



RESERVE and CAPITAL POLICY

**Sienna Community Association
Sienna Property Owners Association
Sienna Residential Association
Sienna Townhome Association**

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

I. PURPOSE

The assets of the Associations are substantial, varied and at various points in their lifecycle. The Boards desire to establish a Policy relating to a uniform and systematic approach that will define reserves, how they are documented, and how asset repairs, refurbishments and replacements are funded. This policy will also define capital expenditures.

II. APPLICABILITY AND AUTHORITY

This Policy pertains to the following entities and encumbers that property restricted by the Covenant, the Declaration (defined below):

1. Sienna Plantation Community Association, Inc., sometimes doing business as Sienna Community Association (“SCA”) as referenced in the Sienna Plantation Amended and Restated Master Covenant (Sienna Plantation Community Association, Inc.), recorded under Clerk’s File No. 2019035843 in the Official Public Records of Fort Bend County, Texas (“**Covenant**”), as same has been or may be amended from time to time and any other property which has been or may be subsequently annexed thereto and made subject to the authority of SCA.

2. Sienna Plantation Property Owners Association, Inc., sometimes doing business as Sienna Property Owners Association (“SPOA”), as referenced in the First Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sienna (Sienna Property Owners Association, Inc.) recorded under Clerk’s File No. 2021210038 in the Official Public Records of Fort Bend County, Texas (“**SPOA Declaration**”), as same has been or may be amended from time to time, and any other property which has been or may be subsequently annexed thereto and made subject to the authority of SPOA.

3. Sienna Plantation Residential Association, Inc., sometimes doing business as Sienna Residential Association (“**SRA**”) as referenced in the Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sienna Plantation (Sienna Plantation Residential Association, Inc.), recorded under Clerk’s File No. 2012104699 in the Official Public Records of Fort Bend County, Texas (“**Declaration**”), as same has been or may be amended from time to time, and any other property which has been or may be subsequently annexed thereto and made subject to the authority of SRA.
4. Sienna Townhome Association (“**STHA**”), as referenced in the Supplemental Declaration of Covenants, Conditions, and Restrictions for Sienna Townhomes, recorded under Clerk’s File No. 2019060447 in the Official Public Records of Fort Bend County, Texas (“**Townhome Declaration**”), as same has been or may be amended from time to time, and any other property which has been or may be subsequently annexed thereto and made subject to the authority of STHA.

Any reference in this Policy to “**Board**”, “**Boards**”, “**Association**” or “**Associations**” applies to all of the above-mentioned entities. Any reference in this Policy to “**Sienna**” collectively means that property encumbered by the Declaration, and the Covenant.

Each Board is authorized by its respective dedicatory instruments to adopt policies pertaining to the governance of the Association that it serves. Invalidation of any one or more of the covenants, restrictions, conditions, or provisions contained in this Policy shall in no way affect any of the other covenants, restrictions, conditions, or provisions which shall remain in full force and effect.

III. GOAL

The Associations desire to maintain their assets at a consistently high level and gain maximum life from its assets. Current owners should be charged equitably with the cost of current use of assets. To be able to ensure that adequate funds will be available when needed without a Special Assessment and without major fluctuations in the assessment level, the Associations will have to accumulate funds using the funding methods outlined below unless otherwise approved by the applicable Board.

To adequately fund new assets, the expense of capital expenditures will be differentiated from operating expenditures and reserve expenditures.

IV. DEFINITIONS

To be classified as a **reserve** item, an asset should have a useful life of 2 or more years. A reserve item should have a replacement cost of at least \$1,000 per component or in aggregate (10 chairs at \$100 each). Recurring annual expenses for maintenance and repairs of assets may also be classified as a reserve item expense (such as painting) if it extends the useful life of the asset. Major repairs, restoration or replacement of assets are considered reserve items. New facilities, additions to existing facilities or property, or improvements to existing facilities or property will not be funded from reserves.

To be classified as a **capital expenditure**, the asset should cost \$1,000 or more, must not be a recurring item and not be replacing an old item. The asset should have a useful life of 2 or more years to be classified as a capital expenditure.

If the expenditure is for replacement of an asset and the function of that asset is substantially expanded, the difference in cost between the replacement of a comparable asset (which is a reserve item) and the expanded asset will be considered a **capital expenditure**.

V. DOCUMENTATION AND VALUATION

A Reserve Study shall be prepared and presented annually by a qualified external Reserve Specialist to establish valuation and future related expenses. Every three years the update will be done with “on site visit” and updated in the interim two years with “no site visit” based on actual expenses incurred and staff provided input.

VI. FUNDING METHODS & GOALS

A. For residential associations (SCA, SRA & STHA), reserves are to be funded through one or more of the following:

1. a portion of capitalization fees (or Working Cap Fees) for new homes, collected when a new home is sold by a builder to a homeowner;
2. the capitalization fees (Working Cap Fee, Reserve Cap Fee) for resale transactions, collected when a homeowner sells to a homeowner;
3. through a contribution from Community Fund sources (Sienna Community Services Foundation or Sienna Community Association Capital Enhancement Funds); and/or
4. as a portion of the annual operating assessment.

B. For commercial associations (SPOA), reserves are to be funded through one or more of the following:

1. a portion of capitalization fees (or Working Cap Fees) for new properties, collected when the developer sells to a commercial user or commercial developer;
2. the capitalization fees (Working Cap Fee, Reserve Cap Fee) for resale transactions, collected when a commercial owner sells to another commercial owner;
3. through a contribution from the Sienna Plantation Community Art Trust Fund (SPCAT); and/or
4. as a portion of the annual operating assessment.

C. Annually each Association, except as indicated in paragraph D below, will establish their funding goal for the next year during the budget process, which will be using one of the follow approaches unless otherwise determined by the Board and/or recommended by the Finance Advisory Committee.

1. For Associations which development is close to completion and the association is at least 5 years old, fund reserves equal to the expected reserve expenditures for the next year. This is the least preferred option.
2. Fund reserves equal to the average reserve expenditure (based on reserve study) over 5-20 years.
3. Fund reserves to end the next fiscal year no less than 25% funded based on the reserve report.
4. Fund reserves to end the next fiscal year with an ending balance no less than the equivalent of 1 year's expense in the reserve study, based on the average over 5-20 years equal to the annual reserve expenditures based plus 1 years' reserve expense

D. The goal for any of the associations (specifically townhome and condo), or neighborhoods which reserve for individual property maintenance or private roads, will be 100% of the fully funded recommendation in the reserve report.

VII. RECORDKEEPING AND FUND MAINTENANCE

Separate and distinct financial records shall be maintained and presented regularly for the reserve funds reflecting reserve income and expense, and fund balance information.

Separate reserve bank accounts and saving instruments only related to reserve funds shall be maintained and reconciled regularly; and any interest earned remains in the reserve fund.

Capital expenditures are to be funded in the year that they are paid.

Policy Name	Approved/Finalized	Revised
Reserve and Capital Policy-SCA, SPOA, SRA & STHA		July 28, August 2 and August 4, 2022, October 20, 2022
Reserve and Capital Policy-SRA		March 27, 2017
Reserve and Capital Policy-SRA		October 22, 2012
Reserve and Capital Policy-SRA		August 27, 2008
Reserve and Capital Policy-SRA	November 30, 2005	

CERTIFICATION

SIENNA PLANTATION COMMUNITY ASSOCIATION, INC. / TOLL-GTIS PROPERTY OWNER, LLC

I hereby certify that, as President of the Sienna Plantation Community Association, Inc., a Texas non-profit corporation, the foregoing Policy was approved on the 4th day of August, 2022, at a meeting of the Board of Directors at which a quorum was present.

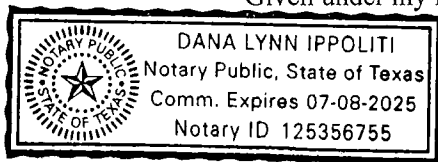
DATED, this the 4th day of August, 2022.

By: [Signature]
Print Name: Jimmie F. Jenkins
Title: President

STATE OF TEXAS §
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COUNTY OF FORT BEND §

BEFORE ME, on this day personally appeared Jimmie F. Jenkins, the President of Sienna Plantation Community Association, Inc., a Texas non-profit corporation, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed, in the capacity herein stated, and as the act and deed of said corporation.

Given under my hand and seal this the 4th day of August, 2022.



[Signature]
Notary Public – State of Texas

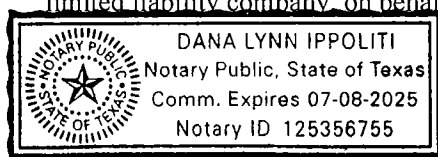
APPROVED, this the 4th day of August, 2022.

TOLL-GTIS PROPERTY OWNER, LLC, a Texas limited liability company

By: [Signature]
Print Name: Jimmie F. Jenkins
Title: Authorized Representative

THE STATE OF TEXAS §
COUNTY OF Fort Bend §

This instrument was acknowledged before me this 4th day of August, 2022, by Jimmie F. Jenkins, Authorized Rep. of Toll-GTIS Property Owner, LLC, a Texas limited liability company, on behalf of said company.



[Signature]
Notary Public – State of Texas

CERTIFICATION
SIENNA PROPERTY OWNERS ASSOCIATION

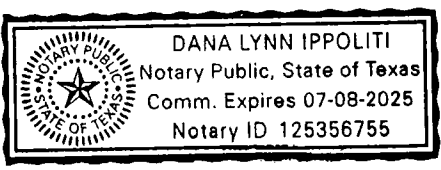
I hereby certify, as Secretary of Sienna Plantation Property Owners Association, Inc., the foregoing Reserve and Capital Policy was approved on the 2nd day of August, 2022, at a meeting of the Board of Directors at which a quorum was present.

By: *Derek Goff*
Print Name: Derek Goff
Title: Secretary

STATE OF TEXAS §
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COUNTY OF FORT BEND §

BEFORE ME, the undersigned authority, on this day personally appeared Derek Goff, the secretary of the Sienna Plantation Property Owners Association, Inc. known by me to be the person whose name is subscribed to this instrument and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed, and in the capacity therein expressed.

Given under my hand and seal of office, this the 2nd day of August, 2022.
Dana Ippoliti
Notary Public – State of Texas



CERTIFICATION

SIENNA RESIDENTIAL ASSOCIATION

I hereby certify that, as secretary of the Sienna Plantation Residential Association, Inc., a Texas non-profit corporation, the foregoing Policy was approved on the 2nd day of August, 2022, at a meeting of the Board of Directors at which a quorum was present.

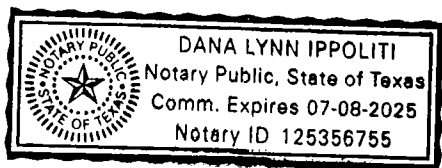
DATED, this the 2nd day of August, 2022

By: Derek Goff
Print Name: Derek Goff
Title: Secretary

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

BEFORE ME, on this day personally appeared Derek Goff, the secretary of Sienna Plantation Residential Association, Inc., a Texas non-profit corporation, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed, in the capacity herein stated, and as the act and deed of said corporation.

Given under my hand and seal this the 2nd day of August, 2022



Dana Ippoliti
Notary Public -- State of Texas

CERTIFICATION
SIENNA TOWNHOME ASSOCIATION

I hereby certify that, as Secretary of the Sienna Townhome Association, the foregoing Reserve and Capital Policy was approved on the 20th day of October, 2022, at a meeting of the Board of Directors at which a quorum was present.

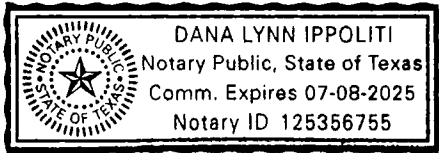
J. Barreda
By: J. Barreda (Oct 20, 2022 11:25 CDT)
Print Name: John Barreda
Title: Secretary

STATE OF TEXAS §
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COUNTY OF FORT BEND §

BEFORE ME, on this day personally appeared John Barreda the Secretary of the Sienna Townhome Association, known by me to be the person whose name is subscribed to this instrument, and acknowledged to me that s/he executed the same for the purposes herein expressed, in the capacity herein stated, and as the act and deed of said corporation.

Given under my hand and seal this the 20th day of October, 2022.

Dana Ippoliti
Notary Public – State of Texas



After Recording, Return To:
Dana Ippoliti
9600 Scanlan Trace
Missouri City, TX 77459