

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

November 16, 2009

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 16th day of November, 2009, 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
Brian Machart	Vice President
Jeff Farrar	Secretary
Michael Kroboth	Assistant Vice President
David N. Morrell, Jr.	Assistant Secretary

and all of the above were present, except Director Parsons, thus constituting a quorum.

Also present at the meeting were the following: Sam Rarabasz, District resident; Sandy Denton of Sienna Plantation Residential Association, Inc. ("SPRAI"); Corbett Freeman of Costello, Inc.; Cynthia Kelsch of Klotz & Associates, Inc. ("Klotz"); Brad Koehl of Texas Services, Ltd.; Kim Saunders of Tax Tech, Inc.; Karla Efigenio of McLennan & Associates, L.P.; Michael Rusk of LJA Engineering & Surveying, Inc.; Chris Wilson of SWWC Services, Inc. ("SWWC"); Angie Lutz and Brenda Presser of Allen Boone Humphries Robinson LLP ("ABHR").

MINUTES

The Board first reviewed the minutes of the meeting held October 19, 2009. After review and discussion, Director Kroboth moved to approve the minutes of the meeting held October 19, 2009. Director Morrell seconded the motion, which carried by unanimous vote.

RECEIVE PUBLIC COMMENTS

No public comments were received by the Board.

FINANCIAL AND BOOKKEEPING MATTERS, INCLUDING PAYMENT OF BILLS AND REVIEW OF INVESTMENTS

Ms. Efigenio then reviewed the bookkeeper's report, the District's investment report, and presented checks for approval. After review and discussion, Director Farrar moved to: (1) approve the bookkeeper's report and investment report; and (2) authorize payment of the bills as presented, and direct that the reports be filed appropriately and retained in the District's official records. Director Kroboth seconded the motion, which carried by unanimous vote.

CONDUCT ANNUAL REVIEW OF INVESTMENT POLICY AND LIST OF QUALIFIED BROKERS/DEALERS

Ms. Lutz stated the Board is required to review the District's Investment Policy annually and she explained procedures and requirements for investment of public funds. She also noted that the bookkeeper has reviewed the list of authorized depository institutions and qualified brokers/dealers and does not have any revisions at this time. The Board then conducted its annual review of the District's Investment Policy. The Board concurred to make no changes to the Investment Policy. Following review and discussion, Director Farrar moved to adopt a Resolution Regarding Annual Review of Investment Policy and directed that it be filed appropriately and retained in the District's official records. Director Kroboth seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION MATTERS, INCLUDING DELINQUENT TAX COLLECTIONS, INSTALLMENT AGREEMENTS, AND PAYMENT OF TAX BILLS

The Board received the tax assessor/collector's report, a copy of which is attached. Following review and discussion, Director Farrar moved to (1) approve the tax assessor/collector's report; (2) direct that it be filed appropriately and retained in the District's official records; and (3) authorize payment of bills. Director Kroboth seconded the motion, which carried by unanimous vote.

RESOLUTION VOTING FOR DIRECTOR FOR BOARD OF DIRECTOR ELECTION FOR FORT BEND CENTRAL APPRAISAL DISTRICT

The Board considered casting the District's 17 votes in favor of Kraig Warren to serve on the Board of Directors of the Fort Bend Central Appraisal District ("FBCAD"). Ms. Lutz noted that the Board previously nominated Mr. Warren as a candidate to serve on the Board of Directors of the Fort Bend Central Appraisal District. After review and discussion, Director Farrar moved that the Board adopt the Resolution casting its 17 votes in favor of Kraig Warren to serve as director for the Board of Directors for FBCAD, a copy of which is attached. Director Morrell seconded the motion, which passed by unanimous vote.

REPORT FROM TEXAS SERVICES REGARDING DITCH MAINTENANCE PROGRAM

Mr. Koehl presented and reviewed the current Maintenance Report for maintenance and repairs of rehabilitated ditches (the "Maintenance Report"), which are not within the project scope for the Primary Collector Ditch and Unmaintainable Cul-de-Sac Piping Project. A copy of this report is attached. Following discussion, Director Farrar moved to approve the recommended repairs at 3807 Griffin Lane, as more fully described in the Maintenance Report. He also moved to approve repairs at 9642 Roarks Passage including a more permanent fix with a steel grate in an amount not to exceed \$1,000. Mr. Koehl will provide cost estimate for more detailed description of repair of at 9642 Roarks Passage at the next meeting. Director Kroboth seconded the motions, which passed by unanimous vote.

REPORT FROM PROFESSIONAL PROJECT MANAGEMENT SERVICES

Mr. Stone notified ABHR that he is unable to attend today's meeting; however, he conveyed that has reviewed Pay Estimate No. 3 in the amount of \$25,800.53 and Change Order NO. 4 for quantities adjustment in the amount of \$25,505.10 to Paskey Incorporated for additional storm sewer improvements in Steep Bank Trace and concurs with Klotz' recommendation to approve payment.

ENGINEERING MATTERS

Ms. Kelsch reported on the status of the Primary Collector Ditch and Unmaintainable Cul-de-Sac Piping Project (the "Project") and issues associated with construction. She then presented and recommended approval of Change Order No. 4 for quantities adjustments in the increased amount of \$25,505.10 and Pay Estimate No. 3 in the amount of \$84,171.88 to Paskey Incorporated for additional storm sewer improvements in Steep Bank Trace. Discussion ensued regarding liquidated damages and Ms. Kelsch recommend five days of liquidated damages taking into account the District suspended work to determine the correct height of the inlets. Ms. Lutz recommended that, following walk-through and punch list completion, the recommendation for final payment be transmitted to the contractor prior to the meeting and if the contractor has further questions, he can address the Board at the next meeting. Following discussion and based on the engineer's recommendation, Director Farrar moved to approve: 1) Pay Estimate No. 3 in the amount of \$84,171.88 and Change Order No. 4 for quantity adjustments in the amount of \$25,505.10 to Paskey Incorporated. Director Morrell seconded the motion, which carried by unanimous voted.

Ms. Lutz reported that Mr. Muller has not discussed with the City of Missouri City (the "City") the requirement for maintenance bond in order to finalize Steep Bank Village Ditch Project, Phase III. She reported that she will contact the City to resolve the issue and requested that ABHR be given the checks representing final payment to Huff & Mitchell, the contractor for the project, for delivery upon resolution of the issue with the City. The Board concurred to give the final payment to ABHR for delivery to Huff & Mitchell upon resolution of maintenance bond requirement set by the City.

Ms. Lutz next reminded the Board of a previous discussion to engage the services of GBI Surveying to review inlets relating to inconsistent variances in height and authorized Director Parsons to sign a contract related to those services. Following discussion, Director Farrar moved to ratify previous action to approve a contract with GBI Surveying to perform a review of the variance in the height of the inlets constructed in various phases of ditch rehabilitation. Director Morrell seconded the motion, which carried by unanimous vote.

SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC. - TUNNEL REPAIR PROPOSAL

Ms. Denton updated the Board on a new design of the tunnel repair to address the Board's previous concerns relating to drainage, a copy of which is attached. Mr. Freeman next reviewed the new design with the Board and discussed the location for installation of a drain within the tunnel for water to exit at the west end of the tunnel into an existing drainage facility. Ms. Denton then discussed access issues associated with installation of a box culvert type of repair, which would require the purchase of additional land, and the associated costs are prohibitive. Ms. Denton stated that SPRAI's goal is to get the tunnel re-opened and functional as soon as possible. She reported that Sienna Plantation Municipal Utility District No. 3 voted unanimously to decline participation in a contribution to the proposed repairs. She next requested the District's consideration to contribute a minimum of \$50,000 to help with tunnel repair costs. She noted that Sienna Plantation Community Services Foundation, Inc. has agreed to contribute \$25,000 and Sienna Plantation Property Owners Association ("POA") is contributing \$50,000 and the total estimated cost for repair is \$150,000. Ms. Denton elaborated that the POA understands that they may be required to finance the balance of the contract. She stated that the estimate includes traffic control and design adjustment to address drainage concerns. Following discussion Director Farrar moved to approve a contribution of \$50,000 for repairs pursuant to the design presented at the meeting and to provide such payment in February 2010. Director Morrell seconded the motion, which carried by unanimous vote. Ms. Denton advised the Board that SPRAI will provide an update on the project in January, 2010.

OPERATION OF DISTRICT FACILITIES, BILLINGS, REPAIRS AND MAINTENANCE

Mr. Wilson presented and discussed the operator's report, a copy of which is attached. He stated there are 1,784 connections in the District and there are no regulatory issues for the month. He then reviewed the management report that describes maintenance and repair items performed within the District since the last meeting and the District backcharge list.

Mr. Wilson next reported that he received a request from the heirs of a resident requesting a one-time waiver of the surface water conversion fee in the amount of \$221.91. He summarized the letter stating that the family discovered a leaking toilet tank upon arrival to the home and made the necessary repairs. He distributed copies of the request,

a copy of which is attached, and requested the Board's consideration on the family's request for a waiver of any of the charges accumulated during a hospital stay and death of the resident. Following discussion, the Board determined that procedures set forth in the District's Rate Order will be followed.

Director Farrar moved to approve the operator's report, as presented. The motion was seconded by Director Kroboth, which carried by unanimous vote.

OPERATOR CONTRACT AMENDMENT FOR IDENTITY THEFT PREVENTION PROGRAM IMPLEMENTATION

Mr. Wilson reported that, pursuant to the Board's previous approval of an Identity Theft Prevention Program (the "Program"), additional services are being provided to the District for implementation of the Program. He then reviewed an amendment to their contract to revise fees to provide such additional services to address responsibilities for implementation of the Program. The Board concurred to table this matter.

AMEND RATE ORDER TO INCREASE TRANSFER FEE

Mr. Wilson next reported that a Transfer Fee is charged to new customers required transfer of services and he will present an amendment to the District's Rate Order to increase the transfer fee by \$5.00 to provide for additional costs to process new customers in compliance with the District's Identity Theft Program. The Board concurred to table this matter.

HEARING ON TERMINATION OF WATER AND SEWER SERVICE TO DELINQUENT CUSTOMERS

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. Following discussion, Director Farrar moved to authorize the termination of delinquent accounts in accordance with the District's Rate Order, except at 9823 McMahan Ct. The motion was seconded by Director Kroboth and passed unanimously. A copy of the termination list is attached.

REPORT ON MASTER DISTRICT MATTERS

Ms. Lutz reported on the Master District's discussion concerning conversion to surface water and affects of fluoridation in the converted water. She discussed pros/cons of water fluoridation as prepared by the Master District's engineer and stated that the summary will be forwarded to the directors. The Board discussed other entities that add fluoride to their water and it was noted that Sugar Land adds fluoride to their water. Ms. Lutz explained the cost to add fluoride to Sienna Plantation's water system is \$150,000 per

water plant and there are 3 water plants in Sienna Plantation. Discussion ensued regarding EPA standards for safe fluoride levels and cause and affects of excessive or recessive amounts of fluoride in the water over extended periods of time.

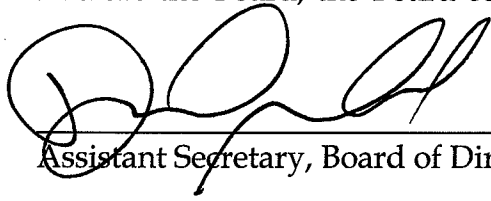
RATIFY ACTIONS FROM LAST MEETING

Ms. Lutz reported ABHR learned after last month's meeting that the agenda may not have met the required 72 hour filing deadline in the posting at the Fort Bend County Courthouse. Following discussion Director Morrell move to ratify all action taken by the Board at last month's meeting. Director Farrar seconded the motion, which carried by unanimous vote.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071(1)(A), TEXAS GOVERNMENT CODE, TO CONSULT WITH DISTRICT'S ATTORNEY REGARDING CONTEMPLATED LITIGATION

The Board did not convene in Executive Session pursuant to Chapter 551.071 of the Texas Government Code to conduct a private consultation with attorney to discuss pending or contemplated litigation.

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


Assistant Secretary, Board of Directors



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