled to meet on February 6, 2007.

REPORTS FROM DIRECTORS AND CONSULTANTS

Mr. Muller reported that he had met with the maintenance manager for the Sienna Plantation Residential Association, Inc. ("SPRAI") regarding mowing requests for areas maintained by the District for drainage purposes. It was noted that the areas around the amenity lakes need to be identified and marked for erosion control and water quality and to post signs to identify these areas as discussed. The Board then discussed coordinating mowing efforts with SPRAI and enter into a cost sharing agreement to cover expenses that the District currently pays to its mowing contractor. No action was taken by the Board at this time.

OTHER MATTERS

There being no further business to come before the Board, the Board concurred to adjourn the meeting.

Secretary, Board of Directors

(SEAL)

ACTION LIST

1. Tax Tech to obtain updated certificate of appraised value.
2. Klotz to provide cash flow schedule, beginning February 2007 for Phase 3, 4 and 5.

LIST OF ATTACHMENTS TO MINUTES

	Minutes
	<u>Page</u>
bookkeeper's report.....	2
tax assessor/collector's report.....	2
Resolution Providing for Additional Penalty for Tax Collection Costs	2
engineer's report.....	3
operator's report	4
termination list.....	4