

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

March 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 March, 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 Director Daniel, thus constituting a quorum.

Also present at the meeting were the following: Michael Beckleman and Karl Fennessy, District residents; Jan Bartholomew of RBC Capital Markets, Inc.; Esther Flores 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, Angie Lutz and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of a meeting held February 19, 2007. After review and discussion, Director Luke moved that the Board approve the minutes of the February 19, 2007 meeting, as presented. Director Zwang seconded the motion, which passed unanimously.

APPROVE ANNUAL REPORT AND AUTHORIZE FILING IN ACCORDANCE WITH THE DISTRICT'S CONTINUING DISCLOSURE OF INFORMATION AGREEMENT AND AS REQUIRED BY SEC RULE 15c2-12

Mr. Muller reviewed the Annual Report with the Board. After review and discussion, Director Machart moved to approve the annual report and to authorize filing

the annual report in accordance with the District's Continuing Disclosure of Information Agreement and as required by SEC Rule 15c2-12. Director Zwang seconded the motion, which passed by unanimous vote.

DISCUSS SPONSORING WATER WISE PROGRAM FOR ST. LAURENCE CATHOLIC SCHOOL AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller then discussed renewal of the District's participation in the Water Wise program (the "Program"), and stated the Program teaches students about water conservation. He then reported the District will again sponsor St. Laurence Catholic School. He stated the District will receive groundwater credits for each water conservation kit distributed to students. Following discussion, Director Machart moved to authorize the District's participation in the Water Wise program and sponsorship of St. Laurence Catholic School for the purchase of water conservation kits. Director Zwang seconded the motion, which passed by unanimous vote.

RECEIVE PUBLIC COMMENTS

Mr. Beckleman introduced himself to the Board and discussed safety concerns and drainage issues related to his property. Some of the issues raised by Mr. Beckleman include: 1) he feels the steeper grade is an unsafe area for his children to play and noted his son had fallen in the ditch and was unable to get out without assistance; 2) he is unable to maintain the ditch because the grade is too steep to mow, which resulted in his receipt of a letter of non-compliance with maintenance requirements from Sienna Plantation Residential Association, Inc.; 3) there is a 2-1/2" drop on one side of the driveway and an 1/8" drop on the other side; 4) the sod has been ruined by construction vehicles and the damaged areas have not been returned to pre-construction state; 5) the re-design of the drainage system has not improved and there is standing water in the ditch in front of his house and standing water in side yard; and 6) he is unable to locate French drain since construction started. He also stated that he would like these issues addressed immediately to avoid further action on his part. He then expressed his appreciation for Mr. Haynes assistance in having his driveway repaired after the culvert was incorrectly placed.

Messrs. Wertz, Haynes and Muller addressed Mr. Beckleman's concerns and discussion ensued regarding the blending of the ditch slope without compromising the scope of the overall design of the drainage plan. Mr. Wertz stated that he will contact the contractor regarding the location of the French drain and repair to the sod where construction vehicles have been used and review the design plan regarding the standing water and grading issues.

Mr. Muller invited Mr. Beckleman to attend the Board's next meeting to receive a follow up report on the issues and concerns expressed in this meeting.

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 Luke 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. Flores reviewed the monthly tax assessor/collector's report, a copy of which is attached. She also reported that current collection rate for 2006 is 91.50%. After review and discussion, Director Luke 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 CONCERNING EXEMPTIONS FROM TAXATION

The Board then reviewed a proposed Resolution Concerning Exemptions from Taxation. After discussion, Director Zwang moved that the Board adopt the Resolution as presented, which authorizes a \$20,000 exemption to persons who are disabled or 65 years of age or older and rejects exemptions for residential homesteads, travel trailers or charitable organizations in the District. The motion was seconded by Director Machart and carried unanimously. The Resolution, thus adopted, is attached to and shall be considered part of these minutes.

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 Mr. Haynes' report is attached. He discussed the recent rain and reported that the drainage system appears to be working according to design. He also reported that some areas are not conducive to widening slopes to reduce steep grading.

Mr. Haynes the discussed correspondence from two residents regarding concerns about the depths and grading of their ditches and Director Parsons requested that Mr. Haynes provide a response to the residents, based on the discussion in the meeting today with Mr. Beckleman, and there is no further information available at this time.

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

Ms. Bartholomew distributed a Ditch Project Analysis, a copy of which is attached, for payment of a proposed revenue anticipation note. Discussion ensued regarding balance of costs remaining for Phase I and II and the budget for Phases III and IV and proposed Phase V.

Ms. Bartholomew discussed the 2007 maintenance tax revenues. She then reported that \$0.14 of the maintenance tax will be required for 2008 to cover the shortfall for the current construction contracts and to build the District's operating reserve, barring extraordinary expenses, such as the cost related to the fluoride treatment and removal system. She also stated that an assessment is necessary following the finalization of the contracts with Huff & Mitchell and Jimerson because of the changing costs of each contract resulting from the multiple change orders submitted, which has had an affect on providing reliable funding options analyses.

The Board then discussed costs to complete Phases III through V this year and sources of funding. Mr. Wertz then distributed and discussed a cost analysis of the phases and completion of the ditch project, a copy is attached.

Following discussion, the Board concurred to authorize the District's financial advisor, bookkeeper and attorney to formulate a plan to generate and extra \$900,000 without raising taxes and water and sewer revenues to cover the costs of Phases III and IV to present at the District's next meeting.

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.6 in the amount of \$151,812.89 to Huff & Mitchell, Inc.; 2) Change Order No. 5 in an amount that will reduce the original contract amount by \$14,823.56 to Huff & Mitchell, Inc. for the purpose of eliminating potential conflicts in driveway elevations, ditch flow lines and existing driveway culvert flow lines; 3) Pay Estimate No. 4 in the amount of \$199,765.80 to Jimerson Underground, Inc.; and 4) Change Order No. 3 in an amount that will reduce the original contract amount by \$34,422.00 to Jimerson Underground, Inc. for the purpose of, based on field changes, amending original quantity changes.

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

AUTHORIZE FINANCIAL ADVISOR TO SOLICIT PROPOSALS FOR REVENUE ANTICIPATION NOTE AND AUTHORIZE APPROPRIATE ACTION

The Board concurred to table this matter.

OPERATOR'S REPORT

Mr. Wilson presented and discussed the operator's report, a copy of which is attached. He stated there are 1,762 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. Following review and discussion, Director Zwang moved to approve the operator's report. 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 JOINT MAINTENANCE AGREEMENT WITH SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC.

Mr. Muller reported that he previously met with the maintenance manager for the Sienna Plantation Residential Association, Inc.'s ("SPRAI") regarding mowing requests for swales maintained by the District for drainage purposes. He then reviewed a joint maintenance agreement prepared by ABHR pursuant to the Board's authorization to negotiate and prepare a cost sharing agreement with SPRAI. Mr. Muller noted that, under the joint maintenance agreement, SPRAI will invoice the District quarterly at the same rate the District currently pays its mowing contractor. A copy of the Joint Maintenance Facilities Agreement is attached. Following discussion and review Director Zwang moved to approve and authorize execution of the joint maintenance agreement as presented. Director Machart seconded the motion, which passed unanimously.

RECEIVE REPORT FROM PARK COMMITTEE AND AUTHORIZE APPROPRIATE ACTION

There were no updates to report to the Board.

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.

SUCH OTHER MATTERS AS MAY COME BEFORE THE BOARD

Mr. Wilson reported that all necessary paperwork as been provided to transition the District's web site contract to Synchronet.

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




Secretary, Board of Directors

ACTION LIST

1. Engineer to contact the contractor regarding the location of Mr. Beckleman's French drain, repair to the sod where construction vehicles have been used and review the design plan regarding the standing water and grading issue on his property.
2. Financial advisor, bookkeeper and attorney are to meet to formulate a plan to generate an extra \$900,000 to cover the costs of Phases III and IV, without raising taxes and water and sewer revenues, to present at the District's next meeting

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