



## ENGAGEMENT LETTER WITH ALLEND BOONE HUMPRIES ROBINSON LLP

Mr. Muller requested the Board's consideration for approval of an engagement letter presented last month. Following discussion, Director Machart moved to approve the revised and restated engagement letter, as presented. Director Farrar seconded the motion, which passed by unanimous vote.

## ARBITRAGE REBATE STUDY FOR SERIES 2004 BONDS

Mr. Muller reported that OmniCap Group, LLC had been engaged to perform an arbitrage rebate study on the District's Series 2004 bonds, and the results of the analysis determined that no amounts are due the IRS. Copies of the report were distributed to the Board and a copy is also attached hereto. Following the discussion, Director Kroboth moved to approve and accept the Arbitrage Rebate Study for the Series 2004 Bonds and direct that the report be filed appropriately and retained in the District's official records. Director Morrell seconded the motion, which passed by unanimous vote.

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

Ms. McLennan 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; (2) authorize payment of the bills as presented, and direct that the reports be filed appropriately and retained in the District's official records; and 3) approve the special projects budget as presented. Director Machart seconded the motion, which carried by unanimous vote.

## AMENDED BUDGET FOR FISCAL YEAR END SEPTEMBER 30, 2010

Ms. McLennan discussed and reviewed the District's amended operating budget for the fiscal year ending September 30, 2010, which now reflects line item expenses for payment of irrigation costs and surface water fee for Sienna Plantation Residential Association, Inc. ("SPRAI"). She also noted that a line item for tracking Surface Water Revenue was added and mowing expense was revised from a quarterly to annual expense. Following discussion, Director Machart moved that the Board approve the amended operating budget for fiscal year end September 30, 2010, as discussed. Director Kroboth seconded the motion, which passed unanimously.

## 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 Machart seconded the motion, which carried by unanimous vote.

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

Ms. Ordeneaux stated that the Tax Assessor/Collector published a Notice of Public Hearing in the Fort Bend Star, as previously directed by the Board of Directors, stating the District anticipates levying a \$0.71 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.

Ms. Lutz presented to the Board an Order Levying Taxes, a copy of which is attached, consisting of the following components: \$0.51 to pay the District's debt service, \$0.11 to fund the District's maintenance and operation expenditures and \$0.09 to fund the District's obligations under the Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Storm Sewer Facilities (the "Master District Contract"). After review and discussion, Director Kroboth moved to adopt the Order Levying Taxes as presented. Director Farrar seconded the motion, which carried by unanimous vote. The Board confirmed its intention that the 2009 tax levy includes a debt service component for the calendar year ending December 31, 2009, and a maintenance tax component for the fiscal year ending September 30, 2009.

Ms. Lutz next presented to the Board an Amendment to Information Form, a copy of which is attached, reflecting the newly adopted tax rate. After review and discussion, Director Kroboth moved that the Board approve the Amendment to Information Form and authorize filing with the appropriate agencies. Director Farrar seconded the motion, which carried 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 repair at Steep Bank Trace (East of North and South Barnett Way North and South side of the road), as more fully described in the Maintenance Report. Director Kroboth seconded the motion, which passed by unanimous vote.

REPORT FROM PROFESSIONAL PROJECT MANAGEMENT SERVICES

Mr. Stone verbally reported on the status of the Primary Collector Ditch and Unmaintainable Cul-de-Sac Piping Project, which included discussion of improvements and/or removal of concrete aprons from inlets for drainage. He stated that no additional

complaints have been received from residents relating to unsightly concrete aprons. He reported on the cost for adjustment of inlets - of \$197 per inlet - pursuant to the terms of the contract. He reported the final pay estimate is being reviewed for submission for approval and payment.

Mr. Stone recommended coordinating with the contractor to complete the punch list items and, following the contractor's departure from the construction site, address issues to determine if warranty repairs are required. The Board next discussed the date in which the project is considered "substantially complete" and liquidated damages due.

Ms. Lutz reported that the Consulting Agreement presented by Mr. Stone has been reviewed by ABHR and then presented to the Board for approval consideration. Following discussion, Director Machart moved to approve the Consulting Agreement, as presented, file it appropriately and retain in the District's official records. Director Farrar seconded the motion, which carried by unanimous vote.

### ENGINEERING MATTERS

Ms. Lutz recommends that the Board engage a geotechnical engineering consultant to provide services related to repair of District facilities as needed. She then recommended that the Board approve an Agreement for Geotechnical Engineering Services from Tolunay-Wong, which has provided geotechnical engineering services on District projects since inception. Following discussion, Director Kroboth moved to approve the Agreement for Geotechnical Engineering Services from Tolunay-Wong as presented. Director Farrar seconded the motion, which carried by unanimous vote.

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 updated the Board on variation of inlets, which are inconsistent with inlets installed under previous phases. Ms. Kelsch also distributed photos providing for a summary and legend of the completed project and discussed notes to the punch list items. Ms. Kelsch reported she had sent a letter describing her liquidated damages calculation to the contractor, a copy of which is attached. Ms. Kelsch reported that she received a pay estimate last week from Paskey and reviewed variances on quantities with the members of the Board via email. She reported that a revised final pay estimate will be submitted next month.

Ms. Kelsch reported that the City of Missouri City will not accept completion of Phase 3 without a maintenance bond and she stated that the contractor is unwilling to provide the maintenance bond without payment for such bond by the District, which is estimated to cost approximately \$1,600. Following discussion the Board concurred to table this matter until next month, pending Mr. Muller's discussion with the City of Missouri City to clarify the requirement for a maintenance bond since the facility will not be maintained by the City of Missouri City.

SIENNA PLANTATION RESIDENTIAL ASSOCIATION, INC. - TUNNEL REPAIR PROPOSAL

Ms. Denton distributed a handout regarding the tunnel overview at Steep Bank Trace, a copy of which is attached. She reported the tunnel was installed in 1997 as part of the original road design to provide resident access across Sienna Parkway. Sienna Plantation Property Owners Association ("SPPOA") currently maintains the tunnel. She stated the tunnel has constant ground water infiltration and the arch pipe on the base of the tunnel is corroded, causing a safety issue, and the SPPOA closed the tunnel in August. She then reviewed repair options under consideration and introduced Mr. Corbett Freeman from Costello, Inc. ("Costello") to review repair recommendations, as more fully described in the handout. The Board discussed drainage issues and the effectiveness of the proposed recommendation. Mr. Freeman stated that drainage issues were not addressed in the repair design. Ms. Denton discussed repair cost and timeline, stating that the repairs will take approximately 90 days to complete and the estimated cost is \$150,000. She stated that SPPOA has set aside only \$50,000 for tunnel repairs because initial construction anticipated a facility life of 30 years. Ms. Denton requested the Board's consideration to share in the costs to repair the tunnel. She stated that a presentation is also planned at the Sienna Plantation Municipal Utility District No. 3 ("MUD 3") meeting on October 28, 2009 to request a contribution to assist with the repair costs of the tunnel. Following discussion, the Board concurred to table a decision pending presentation before MUD 3's Board and receipt of Costello's recommended solution to drainage issues.

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. 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. Following discussion, Director Machart moved to approve the operator's report, as presented. The motion was seconded by Director Morrell and passed unanimously.

The Board next discussed receipt of questions and complains from District's residents regarding increased usage and costs. Mr. Wilson reported that most residents were satisfied once explanations were provided relating to the Surface Water conversion fee. He also state that, of 1,784 customers in the District, there are two customers that have unresolved issues relating to their water bill. He reviewed the resident's water usage and reported the usage continues to be consistent over a year's time. Mr. Wilson reviewed with the Board the procedures that are implemented upon receipt of a call from a customer concerned about a high water bill, including the following:

- 1) Make customer contact.
- 2) Advise homeowner to not use any water during testing process.

- 3) If meter is equipped with leak detector, verify detector does not spin.
- 4) If leak detector spins, test cannot be performed until leak/running water is stopped.

If leak detector does not spin -

- 5) Record meter read and mark location of meter needle on accuracy form for homeowner's meter.
- 6) Hook up test meter to hose bib (remove hose if attached).
- 7) Record meter read and needle position on accuracy form for test meter.
- 8) Run 10 gallons through test meter.
- 9) Record second meter read and needle position on accuracy form for homeowner's meter.
- 10) Calculate gallons based meter read entries on accuracy form.
- 11) If within AWWA standards, no action is needed.
- 12) If not, perform test a second time.
- 13) If still out of limits, replace meter.
- 14) Make customer contact with results.
- 15) If customer contests the usage and the test results we will pull the meter and have it tested by an independent contractor.

#### 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 Machart moved to authorize the termination of delinquent accounts in accordance with the District's Rate Order. The motion was seconded by Director Morrell and passed unanimously. A copy of the termination list is attached.

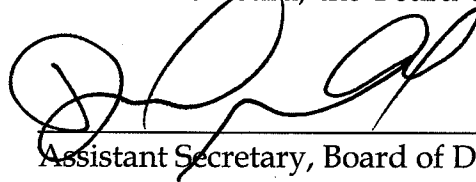
REPORT ON MASTER DISTRICT MATTERS

No updates were presented to the Board.

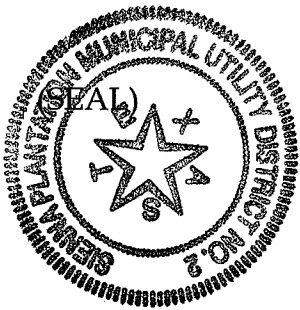
CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071(1)(A), TEXAS GOVERNMENT CODE, TO CONSULT WITH DISTRICT'S ATTORNEY REGARDING CONTEMPLATED LITIGATION

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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