

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

August 18, 2008

THE STATE OF TEXAS           §  
  §  
COUNTY OF FORT BEND       §

The Board of Directors (the "Board") of Sienna Plantation Municipal Utility District No. 2 (the "District"), convened in regular session, open to the public, on the 18th day of August, 2008, outside the boundaries of the District, at the offices of SWWC Services, Inc., 12535 Reed Road, Sugar Land, Texas, and the roll was called of the members of the Board:

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 Directors Farrar and Luke, thus constituting a quorum.

Also present at the meeting were the following: David N. Morrell and Michael Kroboth, residents of the District; Stephen Eustis of RBC Capital Markets; Tom Ramsey of Klotz & Associates, Inc. ("Klotz"); Lisa Cox of Sienna Plantation Residential Association, Inc. ("SPRAI"); Brad Koehl of Texas Services; Kim Saunders of Tax Tech, Inc.; Shirley McLennan of McLennan & Associates, L.P.; Dusty Lane of SWWC Services, Inc. ("SWWC"); Don Francis of LJA Engineering & Surveying, Inc.; Richard Muller and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of a meeting held July 21, 2008. After review and discussion, Director Machart moved that the Board approve the minutes of the meeting held July 21, 2008, as amended. Director Daniel seconded the motion, which passed unanimously.

RECEIVE TRAIL REPORT FROM SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC.

Ms. Cox distributed and reviewed the Sienna Plantation Trail Report from the SPRAI Trail Task Force, dated May 2008, a copy of which is attached. She then

reviewed prioritized user amenities, funding sources and potential partnerships with community and school organizations to achieve improvements to the trail system. No action was required or taken by the Board.

#### RECEIVE PUBLIC COMMENTS

It was noted that Mr. Morrell and Mr. Kroboth were in attendance as interested candidates for the vacancies on the Board.

#### BOOKKEEPER'S REPORT

Ms. McLennan reviewed with the Board the bookkeeper's report and the investment report, and the Board considered bills for payment. After review and discussion, Director Daniel moved to approve the bookkeeper's report, investment report, authorize payment of the bills as discussed. Director Machart seconded the motion, which passed unanimously. A copy of the bookkeeper's report is attached.

#### BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2009

Ms. McLennan discussed the District's proposed operating budget and special projects budget for the fiscal year ending September 30, 2009. She noted the draft budget was prepared assuming no change in tax levied and using current certified values. The Board next discussed consideration to meet in a budget workshop. Following discussion, the Board concurred to meet at the offices of SWWC Services, Inc. on September 4, 2008 at noon for a budget workshop.

#### TAX ASSESSOR/COLLECTOR'S REPORT

Ms. Saunders reviewed the monthly tax assessor/collector's report and delinquent tax report, a copy of which is attached. The current collection rate is 97.88% for 2007 taxes. After review and discussion, Director Machart moved to approve the tax assessor/collector's report, payment of bills from the District's tax account and authorize pursuit of collection of taxes for delinquent accounts. Director Daniel seconded the motion, which passed unanimously.

#### DISCUSS 2008 TAX RATE, SET PUBLIC HEARING DATE, AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

The Board concurred to table this matter until its special meeting on September 4, 2008.

RECEIVE REPORT FROM TEXAS SERVICES REGARDING DITCH MAINTENANCE PROGRAM AND AUTHORIZE APPROPRIATE ACTION

Mr. Koehl presented and reviewed the August 2008 Maintenance Report for maintenance and repair of rehabilitated ditches and discussed recommendations for repairs, a copy of which is attached. Following review and discussion, and based on the recommendation of Texas Services, Director Daniel moved to authorize Texas Services to make the repairs at North Fitzgerald (North side West of Kenn Court) as more fully described in the report. Director Machart seconded the motion, which passed unanimously.

ENGINEER'S REPORT

Mr. Ramsey discussed final actions necessary on Primary Storm Collectors, Phase III ("Phase III") and reported that reconciliation of quantities is being finalized and awaiting CenterPoint Energy to bury lines and repair broken light.

Mr. Ramsey then requested the Board's consideration to provide further ditch improvements and/or ditch enclosures. The Board concurred to table discussion to the special meeting scheduled on September 4, 2008.

APPROVE OPERATOR'S REPORT

Mr. Lane presented and discussed the operator's report, a copy of which is attached. He stated there are 1,783 connections in the District, and an overall accountability for a four-month average of 97.2%. 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 discussion, Director Machart moved to approve the operator's report, as presented. The motion was seconded by Director Daniel and passed unanimously.

CONDUCT HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS, AND AUTHORIZE TERMINATION OF SERVICE

Mr. Wilson next presented a list of delinquent customers this month and reported 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 services should not be terminated for reason of non-payment. It was noted that no residents were present to contest delinquent accounts. Following discussion, Director Machart moved to authorize termination of delinquent accounts 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.

## AMEND RATE ORDER

Mr. Muller presented an Amended Rate Order for the Board's consideration reflecting an increase in the Groundwater Reduction Fee and a revision to include Public Space Users for payment of the Groundwater Reduction Fee. He noted that Sienna Plantation Municipal Utility District No. 1 (the "Master District") is required to make payments to the City of Missouri City (the "City"), based on 100% accountability, for construction of a Surface Water Treatment Plant in compliance with requirements of the Fort Bend Subsidence District. He stated the increased Groundwater Reduction Fee will enable the Master District meet the 100% accountability payment to the City, even though District's accountability is less. Following review and discussion, Director Daniel moved to approve the Amended Rate Order as presented. Director Machart seconded the motion, which passed by unanimous vote.

## RENEWAL OF DISTRICT INSURANCE POLICIES

The Board next discussed renewal of its insurance policies. Following discussion, Director Machart moved to request a renewal proposal from its current carrier, Anco-Wessendorf Waterworks Insurance. Director Daniel seconded the motion, which carried unanimously.

## ENGAGE COMPANY TO CONDUCT ARBITRAGE REBATE STUDY FOR SERIES 2003 BONDS

Mr. Muller reviewed a proposal and requested the Board's authorization to engage the services of OmniCap, LLP to prepare an analysis to determine if a payment is due on the District's Series 2003 bonds. He stated that such analysis begins on the fifth anniversary of the issuance of the bonds, which is October 22, 2008 for the Series 2003 bonds. Mr. Muller also said that if a payment is due to the Internal Revenue Service, the funds are due sixty (60) days after the fifth anniversary of the Bonds. Following review and discussion, Director Daniel moved to approve the proposal from OmniCap, LLP as presented and authorize them to prepare an arbitrage rebate analysis on the District's Series 2003 Bonds. Director Machart seconded the motion, which passed by unanimous vote.

## REPORTS FROM DIRECTORS AND CONSULTANTS

Mr. Francis updated the Board on the status of the fluoride removal and treatment system and discussed safety issues being addressed. The Board also discussed improvements in fluoride levels.

## ACCEPT RESIGNATIONS FROM DIRECTORS DANIEL AND LUKE

Mr. Muller reminded the Board that Directors Daniel and Luke, by law, continued to serve beyond expired terms until replacements could be found and now wish to resign from the Board. Following discussion, Director Machart moved to accept the resignations of Messrs. Daniel and Luke, respectively, upon appointment of replacement directors. Director Parsons seconded the motion, which passed unanimously.

## INTRODUCTION OF CANDIDATES AND DISCUSS INTERST/QUALIFICATIONS

Mr. Parsons noted that two of the three candidates were interested the vacancies on the Board were present and introduced each of the candidates. Messrs. Morrell and Kroboth each introduced themselves to the Board and provided a brief description of their backgrounds and interest in serving the District as directors.

## CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.074, TEXAS GOVERNMENT CODE, TO DELIBERATE THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

At 1:02 p.m., Director Parsons announced that the Board would convene in executive session.

## RE-CONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE, OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE

At 1:11 p.m., Director Parsons announced that the Board would reconvene in open session.

## APPOINT NEW DIRECTOR

The Board then considered appointing new directors to fill the vacancies on the Board. Following a discussion, Director Machart moved to appoint David Morrell and Michael Kroboth to fill the vacancies on the Board. Director Parsons seconded the motion, which passed by unanimous vote.

APPROVE DIRECTOR'S OFFICIAL BOND, SWORN STATEMENT AND OATH OF OFFICE

The Board considered approving the Official Bonds, Sworn Statements and Oaths of Office executed by David Morrell and Michael Kroboth, respectively, in connection with his appointment to the Board of Directors. Director Machart moved to approve the Sworn Statement and Oath of Office executed by David Morrell and Michael Kroboth authorize filing the Oath of Office with the Secretary of State and direct that such documents be retained in the District's official records. Director Parsons seconded the motion, which passed unanimously.

REORGANIZE BOARD AND ELECT OFFICERS

The Board concurred to table this matter until Mr. Farrar could be present to participate.

AUTHORIZE FILING OF DISTRICT REGISTRATION FORM

The Board concurred to table this matter.

OPEN MEETINGS ACT AND PUBLIC INFORMATION ACT TRAINING REQUIREMENTS

Mr. Muller stated a memorandum explaining the Open Meetings Act and Public Information Act training requirements is provided in the packet provided to the new directors and requested Directors Morrell and Kroboth to contact ABHR if they have any questions regarding training and providing Certificate of Completion.

CONFLICT OF INTEREST REQUIRED UNDER CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE, INCLUDING REVIEW OF DISCLOSURE FORMS ADOPTED BY THE TEXAS ETHICS COMMISSION AND AUTHORIZE APPROPRIATE ACTION

Mr. Muller then reported that conflict of interest disclosure requirements for Directors pursuant to Chapter 176, Local Government Code relating to the disclosure of certain relationships by Directors, vendors and certain prospective vendors to the District is also provided in the packets provided to Directors Morrell and Kroboth. He also noted ABHR is available to answer any questions the new directors may have regarding conflicts disclosure.

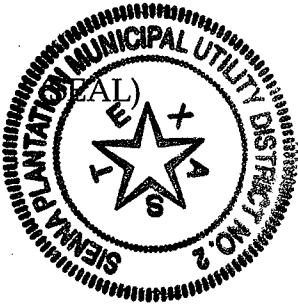
APPOINT BOARD MEMBER TO BE LIAISON FOR MAINTAINING DISTRICT'S INFORMATION ON WEB SITE.

The Board concurred to table this matter.

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

*J. Lam*

Secretary, Board of Directors



ACTION LIST

1. ABHR to file Sworn Statements and Oaths of Office with the Secretary of State.

LIST OF ATTACHMENTS TO MINUTES

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