

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

August 20, 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 20th day of August, 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
David Daniel	Vice President
Jeff Farrar	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: Craig Sanders, Donna and David Yatto, District residents; 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; Jerry Graham of LJA Engineering and Surveying, Inc.; Jan Bartholomew of RBC Capital Markets; and Rich Muller, Angela Lutz and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of a meeting held July 16, 2007. After review and discussion, Director Machart moved that the Board approve the minutes of the July 16, 2007 meeting, as presented. Director Daniel seconded the motion, which passed unanimously.

RECEIVE PUBLIC COMMENTS

Mr. Sanders then addressed the Board regarding concerns about the proposed tax levy and interest in lowering such tax. He also inquired about the District's boundaries, which were pointed out on a map of the District, and the number of homeowners within the District that have an open-ditch serving their property. Mr.

Graham noted that he would meet with Mr. Sanders to provide the requested information.

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 Machart seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

DISCUSS BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008 AND AUTHORIZE APPROPRIATE ACTION

Ms. McLennan discussed the District's proposed operating budget for the fiscal year ending September 30, 2008. She noted that she was unable to determine a budget for special projects without the final costs for Phase I and Phase II of the Steep Bank Village Ditch Project, along with associated engineering and consulting fees. She also stated the proposed budget allows for a four-month reserve. Discussion ensued regarding water revenue to meet budgetary considerations and maintenance costs. The Board took no action.

REVIEW AND APPROVE REPORT ON ARBITRAGE REBATE STUDY FOR SERIES 2002 BONDS

Mr. Muller reported that the District engaged BondLogistix in April to prepare an analysis to determine if a payment is due on the District's Series 2002 bonds and such analysis begins on the fifth anniversary of the issuance of the bonds, which was August 13, 2007. He then stated that if a payment is due the Internal Revenue Service, the funds are due sixty days after the fifth anniversary of the Bonds. He noted that ABHR has requested the analysis by the September meeting.

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 97.66%. 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 Machart seconded the motion, which passed unanimously.

DISCUSS 2007 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Ms. Bartholomew distributed and discussed tax rate recommendations with the Board. She recommended increasing the current debt service tax rate from \$0.35 to \$0.54 and decreasing the operation and maintenance tax from \$0.37 to \$0.18 for a total

taxable rate of \$0.72 for the District. Ms. Saunders stated Tax Tech, Inc. would publish a Notice of Public Hearing in the Fort Bend Star stating the District anticipates levying a \$0.72 tax rate. Following discussion, Director Daniel moved to authorize the tax assessor/collector to publish Notice of a Public Hearing to take place on Monday, September 17, 2007 to consider adopting the District's proposed tax rate of \$0.72. Director Machart seconded the motion, which passed unanimously.

REPORT FROM TOMMY HAYNES

Mr. Haynes presented and reviewed the Steep Bank Village Drainage Improvements Report for July, a copy of which is attached.

The Board then discussed a maintenance program for open ditches in the District. Mr. Wilson reported that Champions Hydrolawn declined to bid on a proposal to provide maintenance services for the District's open ditches because the project is too small. Discussion ensued regarding alternative sources to administer a maintenance program. Following discussion, the Board directed LJA and ABHR to discuss with Sienna Plantation Levee Improvement District a joint maintenance program with the District in order to provide a package program substantial enough to warrant the time and cost to attract a reputable vendor to administer the maintenance program.

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.

He then reported that negotiations continue with Huff and Mitchell regarding discrepancies in their final pay estimate. He also updated the Board on the status of inspections and pay estimate for Phase I and Phase II.

Mr. Wertz then reviewed a bid tab for Phase III and requested the Board's approval to hold on awarding the contract pending resolution of final pay estimates for Phase I and Phase II to determine available funds for Phase III. Following discussion, the Board concurred to table awarding the contract for Phase III as recommended.

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 1774 connections in the District, and an overall accountability for a four-month average of 93.8%. 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.

The Board then recognized Mr. and Mrs. Yatto in attendance and opened the floor for their comments. Ms. Yatto addressed the Board to dispute her water bill, which reflects a usage of 97,000 gallons. Ms. Yatto reported that she does not have a pool, has contacted ECO to calibrate the meter and requested a meter replacement, which has not occurred and provided historical records of her bill, none of which record near 97,000 gallons metered usage. Following discussion, the Board determined that Mr. & Mrs. Yatto are not in arrears in their payment and confirmed that Mr. Wilson will personally investigate the matter and report findings to the Board at the next meeting. Mr. & Mrs. Yatto were invited back to next month's meeting to provide an update on the status of their account.

After discussion, Director Daniel moved to approve the operator's report, and authorize termination of utility services 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.

RECEIVE REPORTS FROM DIRECTORS AND CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

No additional reports were received by the Board.

DISCUSS RENEWAL OF DISTRICT'S INSURANCE POLICIES AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller presented a renewal proposal for insurance from Anco-McDonald Waterworks Insurance Services, LLC and stated the District's current policy expires October 1. He then noted that the premium for the renewal term is \$4 higher than last year's premium due to an increase in the Director's and Officer's Liability premium. After discussion, Director Daniel moved that the Board accept the insurance proposal from Anco-McDonald Waterworks Insurance Services, LLC as presented. Director Farrar seconded the motion, which carried unanimously. A copy of the insurance proposal is attached.

LEGISLATIVE UPDATE

The Board concurred to table this matter.

DISCUSS RECORDING AND REPORTING OF ELECTRICITY, WATER AND
NATURAL GAS CONSUMPTION AND AUTHORIZE APPROPRIATE ACTION

The Board concurred to table this matter.

SUCH OTHER MATTERS AS MAY COME BEFOR THE BOARD

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

_____/s/_____
Secretary, Board of Directors

(SEAL)

ACTION LIST

1. LJA and ABHR to discuss with Sienna Plantation Levee Improvement District a joint maintenance program.

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