

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

September 17, 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 17th day of September, 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 Daniel, thus constituting a quorum.

Also present at the meeting were the following: Karl Fennessy, Donna and David Yatto, District residents; Jim Sivils and Brad Koehl of Texas Services; Kim Saunders of Tax Tech, Inc.; Colette Garcia of Null-Lairson, P.C.; 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; Doug Kneupper and Michael Rusk of LJA Engineering and Surveying, Inc.; 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 August 20, 2007. After review and discussion, Director Machart moved that the Board approve the minutes of the August 20, 2007 meeting, as presented. Director Farrar seconded the motion, which passed unanimously.

RECEIVE PUBLIC COMMENTS

Mr. and Mrs. Yatto updated the Board on the discrepancy on their water bill from June, 2007, which reflected usage of 97,000 gallons and confirmed that they do not own a pool and had no leaks in their home. Mr. Yatto also stated that ECO Resources has checked their meter and no leaks were detected on the outside of the home. He then requested the current meter be replaced.

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

CONDUCT PUBLIC HEARING REGARDING DISTRICT ADOPTION OF TAX RATE, ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF AMENDMENT TO THE INFORMATION FORM

Ms. Saunders stated that the Tax Assessor/Collector published a Notice of Public Hearing in the Fort Bend Herald stating the District anticipates levying a \$0.72 tax rate at this meeting.

Director Parsons then opened the public hearing. No members of the public came forward to make comments. Director Parsons closed the public hearing.

Mr. Muller presented to the Board an Order Levying Taxes with a total \$0.72 tax rate comprised of \$0.54 debt service and \$0.18 for operations and maintenance. After review and discussion, Director Farrar moved that the Board adopt the Order Levying Taxes as presented. Director Machart seconded the motion, which passed unanimously. The Board confirmed its intention that the 2007 tax levy includes a debt service component for the calendar year ending December 31, 2007, and a maintenance tax component for the fiscal year ending September 30, 2008. A copy of the Order is attached.

Mr. Muller presented to the Board an Amendment to Information Form reflecting the newly adopted tax rate. After review and discussion, Director Farrar moved that the Board approve the Amendment to Information Form and authorize filing with the appropriate agencies. Director Machart seconded the motion, which passed unanimously.

REVIEW MASTER DISTRICT BUDGET AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller reported that, under Section 3.3 (D) of the Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Storm Sewer Facilities between the District and Sienna Plantation Municipal Utility District No. 1 (the "Master District"), the Master District is required to submit a copy of their budget to the District. Ms. McLennan presented the Master District budget and reviewed with the Board. Mr. Muller further stated that such budget shall be deemed approved unless disapproved in writing by a 2/3 majority of the Participants. He noted the Master District has not changed their monthly connection charge. Following discussion, no action was taken by the Board.

ADOPT BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008

Ms. McLennan discussed the District's proposed operating budget for the fiscal year ending September 30, 2008. She noted the General Fund reflects an increase in water revenue as directed by the Board as the last meeting, cost for street sweeping services has been added and an additional line item for ditch maintenance has also been included. The Board then discussed ditch maintenance costs for budgetary purposes. Mr. Haynes reviewed a proposed maintenance and repair program for the District's open ditch system. He then reported that Texas Services has provided a proposal to administer the ditch maintenance and repair program and the Board reviewed and discussed costs and scope of services. Following discussion, the Board determined that an estimated cost of \$50,000 should be allowed for the open ditch maintenance and repair program for the 2008 budget and Director Luke moved that the Board approve the proposed budget as discussed. Director Machart seconded the motion, which passed unanimously.

Ms. McLennan next reviewed the District's Special Projects budget and noted that revisions will be required to reflect final costs for Phase I and Phase II, which may affect the balance available to pay for Phase III. Mr. Wertz reported the final payment amount with Huff & Mitchell is \$212,400 for Phase I. He also reported that \$450,000 will be due Jimerson upon completion of Phase II. Mr. Wertz then confirmed that no additional monies are due to Tommy Haynes or Klotz engineering for the projects. The Board discussed available balance in the special projects fund for the Phase III project through December 2008 and determined approximately \$1,082,199 remains available for Phase III, if final payments on Phases I and II remain true. Following discussion, Director Machart moved that the Board approve the Special Projects budget for fiscal year ending September 30, 2008 as discussed. Director Luke seconded the motion, which passed unanimously.

ENGAGE AUDITOR TO CONDUCT AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2007

The Board next discussed employing Null-Lairson, P.C. to prepare the audit for fiscal year ending September 30, 2007. Mr. McGrath presented a proposal for services for preparation of the District's audit for a fee of approximately \$11,000. After discussion, Director Farrar moved to engage Null-Lairson, P.C. to prepare audit for fiscal year ending September 30, 2007 and approve the proposal as presented. Director Luke seconded the motion, which passed unanimously.

CONDUCT ANNUAL FUND REVIEW

Mr. Muller stated that ABHR and the District's bookkeeper have conducted an annual review of the District's debt and bond related funds to determine appropriate allocations of accounts in compliance with yield restriction, arbitrage rebate and other

requirements of the Internal Revenue Code and IRS regulations. Mr. Muller reviewed a memorandum from ABHR on the annual fund review, a copy of which is attached.

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

Mr. Muller reported that Bond Logistix, LLC had been engaged to perform and arbitrage rebate study on the District's Series 2002 bonds, and the results of the analysis determined that no amounts are due the IRS. Copies of the reports were distributed to the Board and a copy is also attached hereto. No action was taken by the Board.

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 98.17%. After review and discussion, Director Machart moved to approve the tax assessor/collector's report and payment of bills from the District's tax account. Director Farrar 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.

Mr. Haynes reviewed resident calls regarding Phase I, II and proposed Phase II and reported that most complaints are items that will be corrected under the punch list presented to the contractor to complete prior to final walk-through of the project.

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 1); approval of Change Order No. 6 for the purpose of quantity adjustments based on new requirements set by the City of Missouri City; 2) approval of Change Order No. 7 for the purpose of quantity adjustments based on verification of as-built and construction plan quantity differences; 3) approval of Pay Estimate No. 8 (Final) in the amount of \$200,815.50 to Huff & Mitchell, Inc. for construction of Steep Bank Trace Primary Storm Collectors, Phase I; and 4) acceptance of construction of Steep Bank Trace Primary Storm Collectors, Phase I. Following discussion and based on the engineer's recommendation, Director Luke moved to approve Change Order Nos. 6 and 7, approve Pay Estimate No. 8 (Final) in the amount of \$200,815.50 to Huff & Mitchell, Inc. and accept construction of Steep Bank Trace Primary Storm Collectors, Phase I. Director Farrar seconded the motion, which passed unanimously.

Mr. Wertz then presented Klotz' Recommendation of Award for construction of Steep Bank Trace Primary Storm Collectors, Phase III (the "Facilities"), a copy of which is attached, noting that three bids were received. Mr. Wertz recommended award to the lowest bidder, Huff & Mitchell, Inc., in the amount of \$1,048,881.03 for construction of the Facilities. Following discussion and based on the engineer's recommendation, Director Machart moved that the Board award the contract to Huff & Mitchell, Inc., the lowest bidder and the contractor whose bid, in the opinion of the Board of Directors, will result in the best and most economical completion of the project. Director Luke 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 updated the Board on the results of the investigation and review of the Mr. and Mrs. Yatto's historical usage and bills and was unable to determine the cause for the exceptionally high reading of 97,000 gallons reported on their June bill. He confirmed the meter was calibrated and has been checked weekly and no abnormalities have appeared. He then noted the meter was installed in 1998 and readings for the life of the meter have exceeded one million gallons. He also confirmed that Mr. and Mrs. Yatto's account has consistently been paid in a timely manner and there has not been an incident of being in arrears in their history. Mr. Wilson recommended replacing the meter and crediting the account for \$176, which includes waving late fees. Following discussion, Director Machart moved that the Board credit the Yattos' account in the amount, including waiver of late fees and replace the meter. Director Farrar seconded the motion, which passed unanimously.

Mr. Wilson presented and discussed the operator's report, a copy of which is attached. He stated there are 1,775 connections in the District, and an overall accountability for a four-month average of 93.6%. 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.

Mr. Wilson then reported that an inspection of the District's fire hydrants indicate they are in need re-painting and reminded the Board of previous discussions regarding engaging the services of a vendor that will incorporate a new procedure and product for providing more durable results for lasting paint and will also provide

maintenance after six months. He stated the cost will be \$39 per hydrant and reported there are 109 hydrants in the District.

After discussion, Director Luke moved to approve the operator's report, authorize termination of utility services in accordance with the District's Rate Order and approve the re-painting of the District's fire hydrants as discussed. The motion was seconded by Director Farrar and passed unanimously. A copy of the termination list is attached.

DISCUSS DITCH MAINTENANCE CONTRACT AND AUTHORIZE APPROPRIATE ACTION

Mr. Sivils introduced himself and his colleague, Mr. Koehl to the Board and provided a brief background of his experience and the services provided by Texas Services. He then discussed and reviewed the proposed contract for consulting, maintenance and repair services related to the District's open ditch system and the standards expected by the Board of Directors. Following discussion, Director Machart moved that the Board approve the contract from Texas Services, subject to final review by ABHR, to provide consulting, maintenance and repair services for the District's open ditch system. Director Farrar seconded the motion, which was approved by unanimous vote.

RECEIVE REPORTS FROM DIRECTORS AND CONSULTANTS AND AUTHORIZE APPROPRIATE ACTION

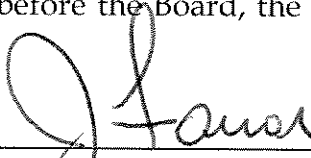
No additional reports were received by the Board.

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

Mr. Muller reviewed a memorandum prepared by ABHR regarding House Bill 3693 related to recording and reporting of electricity, water, and natural gas consumption. A copy of the memorandum is attached.

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.


Secretary, Board of Directors



ACTION LIST

1. ABHR to file Amendment to Information Form in the official records of Fort Bend County, Texas and with the Texas Commission on Environmental Quality.
2. ABHR to review and provide final version of contract with Texas Services related to maintenance and repair program for District's open ditch system.

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