

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

January 18, 2010

THE STATE OF TEXAS           §  
  §  
COUNTY OF FORT BEND       §

The Board of Directors (the "Board") of Sienna Plantation Municipal Utility District No. 2 (the "District"), convened in regular session, open to the public, on the 18<sup>th</sup> day of January, 2010, outside the boundaries of the District, at the offices of SWWC Services, Inc., 12535 Reed Road, Sugar Land, Texas, and the roll was called of the members of the Board:

Mark Parsons	President
Brian Machart	Vice President
Jeff Farrar	Secretary
Michael Kroboth	Assistant Vice President
David N. Morrell, Jr.	Assistant Secretary

and all of the above were present except Director Kroboth, thus constituting a quorum.

Also present at the meeting were the following: Cynthia Kelsch of Klotz & Associates, Inc.; Brad Koehl of Texas Services, Ltd.; Kim Saunders of Tax Tech, Inc.; Shirley McLennan of McLennan & Associates, L.P.; Michael Rusk of LJA Engineering & Surveying, Inc.; Chris Wilson of SWWC Services, Inc. ("SWWC"); Mark McGrath of McGrath & Co.; Sandy Denton and Lisa Cox of Sienna Plantation Residential Association, Inc. ("SPRAI"); and Angie Lutz and Amy Conner of Allen Boone Humphries Robinson LLP.

MINUTES

The Board reviewed the minutes of the meeting held December 21, 2009. After review and discussion, Director Machart moved to approve the minutes of the meeting held December 21, 2009. Director Farrar seconded the motion, which carried by unanimous vote.

RECEIVE PUBLIC COMMENTS

No public comments were received by the Board.

APPROVE AUDIT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009

Mr. McGrath reviewed the District's audit for the fiscal year ending September 30, 2009. Ms. Lutz noted that the audit is due for filing with the Texas Commission on Environmental Quality ("TCEQ") by February 13, 2010. After review and discussion, Director Farrar moved to approve the audit, subject to final review by ABHR, and authorize the filing of audit with the TCEQ. Director Morrell seconded the motion, which carried by unanimous vote.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF BILLS AND REVIEW OF INVESTMENTS

Ms. McLennan reviewed the bookkeeper's report and the District's investment report, and presented checks for approval. After review and discussion, Director Farrar moved to: (1) approve the bookkeeper's report and investment report; and (2) authorize payment of the bills as presented, and to direct that the reports be filed appropriately and retained in the District's official records. Director Morrell seconded the motion, which carried by unanimous vote. A copy of the bookkeeper's report is attached.

ACCEPT ANNUAL DISCLOSURE STATEMENTS FROM BOOKKEEPER AND INVESTMENT OFFICER

Ms. McLennan stated that both the bookkeeper and Investment Officer are required to submit disclosure statements to the District annually. Ms. Lutz then reported receipt of the annual disclosure statement of the bookkeeper and investment officer for the District, copies of which are attached. Following review and discussion, Director Farrar moved to accept the annual disclosure statements for the investment officer and bookkeeper and direct that the disclosure statements be filed appropriately and retained in the District's official records. Director Machart seconded the motion, which carried by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

Ms. Saunders presented and reviewed the tax assessor/collector's report, a copy of which is attached. She stated that 16.24% of the District's 2009 tax levy had been collected as of December 31, 2009. Following review and discussion, Director Machart moved to: (1) approve the tax assessor/collector's report; (2) direct that it be filed appropriately and retained in the District's official records; and (3) authorize payment of bills. Director Farrar seconded the motion, which carried by unanimous vote.

REPORT FROM TEXAS SERVICES REGARDING DITCH MAINTENANCE PROGRAM

Mr. Koehl presented and reviewed the January 2010 Maintenance Report for maintenance and repairs of rehabilitated ditches (the "Maintenance Report"), which are not within the project scope for the Primary Collector Ditch and Unmaintainable Cul-de-Sac Piping Project. A copy of the report is attached.

Mr. Koehl updated the Board on the US Army Corps of Engineer's recommendation to remove all trees from levees. He notified the Board of residents' homesteads homesites that may be affected and reported that those residents would be notified prior to removal.

Mr. Koehl updated the Board on a complaint received from a resident at 3711 Farley Court regarding water settlement in his back yard. Mr. Koehl stated that he met with the resident, inspected the property, and it appears that the drains in the backyard are no longer functional. He added that drains in the backyard are not connected to the District's drainage system and therefore this was not a District issue, but wanted to give full notice to the Board. Following discussion, Director Parsons requested that Mr. Koehl explain to the resident that this is a matter that should be taken up with the homebuilder and not the District.

REPORT FROM PROFESSIONAL PROJECT MANAGEMENT SERVICES

There was no report from Professional Project Management Services.

ENGINEERING MATTERS

Ms. Kelsch reported on the status of the Primary Collector Ditch and Unmaintainable Cul-de-Sac Piping Project (the "Project") and issues associated with construction. She noted that she needed to contact Paskey, Inc. regarding finalizing the Project. Ms. Kelsch anticipated finalizing this project next month.

Ms. Kelsch next updated the Board on the Steep Bank Village Ditch Project, Phase III. She stated that she needed to discuss the maintenance bond with Huff & Mitchell and also planned on finalizing this project next month

Mr. Rusk updated the Board on the recertification of the levee. He stated that if any residents contact the Board regarding flood insurance, due to the FEMA maps that were released, to ask them to visit Fort Bend County's website for information regarding flood insurance.

## OPERATION OF DISTRICT FACILITIES, BILLINGS, REPAIRS, AND MAINTENANCE

Mr. Wilson presented and reviewed the operator's report, a copy of which is attached. He stated there are 1,784 connections in the District and there are no regulatory issues for the month. Mr. Wilson stated that last month's water accountability was 92.83%. He reported on maintenance and repair items performed within the District since the last meeting and the District backcharge list.

Director Machart moved to approve the operator's report, as presented. The motion was seconded by Director Farrar, and carried by unanimous vote.

## HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

Mr. Wilson presented a list of delinquent customers and reported 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 services should not be terminated for reason of non-payment. Following discussion, Director Machart moved to authorize the termination of delinquent accounts in accordance with the District's Rate Order. The motion was seconded by Director Farrar and passed unanimously. A copy of the termination list is attached.

## REPORT ON MASTER DISTRICT MATTERS

There was no report on Master District matters.

## RESOLUTION REGARDING FLUORIDATION OF MASTER DISTRICT WATER SYSTEM

Ms. Lutz reported on discussions at the Master District meetings regarding fluoridating the surface water upon conversion from ground water, which is now treated with fluoride. She then presented a Resolution Regarding Fluoride System for the Master District Water Supply for the Board's consideration. Following discussion, Director Farrar moved to adopt a Resolution Regarding Fluoride System for the Master District Water Supply voting for fluoridating the District's water supply upon conversion to surface water. Director Parsons seconded the motion. Upon the question being called, Directors Parsons, Machart, and Farrar voted "Aye", Director Morrell voted "Nay" and the motion passed.

COST SHARING AGREEMENT FOR MUNICIPAL SERVICES WITH SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC. ("SPRAI")

Ms. Lutz updated the Board on the implementation of the surface water fee and current rate and explained the process for billing and payment. She then reported on previous conversations with SPRAI and presentations to the Board and stated that a proposal has been prepared to meet SPRAI's and the District's best interest and needs.

Ms. Denton distributed a handout illustrating current costs for maintenance of certain municipal services provided on behalf of the District, a copy of which is attached. The Board discussed previous conversations regarding water conservation by SPRAI and estimated costs for irrigation. Discussion ensued regarding the benefits of a flat rate cost to cover multiple District expenses provided by SPRAI, such as irrigation, security, and maintenance of street lighting and District facilities rather than fluctuating costs that are determined by natural causes associated with extraordinary rain or drought conditions.

Following review and discussion, Director Farrar moved to authorize ABHR to prepare a Cost Sharing Agreement for Municipal Services between SPRAI and the District to pay \$77,400 for costs associated with municipal services provided for the District's benefit by SPRAI. Director Morrell seconded the motion, which carried by unanimous vote.

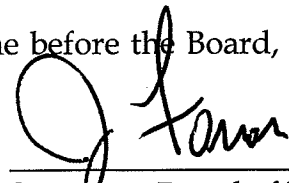
CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not convene in executive session.

RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

The Board did not re-convene in open session.

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

  
Secretary, Board of Directors



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