



January 29, 2024

Dear Sienna Townhome Association Owners,

The Sienna Townhome Association (STHA) Board of Directors has been evaluating the dissolution of the STHA as a corporate entity to have it become a "Special Service Area" within the Sienna Community Association (SCA). The primary basis of this opportunity is the economic benefit of reducing some of the expense areas that STHA unit owners are currently incurring in their annual STHA assessment. **On February 8, 2024, at 6:30 p.m. a virtual Informational Meeting about the proposed dissolution will be held so owners will have the opportunity to ask questions and better understand the implications of the proposed dissolution (link below).**

#### **Background Information – Role, Functions, Expenses**

STHA was initially created as a non-profit corporation by Chesmar Homes LLC, who is the Declarant and Developer. STHA has been a part of the SCA (the "Master" Association) since creation; therefore, all STHA owners are also members of SCA and pay an assessment to both entities.

Your current STHA assessment covers services that are solely related to the Chesmar townhome units which includes maintenance of exterior building surfaces (i.e. mildew removal, painting, and roofs) and sidewalks/ ramps. These expenses also include the corporate expenses such as financial/bookkeeping services, corporate insurance premiums, management expenses required for required record keeping of the Association, and Reserve expenses to fund major repair and replacement of the townhome structures such the exterior surfaces and roofs. The 2024 STHA annual assessment for these services is \$330/quarter (\$1,320/yr.).

As many of you may recall, in late 2022, a portion of your property insurance coverage changed from being paid for through your STHA assessment, to being paid independently by unit owners. This change was made due to the cost of this insurance coverage being higher to have the coverage through the Association versus having the coverage by each unit owner.

#### **Benefits of Proposed Dissolution**

With the change in insurance coverage at the end of 2022, the STHA Board has been considering the pros and cons of continuing to operate as a separate corporation from SCA. The alternative is to dissolve the corporation and create a Special Service Area within SCA. This approach is very common with community associations and typically can be less expensive for the owners. All the same services, other than the corporate related expenses, would be provided through the Special Service Area. All existing funds STHA has will be transferred to SCA; however they will only be used to provide services to those owners within the Sienna Townhome sections.

If STHA is dissolved as a separate corporate entity and established as a Special Service Area of SCA, the financial analysis has shown that the Special Service Area assessment under SCA would be approximately \$300/year lower than continuing to stay as a separate corporate entity. This is due to corporate-related expenses being eliminated.

In addition to the cost benefit of dissolution, there is also the benefit of simplification. There has been continued confusion for STHA owners related to being a member of two (2) separate Associations and paying an annual assessment to SCA and paying a quarterly assessment to STHA. The dissolution of the STHA corporation would have all services provided through SCA and one annual payment for both the Special Service Area Assessment and SCA assessment.

### **Functions as a Special Service Area vs a Separate Corporate Entity**

With STHA as a separate corporate entity, ultimately Chesmar would transition the Board control to the residents. Unit owners would be elected to the Board by other owners and would replace the Chesmar Board members. The resident Board would then take on the decision-making responsibility, liability as directors, and working with management and unit owners.

With the creation of a Special Service Area under SCA, SCA would create a Resident Advisory Committee (RAC) for the sections within STHA. This has been done for the gated neighborhoods throughout Sienna and allows owners within those sections to provide input on the services (and related costs) in their section(s) to the management and SCA Board. Annually there is a call for volunteers within the section and owners of that section vote to elect the members of their RAC.

### **Process of Proposed Dissolution**

The STHA Board adopted a Resolution for Dissolution and a Plan for Dissolution at their January 25, 2024, meeting, which is attached. As mentioned above, the Board will host an informational meeting of the unit owners which will be conducted virtually via Zoom at 6:30 p.m. on Thursday, February 8, 2024 (link below). This meeting will allow the Board and management to review the information shared above and answer the owner's questions.

Following the informational meeting, a membership vote will be held and concluded at the STHA Annual Meeting on March 14, 2024. A notice will be mailed to all owners of the Annual Meeting and will include a proxy/ballot. Owners may vote via proxy in advance of the meeting or at the February 8 meeting. The results will be announced at the Annual Meeting. Two-thirds of the membership (unit owners) must vote in favor of dissolving the corporation in a meeting for this purpose.

Owners are encouraged to attend the Informational Meeting on February 8, 2024, as well as the Annual Meeting on March 14, 2024. In the meantime, if you have any questions, please feel free to contact Sandy Denton, General Manager, Sienna Associations at [sandyd@clubsienna.com](mailto:sandyd@clubsienna.com).

Sincerely,

***Sienna Townhome Association Board of Directors & Sienna Association Management***

### **February 8, 2024 6:30 pm Informational Zoom Meeting Link**

<https://us02web.zoom.us/j/87320577397>

Or One tap mobile :

+13462487799,,87320577397# US (Houston)

+17193594580,,87320577397# US





**RESOLUTIONS OF THE BOARD OF DIRECTORS OF  
SIENNA TOWNHOME ASSOCIATION**

Pursuant to the Texas Business Organizations Code, the undersigned, being all of the directors on the Board of Directors (the “*Board*”) of Sienna Townhome Association, a Texas nonprofit corporation (the “*Association*”), unanimously consent to and adopt the following resolutions (the “*Resolutions*”):

*NOW THEREFORE, BE IT RESOLVED THAT, the Board has determined it to be in the best interest of the Association and the Sienna Townhomes subdivision to voluntarily wind up and dissolve the Association; and*

*BE IT FURTHER RESOLVED THAT, the Plan of Distribution attached to these Resolutions as Exhibit A satisfies the requirements of the Texas Business Organizations Code regarding the distribution of assets and funds, including the satisfaction of liabilities and obligations incurred in connection with this voluntary termination; and*

*BE IT FURTHER RESOLVED THAT, upon approval of the Plan of Distribution by the members of the Association, which Plan of Distribution will become effective upon the filing of a Certificate of Termination with the Texas Secretary of State, the Board accepts the terms and conditions of the Plan of Distribution, and the Board will take any actions necessary to effectuate the Plan of Distribution; and*

*BE IT FURTHER RESOLVED THAT, the Board directs that the Plan of Distribution be submitted to the members of the Association at the 2024 annual meeting of the members.*

IN WITNESS WHEREOF, these resolutions are adopted by the Board of Directors of Sienna Townhome Association as of the 25<sup>th</sup> day of January, 2024.

**APPROVED BY:**

Ron Brooks  
Ron Brooks (Jan 25, 2024 15:02 CST)  
\_\_\_\_\_  
Ron Brooks, Director

Jeff J Johnson  
Jeff J Johnson (Jan 29, 2024 16:44 CST)  
\_\_\_\_\_  
Jeff Johnson, Director

John Barreda  
John Barreda (Jan 29, 2024 16:46 CST)  
\_\_\_\_\_  
John Barreda, Director

**EXHIBIT A**  
**PLAN OF DISTRIBUTION**

[*See attached.*]



## SIENNA TOWNHOME ASSOCIATION PLAN OF DISTRIBUTION

In accordance with the Texas Business Organizations Code, the Board of Directors (the “**Board**”) of Sienna Townhome Association, a Texas nonprofit corporation (the “**Association**”), and the members of the Association have approved the following Plan of Distribution:

1. The Association will assign (the “**Assignment**”) all of its rights and obligations under the Supplemental Declaration of Covenants, Conditions, and Restrictions for Sienna Townhomes, recorded under Document No. 2019060447 in the Official Public Records of Fort Bend County, Texas, as same has been and may be amended and supplemented from time to time (the “**Townhome Declaration**”), to Sienna Plantation Community Association, Inc., sometimes doing business as Sienna Community Association (“**SCA**”).
2. Such Assignment, along with the termination of the Association, will effectuate the following results:
  - i) Lot owners in the Sienna Townhomes subdivision will be members of only one association: SCA. All voting and membership rights in SCA are defined in the Sienna Plantation Amended and Restated Master Covenant (Sienna Plantation Community Association, Inc.); recorded under Document No. 2019035843 in the Official Public Records of Fort Bend County, Texas, as same has been and may be amended and supplemented from time to time (the “**Master Sienna Covenants**”).
  - ii) Lot owners in the Sienna Townhomes subdivision will owe assessments to only one association: SCA. All assessments will be established and payable pursuant to the Master Sienna Covenants and, to the extent applicable, to the Townhome Declaration.
  - iii) Enforcement of the terms and provisions of the Townhome Declaration, including, without limitation, architectural control, maintenance of common areas, enforcement, collection, etc.) will be the right of SCA.
3. As of the date of termination, the Association has no debts, liabilities, or obligations outstanding and thus needs to take no action to see that such debts, liabilities, or obligations are paid, satisfied, or discharged before termination (all liabilities and outstanding debts of the Association will be satisfied or paid with cash on hand prior to the termination, and any remaining liabilities and outstanding debts will be assumed by SCA after the termination).

4. As of the date of termination, all contracts by and between the Association and any vendors will be terminated or assigned to SCA.
5. As of the date of termination, all funds of the Association will be transferred to SCA under this Plan of Distribution and used for the intended purposes it was collected for pursuant to the Townhome Declaration and Sienna Townhome dedicatory instruments.
6. The Board has the authority to take any steps that are necessary or convenient to carry this Plan of Distribution into effect, including, but not limited to, the power to execute any instruments that may be required to wind up the affairs of the Association.
7. Upon approval of this Plan of Distribution by the members of the Association, the officers and directors of the Board will execute a Certificate of Termination pursuant to, and in conformity with, the provisions of the Texas Business Organizations Code. The Certificate of Termination will be filed in the office of the Texas Secretary of State. The officers and directors of the Association will do all other things necessary or convenient to wind up the affairs of the Association.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]