

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

April 16, 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 16th day of April, 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 Luke, thus constituting a quorum.

Also present at the meeting were the following: Michael Rusk of LJA Engineering & Surveying, Inc.; Jeff Garner of Sienna Plantation Residential Association, Inc.; Michael Beckleman, Troy Fontenote, Lisa Jaks and Dina Smith, District residents; Jan Bartholomew of RBC Capital Markets, 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, Angie Lutz and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

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

ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2002 BONDS

Mr. Muller explained the District is required to determine if arbitrage rebate on the Series 2002 Bonds is owed to the U.S. government. He recommended the Board engage a company to review the remaining bond proceeds to determine if any rebate is owed. He then presented proposals from Bond Logstix, LLC and First Southwest Company for the Board's review. After review and discussion, Director Zwang moved that the Board

accept the arbitrage rebate study proposal from Bond Logistix. Director Daniel seconded the motion, which carried unanimously. A copy of the arbitrage rebate proposals are attached.

RECEIVE PUBLIC COMMENTS

Mr. Beckleman addressed the Board as a follow up to last month's discussion regarding his issues related to the safety concerns and drainage issues related to his property and reported that he does not believe his concerns have been adequately addressed. He again visited his issues regarding safety and grade of ditch and reported that he now has flooding in his backyard. He then reported that he corresponded, via e-mail, with the engineer regarding proposed solutions and issues related to lack of drainage in ditches.

Ms. Smith and Ms. Jaks also addressed the Board regarding concerns of standing water in their side yards and ditches and uneven culverts. It was noted that a final walk through with the contractor will address outstanding issues that may need to be corrected by the contractor and such walk through is anticipated within approximately two weeks. The residents then agreed to set up a meeting with Messrs. Haynes and Wertz to formulate a punch list of items determined to be incomplete or unsatisfactory on their property.

Mr. Muller then summarized the issues expressed in the meeting, which will be addressed by the contractor as part of the contract close-out.

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 93.62%. 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 presented his report, a copy of which is attached, and updated the Board on the status of the calls received from District residents. He reported that he received several calls from residents regarding ditches retaining water in re-graded ditches

and provided a response to residents re-assuring them that outstanding issues will be addressed in a final walk-through of the project with the contractor.

He also noted other "punch list" items that will be addressed with the contractor in the final walk through and noted that debris will be cleaned from the District's storm sewer collection system in about a week.

Mr. Haynes then reported on phone calls received from residents from the proposed Phase III and IV of the ditch rehabilitation project regarding projected start of construction.

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

Ms. Bartholomew distributed a Ditch Project Analysis - SUMMARY based on the most current information received by her office, a copy of which is attached. She then reviewed four options detailed in the handout and the results of each option if chosen and noting surplus shortfalls in each option.

Discussion then ensued regarding determination for the disbursement of a proposed \$1.2 million for the next phases of the ditch project. It was noted that consideration may be given to deferring a decision on selecting an option and determining how to spend such funds until September when certified value of the District's property is reported and the District can then determine a tax rate to cover a reserve and payment of funds to pay for the completion of the ditch rehabilitation project.

Ms. Bartholomew suggested that the Board hold a special meeting to discuss various options for financing the remaining ditch project and to allow sufficient time to assemble information to provide an in-depth analysis of funding options.

Follow discussion, Director Machart move that the Board reject bids received on Phase III and IV and authorize Klotz to prepare an analysis to re-scope the remainder of the project for an amount not to exceed \$1.5 million and authorize advertisement. Director Daniel seconded the motion and the motion passed by majority vote. Director Zwang abstained from voting.

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. 7 in the amount of \$244,869.95 to Huff & Mitchell, Inc.; 2) Change Order No. 6 in an amount of \$20,400.39 to Huff & Mitchell, Inc. for the purpose of quantity adjustments based on field changes; and 3) Pay Estimate No. 5 in the amount of \$130,567.50 to Jimerson Underground, Inc.

Mr. Wertz also reviewed and discussed the Time Extension Request by Huff & Mitchell, Inc., a copy of which is attached.

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 and deferred approval of the Time Extension Request pending further review by ABHR, Tommy Haynes and Klotz. Director Zwang seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT AND CONDUCT HEARING ON TERMINATION OF WATER SERVICE TO DELINQUENT CUSTOMERS, AND AUTHORIZE APPROPRIATE ACTION

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.

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.

Director Daniel then noted that several District residents are dissatisfied with the District's response to sewer back-up (i.e. allowing sewer water to overflow manhole cover and enter street). Discussion then entailed alternative solutions to better address these issues as they arise.

After discussion, Director Daniel moved to approve the operator's report and, 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 Zwang and passed unanimously. A copy of the termination list is attached.

APPROVE CONSUMER CONFIDENCE REPORT, AUTHORIZE OPERATOR TO MAIL CONSUMER CONFIDENCE REPORT AND AUTHORIZE OPERATOR TO FILE THE CONSUMER CONFIDENCE REPORT WITH THE TCEQ

Mr. Wilson reported that the District's drinking water is regulated by the TCEQ to ensure the water is meeting all of the requirements as stated in the Federal Drinking Water Standards, and, therefore, the District is required to publish an annual report to residents regarding the status of the drinking water. He then distributed and reviewed a draft of

the Consumer Confidence Report regarding water quality for the Board's review. After discussion, Director Daniel moved to approve the Consumer Confidence Report as presented, authorize the operator to distribute the Consumer Confidence Report and file the Consumer Confidence Report with the TCEQ. Director Zwang seconded the motion, which passed unanimously.

DISCUSS PROPOSED AMENDMENT TO JOINT MAINTENANCE AGREEMENT AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller updated the Board on the recent action in which the Board entered into an agreement with Sienna Plantation Residential Association, Inc. ("SPRAI") to take responsibility for mowing District facilities and reported that SPRAI would like to the Board to consider adding street sweeping the SPRAI's responsibility for maintenance of District facilities.

Mr. Garner then addressed the Board to request the District to participate in street sweeping cost to aid in the reduction of silt build-up to prevent clogging the District's storm sewer system for an annual cost of \$4,700. He also noted that this maintenance will aid in compliance with storm water permits in the future as evidence of the District's efforts to keep storm sewer system free of debris.

Following discussion, the Board concurred to amend the Joint Maintenance Agreement to include street sweeping services if a majority of the Sienna Plantation Municipal Utility Districts also participate.

RECEIVE REPORT FROM PARK COMMITTEE AND AUTHORIZE APPROPRIATE ACTION

There were no updates to report to the Board.

RECEIVE REPORTS FROM DIRECTORS AND CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

No additional reports were received by the Board.

AUTHORIZE DIRECTORS ATTENDANCE AT THE ASSOCIATION OF WATER BOARD DIRECTORS SUMMER CONFERENCE

The Board next discussed attendance at the Association of Water Board Directors summer conference. Following discussion, Director Daniel moved that the Board authorize interested Directors to attend the Association of Water Board Directors summer conference. Director Zwang seconded the motion, which passed unanimously.

ADOPT RESOLUTION IN SUPPORT OF THE MAY 12, 2007, MOBILITY BOND
ELECTION IN FORT BEND COUNTY

The Board next considered adoption of a Resolution in Support of the May 12, 2007 Mobility Bond Election in Fort Bend County, Texas, which will add capacity, mitigate congestion and enhance safety for residents in Fort Bend County.

Following discussion, Director Zwang moved that the Board approve and authorize execution of the Resolution in Support of the May 12, 2007 Mobility Bond Election in Fort Bend County, Texas as presented. Director Daniel seconded the motion, which passed by unanimous vote.

SUCH OTHER MATTERS AS MAY COME BEFOR THE BOARD

Director Zwang presented his resignation from the Board, effective May 1, 2007, and reported that he is moving out of the District.

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



Secretary, Board of Directors

ACTION LIST

1. Klotz to provide analysis for re-scoping phases for ditch rehabilitation project.
2. ABHR, Klotz and Tommy Haynes to meet to review and discuss Time Extension Request from Huff & Mitchell, Inc.
3. ABHR to follow up with Bond Logstix to prepare arbitrage rebate analysis for Series 2002 Unlimited Tax Bonds.

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