

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

February 19, 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 19th day of February, 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.

Also present at the meeting were the following: Randy McIlvoy and Deryl Banks, residents of the District; Rebecca Marcucci of The Legacy Group; 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; Bill Odle of TBG Partners; and Rich Muller, Angie Lutz and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of a meeting held January 15, 2007. After review and discussion, Director Machart moved that the Board approve the minutes of the January 15, 2007 meeting, as presented. Director Zwang seconded the motion, which passed unanimously.

DISCUSS EXPIRATION OF CONTRACT WITH DIRECT ENERGY AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller introduced Rebecca Marcucci, of The Legacy Group ("Legacy"), to discuss the District's current plans and providers for electrical service. Ms. Marcucci

stated that the District's current contract is with Direct Energy and due to expire in May. She discussed and reviewed an analysis of the District's options and costs for obtaining a subsequent energy contract and then discussed indicative pricing received from Hudson Energy and Champion Energy. She stated the market indicates the District will be in a position to secure an optimum rate before the District's next meeting. After discussion, Director Zwang moved that the Board designate Director Machart to execute an electrical service contract for up to five years. Director Parsons seconded the motion, which carried by unanimous vote.

DISCUSS CONTRACT FOR DISTRICT WEB SITE AND AUTHORIZE APPROPRIATE ACTION

Mr. Wilson reported to the Board the issues and lack of service he has been experiencing with the current web host provider, Tauseef Ghazi, and discussed terminating such contract and engaging the services of Synchronet. He then reviewed a contract from Synchronet and their services and costs. He also suggested that the Board include web updates within the scope of services for Synchronet and confirmed that the cost for this service is the same cost the District currently pays to ECO. Following discussion, Director Daniel moved to terminate the District's contract with Tauseef Ghazi and engage the services of Synchronet, including web site updates previously performed by ECO. Director Machart seconded the motion, which passed unanimously.

RECEIVE PUBLIC COMMENTS

Mr. McIlvoy addressed the Board regarding concerns related to construction on his street, Farley Court and lack of notice regarding changes in construction plans. He noted all ditches have been closed on his street, except for the one located in front of his home. He then discussed the lack of flow in the ditch, standing water, mosquitoes, and snakes and expressed safety concerns related to the grade of the ditch. Discussion then ensued regarding construction status, project scope and cost to cover Mr. McIlvoy's ditch. Mr. Haynes stated that he has viewed the situation and expressed his opinion on proposed safety issues that may exist with Mr. McIlvoy's ditch in its current state. Mr. Wertz discussed the cost associated with the repair of Mr. McIlvoy's under Change Order No. 4 in the engineer's report.

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 Daniel 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 91.5%. After review and discussion, Director Daniel 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.

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 calls received concerning future maintenance of the rehabilitated ditches.

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 costs related to the ditch rehabilitation program. She then reviewed an analysis for funding Phases I through V, a copy of which is attached hereto. Discussion then ensued regarding allocation of District's maintenance tax, operating reserves, operating expenses and revenues. Ms. McLennan also explained the necessity to levy a maintenance tax to re-build reserves due to extraordinary expenses related to Master District projects this year, such as the fluoride removal and treatment system. Following discussion, no action was taken by the Board and further funding options will be explored.

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. 5 in the amount of 156,252.14 to Huff & Mitchell, Inc.; 2) Change Order No. 4 in the increased amount of \$45,654.00 to Huff & Mitchell, Inc. to eliminate potential conflicts driveway elevations, ditch flow lines and existing driveway culvert flow lines; 3) Pay Estimate No. 3 in the amount of \$145,311.30 to Jimerson Underground, Inc.; and 4) Change Order No. 2 to reduce the contract amount by \$19,390.00 to Jimerson Underground, Inc. to cover a deep ditch based on a homeowner's concern.

Mr. Wertz further elaborated on the aesthetic and safety issues expressed by Mr. McIlvoy and reviewed the items and cost described in Change Order No. 4 to satisfy such concerns.

Following review and discussion, and based on the engineer's recommendation, Director Daniel moved to approve the engineer's report, pay estimates and change orders as presented. Director Zwang seconded the motion, which passed by unanimous vote.

Discussion ensued regarding phasing of the completion of the ditch rehabilitation program and combining Phases III and IV. Mr. Wertz presented a revised proposal for engineering services related to the additional phasing of the project and preparation of bid packages. The Board further discussed advertising for bids to complete ditch rehabilitation in Steep Bank West and Mr. Wertz noted that contract bids can hold for up to 60 days. Following discussion, Director Daniel moved to authorize Klotz to advertise bids for ditch rehabilitation associated with the remainder of Steep Bank West and approve the revised proposal for engineering services as presented. Director Machart seconded the motion, which passed unanimously.

The Board then discussed timeliness of the contracts and number of rain days requested. Mr. Wertz reported that he had met with Huff & Mitchell to remind them of requesting rain days in a timely manner. Following discussion Director Machart moved that the Board authorize Klotz to deduct cost for their time and Mr. Haynes' time from each pay estimate where the contractor is late on the project. Director Daniel 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 1,758 connections in the District, and an overall accountability for a twelve-month period of 95%. 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.

Mr. Wilson then reviewed customer correspondence from a residence requesting an adjustment for high usage due to a tree falling on the resident's water softener, thus causing a major leak. Following review of the customer's bill and discussion, the Board concurred to deny request for bill adjustment.

Mr. Wilson then reported that an inspection of the District's fire hydrants indicate that they need to be re-painted. The Board then discussed the durability of the paint and requested that Mr. Wilson obtain bids from other companies that provide a more lasting and durable product. Mr. Wilson noted that he will provided additional bids for the project at the next meeting.

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 Daniel 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 Daniel and passed unanimously. A copy of the termination list is attached.

DISCUSS JOINT MAINTENANCE AGREEMENT WITH SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC.

The Board concurred to table this matter.

RECEIVE REPORT FROM PARK COMMITTEE AND AUTHORIZE APPROPRIATE ACTION

Mr. Odle reported that the joint park committee met and discussed Phase II of the Levee Trail system , which will be approximately two miles and have wooden benches for a cost or \$350,000 and will tie into the Sienna Sports Complex from Steep Bank Village, Section 5-C. The Board took no action at this time.

DISCUSS ASSOCIATION OF WATER BOARD DIRECTORS WINTER CONFERENCE AND APPROVE REIMBURSEMENT OF ELIGIBLE EXPENSES AND AUTHORIZE DIRECTORS TO ATTEND THE SUMMER ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE, INCLUDING REIMBURSEMENT OF ELIGIBLE EXPENSES

The Board concurred to table this matter.

REPORTS FROM DIRECTORS AND CONSULTANTS

No additional reports were received by the Board.

OTHER MATTERS

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



Assistant *J. J. ...*
Secretary, Board of Directors

ACTION LIST

1. Legacy Group will negotiate an energy contract for District facilities and coordinate with Director Machart for signature.
2. Mr. Wilson will arrange for termination of contract with Tauseef Ghazi as Districts web host provider and coordinate transition to Synchronet.
3. ECO to obtain bids for painting fire hydrants with a more durable product.

LIST OF ATTACHMENTS TO MINUTES

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