

OFFICIAL STATEMENT DATED SEPTEMBER 21, 2020

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE - Book-Entry-Only

S&P Global Ratings (AGM Insured) "AA"
Moody's Investors Service, Inc. (AGM Insured) "A2"
Moody's Investors Service, Inc. (Underlying) "Baa1"

SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas, located in Fort Bend County)

\$14,570,000
Unlimited Tax Bonds
Series 2020

Dated: October 1, 2020

Due: September 1, as shown on the inside cover

The \$14,570,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are obligations of Sienna Plantation Municipal Utility District No. 4 (the "District") and are not obligations of the State of Texas ("Texas"); Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from October 1, 2020, and is payable March 1, 2021, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are issued as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS - Book-Entry-Only System."

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater, and drainage system to serve the District (the "Utility System"). To date, voters in the District have authorized issuance of a total of \$265,300,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing the Utility System, and for the refunding of such bonds; \$166,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"), and for the refunding of such bonds; and \$68,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$223,265,000 for the purpose of acquiring or constructing the Utility System, and for the refunding of such bonds; \$149,400,000 for the purpose of acquiring or constructing the Road System, and for the refunding of such bonds; and \$68,200,000 for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS - Source of Payment." Investment in the Bonds is subject to certain investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser (herein defined), subject to among other things to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about October 20, 2020.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS

\$14,570,000 Unlimited Tax Bonds, Series 2020

\$8,805,000 Serial Bonds

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82621X (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82621X (b)
2022	\$ 435,000	2.000%	0.450%	FD1	2031 (c)	\$ 555,000	2.000%	1.850%	FN9
2023	450,000	2.000%	0.550%	FE9	2032 (c)	575,000	2.000%	1.950%	FP4
2024	460,000	3.000%	0.700%	FF6	-	-	-	-	-
2025	475,000	3.000%	0.850%	FG4	2035 (c)	620,000	2.000%	2.100%	FS8
2026 (c)	485,000	2.000%	1.000%	FH2	2036 (c)	640,000	2.000%	2.150%	FT6
2027 (c)	500,000	2.000%	1.200%	FJ8	2037 (c)	655,000	2.000%	2.200%	FU3
2028 (c)	515,000	2.000%	1.400%	FK5	2038 (c)	675,000	2.000%	2.250%	FV1
2029 (c)	530,000	2.000%	1.600%	FL3	2039 (c)	695,000	2.125%	2.300%	FW9
2030 (c)	540,000	2.000%	1.750%	FM1					

\$5,765,000 Term Bonds

\$1,195,000 Term Bonds Due September 1, 2034 (c)(d), Interest Rate: 2.000% (Price: \$99.398) (a), CUSIP No. 82621X FR0 (b)

\$4,570,000 Term Bonds Due September 1, 2045 (c)(d), Interest Rate: 2.250% (Price: \$96.472) (a), CUSIP No. 82621X GC2 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from October 1, 2020, to the date of delivery of the Bonds will be added to the price.
- (b) CUSIP numbers have been assigned to this issue by the CUSIP Global Services, managed by S&P Global Market Intelligence LLC on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2026, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information, or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel upon payment of duplication costs, for further information.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. The District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and to the extent such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Underwriter and thereafter only as specified in "OFFICIAL STATEMENT - Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 97.323728% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.328886%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, dealer or similar person or organization acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX C."

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable

outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At June 30, 2020:

- The policyholders' surplus of AGM was approximately \$2,667 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE UK and AGE SA were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at

<http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

RATINGS

The Bonds have received an insured credit rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds have received an insured credit rating of "A2" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "Baa1" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the insured credit rating of S&P, the insured credit rating of Moody's, or the underlying credit rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

The following is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The District.....	Sienna Plantation Municipal Utility District No. 4 (the "District"), a political subdivision of the State of Texas ("Texas"), located in Fort Bend County, Texas (the "County"). See "THE DISTRICT."
The Bonds.....	The \$14,570,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are dated October 1, 2020, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from October 1, 2020, at the rates set forth on the inside cover, and is payable March 1, 2021, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 of principal amount for any one maturity. See "THE BONDS."
Redemption Provisions.....	<p>The Bonds maturing on or after September 1, 2026, are subject to redemption, in whole or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – <i>Optional Redemption.</i>"</p> <p>The Bonds mature serially on September 1, in each year 2022 through 2032, both inclusive, and 2035 through 2039, both inclusive. The Bonds maturing on September 1 in the years 2034 and 2045 are term bonds that are also subject to mandatory redemption provisions set out herein under "THE BONDS – Redemption Provisions – <i>Mandatory Redemption.</i>"</p>
Book-Entry-Only System.....	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System (herein defined). Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined). Principal of and interest on the Bonds will be payable by the office of the paying agent/registrars, initially Regions Bank, an Alabama state banking corporation, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment.....	The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of Texas; the County; the City of Missouri City, Texas (the "City"); or any entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds.....	The District has previously issued its \$8,800,000 Unlimited Tax Bonds, Series 2016; \$9,400,000 Unlimited Tax Road Bonds, Series 2016A; \$10,135,000 Unlimited Tax Bonds, Series 2017; \$8,530,000 Unlimited Tax Bonds, Series 2018; and \$7,500,000 Unlimited Tax Road Bonds, Series 2019. At the delivery of the Bonds, \$41,620,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."
Payment Record.....	The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness.
Authority for Issuance.....	To date, voters in the District have authorized issuance of a total of \$265,300,000 principal amount of unlimited tax bonds for purpose of

acquiring or constructing a waterworks, wastewater, and drainage system to serve the District (the "Utility System"), and for the refunding of such bonds; \$166,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System"), and for the refunding of such bonds; and \$68,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$223,265,000 for the purpose of acquiring or constructing the Utility System, and for the refunding of such bonds; \$149,400,000 for the purpose of acquiring or constructing the Road System, and for the refunding of such bonds; and \$68,200,000 for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds.

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); a resolution of the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution and the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; and an election held within the District on November 3, 2009. See "THE BONDS – Authority for Issuance."

- Use of Distribution of Bond Proceeds.....Proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for the improvements and related costs shown under "THE BONDS – Use and Distribution of Bond Proceeds" Proceeds from the Bonds will also be used to pay developer interest, twelve months of capitalized interest, and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."
- NOT Qualified Tax-Exempt Obligations.....The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.
- Municipal Bond Insurance.....Assured Guaranty Municipal Corp. See "MUNICIPAL BOND INSURANCE."
- RatingsS&P Global Ratings (AGM Insured): "AA." Moody's Investors Service, Inc. (AGM Insured): "A2." Moody's Investors Service, Inc. (Underlying): "Baa1." See "RATINGS."
- Bond Counsel..... Allen Boone Humphries Robinson LLP, Houston, Texas.
- Disclosure Counsel..... Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
- Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.
- Engineer LJA Engineering, Inc., Houston, Texas.
- Paying Agent/Registrar Regions Bank, Houston Texas.

THE DISTRICT

- Description.....The District was created by the TCEQ on September 26, 1996, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District comprises approximately 1,064 acres of land and is part of the master-planned community known as "Sienna" (formerly known as Sienna Plantation), a development that, in total, comprises approximately 10,320 acres. The District is located in the southeast part of the County, approximately 24 miles southwest of the downtown of the City of Houston, Texas. The District is approximately 4 miles south of the intersection of the Fort Bend Parkway Toll Road and Sienna Parkway; approximately 11 miles southeast of the intersection of Texas State Highway 6 and U.S. Highway 59; and approximately 5 miles south of the intersection of Texas State Highway 6 and Sienna Parkway. The Brazos River and Flat Bank Creek diversion channel border the District on the west. The District is north of Sienna Plantation Municipal Utility District No. 6 ("SPMUD6") and south of

Sienna Plantation Municipal Utility District No. 3. The District is situated entirely within the boundaries of both Fort Bend Independent School District and Sienna Plantation Levee Improvement District of Fort Bend County, Texas (“SPLID”). The District also lies wholly within the extraterritorial jurisdiction of the City. See “THE DISTRICT.”

- SiennaIn 2013, Toll-GTIS Property Owner, LLC (the “Developer”) purchased approximately 3,710 acres located in Sienna. The District is one of four municipal utility districts collectively comprising approximately 3,424 acres, herein referred to as the “Service Area.” The District, Sienna Plantation Municipal Utility District No. 5 (“SPMUD5”), SPMUD6, and Sienna Plantation Municipal Utility District No. 7 (“SPMUD7”), collectively referred to as the “Participants,” make up the Service Area and are being marketed as part of Sienna. Johnson SS Management LLC, an affiliate of Johnson Development Corp. (“JDC”), has been hired as fee developer for the Developer. See “DESCRIPTION OF THE DEVELOPER.”
- Development within the District.....To date, approximately 855.3 acres (1,761 lots) within the District have been developed as the single-family residential subdivision of Village of Sawmill Lake, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, and 20-25. As of August 1, 2020, 1,563 homes were complete (1,497 occupied, 56 unoccupied, and 10 model homes), 120 homes were under construction, and 78 lots were developed and vacant. In addition, approximately 63.0 acres in the District have been developed by Fort Bend Independent School District as Ridge Point High School; approximately 16.0 acres have been developed as Sienna Lutheran Academy; and approximately 2.0 acres have been developed for a CVS Pharmacy. The remaining land within the District includes approximately 68.3 undeveloped but developable acres and approximately 59.4 undevelopable acres. See “DEVELOPMENT WITHIN THE DISTRICT.”
- The DeveloperThe primary developer of land in the District is the Developer. Johnson SS Management LLC, an affiliate of JDC, has been hired as fee developer for the Developer. No landowner is obligated to pay any principal or interest on the Bonds. See “DESCRIPTION OF THE DEVELOPER.”
- Homebuilders Active Within the District.....Homebuilders active within the District include Toll Brothers; Meritage Homes; Jamestown Estate Homes; Westin Homes; Shea Homes; Weekley Homes; Trendmaker Homes; Perry Homes; Newmark Homes; Gracepoint Homes; M/I Homes; Chesmar Homes; Lennar; and MHI. Prices of new homes being constructed within the District range in price from approximately \$260,000 to over \$980,000, and in size from approximately 1,600 square feet to over 6,500 square feet. See “HOMEBUILDERS ACTIVE WITHIN THE DISTRICT.”
- Master District FacilitiesSPMUD5 (the “Master District”), in its capacity as the provider of regional water, wastewater, drainage facilities (the “Master District System Facilities”); regional arterial, collector, and thoroughfare roads and improvements in aid thereof (the “Master District Road Facilities”); park and recreational facilities (the “Master District Park Facilities”); and firefighting facilities (the “Master District Fire Facilities”) necessary to serve the Service Area, including the District, collectively referred to as the “Master District Facilities,” will construct the Master District Facilities and provide services from those Master District Facilities. Each Participant, including the District, is obligated severally, but not jointly, to make contract payments to the Master District in an amount sufficient to pay its debt service requirements on contract revenue bonds issued by the Master District. The Master District intends to issue \$6,000,000 principal amount of contract revenue bonds for Master District System Facilities and \$6,000,000,000 principal amount of contract revenue bonds for Master District Road Facilities in October 2020. At the delivery of the Bonds, the Master District will have \$24,855,000 principal amount of contract revenue bonds outstanding (exclusive of the anticipated bond issues). The Master District also contracts with Sienna Plantation Municipal Utility

District No. 1 (“SPMUD1”) for water supply and wastewater treatment services. SPMUD1 has issued contract revenue bonds for a permanent wastewater treatment plant to serve land in the Service Area. The payments to SPMUD1 are part of the contract payments to the Master District. See “MASTER DISTRICT CONTRACT.”

Development AgreementThe Developer has entered into a Sienna Plantation Joint Development Agreement, dated February 19, 1996, with the City, as amended (collectively, the “Development Agreement”), pursuant to which the City and the landowners stipulate the City’s regulatory authority over the development of the tract owned by the Developer in Sienna, establish certain restrictions and commitments related to the development of Sienna, set forth a formula for determining the timing of annexation of land within Sienna by the City, and identify and establish a master plan for the development of Sienna. The development of all land within the tract owned by the Developer in Sienna is governed by the provisions of the Development Agreement. See “DESCRIPTION OF THE DEVELOPER – Development Agreement.”

Strategic Partnership AgreementThe District has entered into a strategic partnership agreement with the City (the “Agreement”). The Agreement provides, among other things, the terms under which the City can annex or dissolve the District. The City may annex the District but also may maintain the District for limited purposes. Once the District is dissolved the Bonds become obligations of the City.

Flood Protection System and
Overlapping Districts and TaxesSPLID is the levee improvement district created to construct and maintain the earthen levee, detention ponds, external drainage channel, and various interior drainage channels necessary to serve Sienna. All of the approximate 3,424 total acres that make up the Service Area, including the District, are located within SPLID. SPLID intends to finance facilities to accomplish flood protection and accommodate storm water drainage and regional park facilities within SPLID, including the District. SPLID currently levies a tax on property located within its boundaries, including the District, which is in addition to the tax levied by the District. For the 2020 tax year, SPLID anticipates to levy a total tax of \$0.450 per \$100 of assessed valuation. SPLID plans to issue \$37,900,000 principal amount of unlimited tax bonds in October 2020. At the delivery of the Bonds, SPLID will have \$120,535,000 principal amount of unlimited tax bonds outstanding (exclusive of the anticipated bond issue). See “TAX DATA – Estimated Overlapping Taxes,” “INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments,” and “THE FLOOD PROTECTION SYSTEM.”

District Name ChangeThe District has filed an application with the TCEQ to change its name to “Sienna Municipal Utility District No. 4.” The TCEQ is currently reviewing the application, and the District anticipates receiving approval from the TCEQ in 2020.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CAREFULLY EXAMINE THIS ENTIRE OFFICIAL STATEMENT, ESPECIALLY THE PORTION OF THIS OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS,” BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2020 Assessed Valuation	\$ 560,618,013	(a)
(100% of the market valuation as of January 1, 2020)		
Estimated Assessed Valuation as of August 1, 2020.....	\$ 607,894,864	(b)
(100% of the estimated market valuation as of August 1, 2020)		
Direct Debt:		
The Outstanding Bonds (at the Delivery of the Bonds).....	\$ 41,620,000	
The Bonds.....	<u>\$ 14,570,000</u>	
Total	\$ 56,190,000	
Estimated Overlapping Debt.....	<u>\$ 86,798,485</u>	(c)
Total Direct and Estimated Overlapping Debt.....	\$ 142,988,485	(c)
Direct Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	10.02	%
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	9.24	%
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	25.51	%
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	23.52	%
Utility System Debt Service Fund Balance (as of August 3, 2020).....	\$ 1,650,606	(d)
Road System Debt Service Fund Balance (as of August 3, 2020)	\$ 1,282,310	(e)
Utility System Capital Projects Fund Balance (as of August 3, 2020)	\$ 2,757	
Road System Capital Projects Fund Balance (as of August 3, 2020).....	\$ 685,819	
General Operating Fund Balance (as of August 3, 2020).....	\$ 1,296,634	

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- (a) Represents the assessed valuation of all taxable property within the District as of January 1, 2020, as provided by the Fort Bend Central Appraisal District (the "Appraisal District"). Such amount includes \$11,074,592 of assessed valuation assigned to properties that remain under review by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Provided by Appraisal District for informational purposes only. This amount is an estimate of the assessed valuation of all taxable property within the District as of August 1, 2020, and includes an estimate of assessed valuation resulting from the construction of taxable improvements from January 1, 2020, through August 1, 2020. No taxes will be levied against such amount. See "TAX DATA" and "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the Road System.
- (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2020 Tax Rate per \$100 of Assessed Valuation (a):		
Debt Service.....	\$	0.585 (b)
Maintenance and Operations.....	\$	0.125
Contract.....	<u>\$</u>	<u>0.340</u> (c)
Total.....	\$	1.050
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2021-2045).....		
	\$	3,142,501 (d)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041).....		
	\$	3,653,610 (d)
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2021-2045):		
Based on the 2020 Taxable Assessed Valuation at 95% Collections.....	\$	0.60
Based on the Estimated Assessed Valuation as of August 1, 2020, at 95% Collections.....	\$	0.55
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041):		
Based on the 2020 Taxable Assessed Valuation at 95% Collections.....	\$	0.69
Based on the Estimated Assessed Valuation as of August 1, 2020, at 95% Collections.....	\$	0.64
Single-Family Homes (including 120 under construction) as of August 1, 2020.....		1,683 (e)

(a) Anticipated tax rate for the 2020 tax year.

(b) The District's \$0.585 tax rate for debt service is composed of a \$0.420 tax rate for payment of debt service on bonds issued for the Utility System and a \$0.165 tax rate for payment of debt service on bonds issued for the Road System. The District is authorized to levy separate taxes to pay debt service for bonds issued for the Utility System and to pay debt service for bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "TAX DATA - Tax Rate Distribution."

(c) The contract tax is composed of payments to the Master District for the District's share of debt service for Master District bonds issued for Master District Facilities, including payments to SPMUD1 for bonds issued for the permanent wastewater treatment plant. See "MASTER DISTRICT CONTRACT."

(d) See "DISTRICT DEBT - Debt Service Requirement Schedule."

(e) Approximately 1,497 homes were occupied as of August 1, 2020. See "DEVELOPMENT WITHIN THE DISTRICT."

SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas, located in Fort Bend County)

\$14,570,000
Unlimited Tax Bonds
Series 2020

INTRODUCTION

This Official Statement of Sienna Plantation Municipal Utility District No. 4 (the "District") is provided to furnish information with respect to the issuance by the District of its \$14,570,000 Unlimited Tax Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); a resolution of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds (the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas ("Texas"), including Chapters 49 and 54 of the Texas Water Code; and an election held within the District on November 3, 2009.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument. Copies of documents may be obtained from the District via Bond Counsel (herein defined) at 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefore.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. Copies of the Bond Resolution may be obtained from the District upon written request made to Bond Counsel at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated October 1, 2020, with interest payable March 1, 2021, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover.

Principal of the Bonds will be payable to the Registered Owners (herein defined) at maturity or redemption upon presentation at the principal payment office of the Paying Agent/Registrar, initially Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized

representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The holder of ownership interest of each actual purchase of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct and Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolutions will be given only to DTC.

Paying Agent

The initial paying agent/registrar for the Bonds is Regions Bank, an Alabama state banking corporation, Houston, Texas. The Bonds are being issued in fully registered form in integral multiples of \$5,000 of principal amount. Interest on the Bonds will be payable semiannually by the Paying Agent/Registrar by check mailed on each Interest Payment Date by the Paying Agent/Registrar to the Registered Owners at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the principal payment office of the Paying Agent/Registrar. A bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations.

To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2026, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2025, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Paying Agent/Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District.

If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2034 and 2045 are term bonds (the “Term Bonds”) and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), and in the principal amount set forth in the following schedules:

\$1,195,000 Term Bonds Maturing on September 1, 2034	
Mandatory Redemption Date	Principal Amount
September 1, 2033	\$ 590,000
September 1, 2034 (Maturity)	605,000
\$4,570,000 Term Bonds Maturing on September 1, 2045	
Mandatory Redemption Date	Principal Amount
September 1, 2040	\$ 710,000
September 1, 2041	730,000
September 1, 2042	750,000
September 1, 2043	770,000
September 1, 2044	795,000
September 1, 2045 (Maturity)	815,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bonds or portions of the Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of the Term Bonds to be mandatorily redeemed on such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only system should be discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, the Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar’s records to the successor paying agent/registrar, and the successor paying agent/registrar shall act in the same capacity as the Paying Agent/Registrar. Any successor paying agent/registrar selected by the District shall be a commercial bank; a trust company organized under the laws of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the paying agent/registrar for the Bonds.

Outstanding Bonds

The District has previously issued its \$8,800,000 Unlimited Tax Bonds, Series 2016; \$9,400,000 Unlimited Tax Road Bonds, Series 2016A; \$10,135,000 Unlimited Tax Bonds, Series 2017; \$8,530,000 Unlimited Tax Bonds, Series 2018; and \$7,500,000 Unlimited Tax Road Bonds, Series 2019. At the delivery of the Bonds, \$41,620,000 principal amount of such previously issued debt will remain outstanding (the “Outstanding Bonds”).

Authority for Issuance

To date, voters in the District have authorized issuance of a total of \$265,300,000 principal amount of unlimited tax bonds for purpose of acquiring or constructing a waterworks, wastewater, and drainage system to serve the District (the “Utility System”), and for the refunding of such bonds; \$166,300,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the “Road System”), and for the refunding of such bonds; and \$68,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds.

The Bonds are issued pursuant to an order of the TCEQ; the Bond Resolution; Article XVI, Section 59 of the Texas Constitution and the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; and an election held within the District on November 3, 2009.

Before the Bonds are issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in the Official Statement.

Funds

The Bond Resolution confirms the District's debt service fund for payment of debt service on the Bonds and any other bonds issued by the District for the purpose of acquiring or constructing the Utility System, or for the purpose of refunding such bonds (the "Utility System Debt Service Fund"). The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the bonds issued by the District for the Utility System, including the Bonds, and any additional bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used only for payment of such bonds. Amounts on deposit in the Utility System Debt Service Fund may also be used for the following, to the extent applicable to the bonds issued by the District for the Utility System, including the Bonds, and any additional bonds issued by the District for the Utility System: to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of principal of and interest on bonds, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Upon closing and delivery of the Bonds, accrued interest on the Bonds will be deposited into the Utility System Debt Service Fund. The proceeds from all taxes levied and collected for payment of debt service on bonds issued by the District for the Utility System, including the Bonds, and any additional bonds issued by the District for the Utility System will also be deposited into the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Utility System, including the Bonds, and any additional bonds issued by the District for the Utility System and are not available to pay debt service on the bonds issued by the District for the Road System or any additional bonds issued by the District for the Road System.

The District also maintains a debt service fund for payment of debt service on bonds issued by the District for the purpose of acquiring or constructing the Road System, or for the purpose of refunding such bonds (the "Road System Debt Service Fund"). Funds in the Road System Debt Service Fund are available only to pay debt service on the bonds issued by the District for the Road System and any additional bonds issued by the District for the Road System and are not available to pay debt service on the bonds issued by the District for the Utility System, including the Bonds, or any additional bonds issued by the District for the Utility System.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. Article XVI, Section 59 of the Texas Constitution authorizes the District's levy of such ad valorem tax for the payment of the debt service on the Bonds. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, fees of the Paying Agent/Registrar, and fees of the Appraisal District (herein defined).

The Bonds are obligations solely of the District and are not the obligations of Texas; Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Bonds constitute the fourth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$223,265,000 for the purpose of acquiring or constructing the Utility System, and for the refunding of such bonds; \$149,400,000 for the purpose of acquiring or constructing the Road System, and for the refunding of such bonds; and \$68,200,000 for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds issued by the District for the purpose of acquiring or constructing the Utility System, such as the Bonds, or for the purpose of acquiring or constructing park recreational facilities to serve the District, approved by the TCEQ). The District's issuance of bonds for the purpose of acquiring or constructing the Road System is not subject to approval by the TCEQ.

Based on present engineering cost estimates and on development plans provided by the Developer (herein defined), in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to reimburse the Developer the remaining amounts owed for the existing utility facilities,

and to finance the extension of water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land and road improvements within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE UTILITY SYSTEM," "THE ROAD SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Annexation by the City of Missouri City, Texas

Chapter 42, Texas Local Government Code, provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any city comprises that city's extraterritorial jurisdiction. The size of extraterritorial jurisdiction depends in part on the city's population. For the City, the extraterritorial jurisdiction consists of all the contiguous unincorporated areas, not a part of any other city or any other city's extraterritorial jurisdiction and within two (2) miles of the corporate limits of the City. With certain exceptions, a city may annex territory only within the confines of its extraterritorial jurisdiction. When a city annexes additional territory, the city's extraterritorial jurisdiction expands in conformity with such annexation.

The District lies within the extraterritorial jurisdiction of the City. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent (50%) of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement under Section 43.0751, Texas Local Government Code between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

The District and the City entered into a strategic partnership agreement (the "Agreement"). Pursuant to the Agreement, which sets forth the terms of full purpose annexation, the City will not annex the property in the District until (i) at least 95% of the developable acreage within the District has been developed with water, wastewater and drainage facilities, and (ii) the Developers have been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days. No representation is made as to whether or not the City will annex the District at any time in the future. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

The Agreement allows for annexation for certain limited purposes, such as the provision of certain municipal services. If such limited purpose annexation were to occur, the District would continue to retain all of its rights, powers, and authority, except the City's right to provide certain services. See "DEVELOPMENT WITHIN THE DISTRICT."

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or

redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code and is applicable to the District:

(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Bankruptcy Limitation to Registered Owners' Rights

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Utility System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a

judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to sovereign immunity, bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used to reimburse the Developer for the improvements and related costs shown below. Proceeds from the Bonds will also be used to pay developer interest, twelve months of capitalized interest, and other certain costs associated with the issuance of the Bonds, as shown below.

Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the Auditor (herein defined).

<u>CONSTRUCTION COSTS</u>	<u>Total Costs</u>
A. Developer Contribution Items	
1. Sienna Village of Destrehan, Section 7B – Clearing and Grubbing	\$ 25,720
2. 1.98 & 1.47 Acre Commercial Tracts – Drainage Facilities	89,327
3. Sienna Plantation, Section 20 – W, WW, & D	248,038
4. Sienna Village of Destrehan, Section 9B – W, WW, & D	138,144
5. Sienna Plantation, Section 21 – W, WW, & D	40,145
6. Sienna Plantation, Section 13B, Phase 2 – W, WW, & D	589,434
7. Sienna Plantation, Section 13B, Stage 2 – W, WW, & D	39,670
8. Sienna Village of Destrehan, Section 7B – W, WW, & D	556,001
9. Sienna Plantation, Section 22 – W, WW, & D	952,970
10. Sienna Village of Destrehan, Section 7C – W, WW, & D	728,251
11. Sienna Plantation, Section 16 – W, WW, & D	1,739,646
12. Sienna Plantation, Section 17A – W, WW, & D	994,781
13. Sienna Plantation, Section 15A – W, WW, & D	508,192
14. Sienna Plantation, Section 14 – W, WW, & D	827,322
15. Sienna Plantation, Section 18 – Clearing and Grubbing	61,720
16. Sienna Village of Destrehan, Section 6B – W, WW, & D	222,842
17. Sienna Plantation, Section 25 – W, WW, & D	1,046,060
18. Sienna Plantation, Section 15B – W, WW, & D	410,896
19. Sienna Plantation, Section 24 – W, WW, & D	398,006
20. Engineering and Testing (17.49% of Items 2 Through 19, Excluding Item 15)	1,666,686
21. Storm Water Pollution Prevention Plan (5.24% of Items 2 Through 19, Excluding Item 15)	499,396
TOTAL DEVELOPER CONTRIBUTION ITEMS	<u>\$ 11,783,247</u>
B. District Items	
None	\$ -
TOTAL CONSTRUCTION COSTS (80.87% of Bond Issue)	<u>\$ 11,783,247</u>
 <u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 331,400
B. Fiscal Agent Fees	279,975
C. Interest Costs	
1. Capitalized Interest (12 Months)	313,044
2. Developer Interest	980,895
D. Bond Discount	389,933
E. Bond Issuance Expenses	45,000
F. Bond Application Report Costs	47,232
G. Attorney General Fee (0.10% or \$9,500 Maximum)	9,500
H. TCEQ Bond Issuance Fee (0.25%)	36,426
I. Contingency (a)	353,348
TOTAL NON-CONSTRUCTION COSTS	<u>\$ 2,786,753</u>
TOTAL BOND ISSUE REQUIREMENT	<u>\$ 14,570,000</u>

(a) Represents the difference between the estimated and actual amounts of bond discount and capitalized interest.

The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the TCEQ dated September 26, 1996. The creation of the District was confirmed at an election held within the District on November 3, 2009. The rights, powers, privileges, authority, and functions of the District are established by the general laws of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapter 8320, Special District Local Laws Code. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

The District is also is authorized to finance road improvements and construct, develop, and maintain park and recreational facilities. In addition, the District, after complying with certain requirements set forth in the Texas Water Code, is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. The District presently receives fire protection services pursuant to a contract with the City, for which the District pays a monthly fee per house. See “THE UTILITY SYSTEM” and “THE ROAD SYSTEM.”

Description

The District encompasses approximately 1,064 acres of land. The District is one of four municipal utility districts collectively comprising the approximate 3,424 acres of land referred to herein as the “Service Area,” which is part of the larger development known as “Sienna” (formerly known as Sienna Plantation”). The District, Sienna Plantation Municipal Utility District No. 5 (“SPMUD5”), Sienna Plantation Municipal Utility District No. 6 (“SPMUD6”), and Sienna Plantation Municipal Utility District No. 7 (“SPMUD7”), referred to herein individually as a “Participant” or collectively as the “Participants,” make up the Service Area. The District is located in the southeast part of the County, approximately 24 miles southwest of the downtown of the City of Houston, Texas (“Houston”). The District is located approximately 4 miles south of the intersection of the Fort Bend Parkway Toll Road and Sienna Parkway; approximately 11 miles southeast of the intersection of Texas State Highway 6 and U.S. Highway 59; and approximately 5 miles south of the intersection of Texas State Highway 6 and Sienna Parkway. The Brazos River and Flat Bank Creek diversion channel border the District on the west. The District is north of SPMUD6 and south of Sienna Plantation Municipal Utility District No. 3. The District is located entirely within the boundaries of the Fort Bend Independent School District and Sienna Plantation Levee Improvement District of Fort Bend County, Texas (“SPLID”). SPLID provides major outfall drainage and flood protection for all of the land within the Service Area. See “THE FLOOD PROTECTION SYSTEM.”

The District is located wholly within the extraterritorial jurisdiction of the City. See “THE BONDS – Annexation by the City of Missouri City, Texas.”

Management of the District

The District is governed by the Board, consisting of five directors, who have control over and management supervision of all affairs of the District. All of the directors own land within in the District. The directors serve four-year staggered terms. Elections are held in even numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Ray Sick	President	2022
Bryan D. Ives	Vice President	2024
Maris Reynolds	Assistant Vice President	2024
Mary Berna	Secretary	2024
Robert W. Vacek	Assistant Secretary	2022

Investment Policy

The District has adopted an Investment Policy (the “Policy”) as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Act”). The District’s goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in

accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

Although the District does not employ a general manager or any other full-time employees, the District has contracted with third parties for operating of the Utility System, bookkeeping, tax assessing and collecting, auditing, engineering, financial advisory and legal services as follows:

Tax Assessor/Collector: The District's tax assessor/collector is Tax Tech, Inc., Houston, Texas (the "Tax Assessor/Collector"). The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P., Houston, Texas.

Utility System Operator: The District's operator is Si Environmental, LLC., Houston, Texas.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. McGrath & Co., PLLC, Houston, Texas (the "Auditor") prepared the financial statements of the District for the fiscal year ending April 30, 2020, attached hereto as "APPENDIX B."

Engineer: The District's engineer in connection with the design and construction of the facilities for which the Bonds are being sold to reimburse the Developers is LJA Engineering, Inc., Houston, Texas (the "Engineer"). The Engineer has also been engaged by the Developer in connection with certain planning activities and the design of certain streets and related improvements within the District.

Financial Advisor: Robert W. Baird & Co. Incorporated, Houston, Texas, is engaged as the Financial Advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Bond and General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas as disclosure counsel ("Disclosure Counsel") in connection with the issuance of the Bonds. The legal fee to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

District Name Change

The District has filed an application with the TCEQ to change its name to "Sienna Municipal Utility District No. 4." The TCEQ is currently reviewing the application, and the District anticipates receiving approval from the TCEQ in 2020.

DEVELOPMENT WITHIN THE DISTRICT

To date, approximately 855.3 acres (1,761 lots) within the District have been developed as the single-family residential subdivision of Village of Sawmill Lake, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, and 20-25. As of August 1, 2020, 1,563 homes were complete (1,497 occupied, 56 unoccupied, and 10 model homes), 120 homes were under construction, and 78 lots were developed and vacant. In addition, approximately 63.0 acres in the District have been developed by Fort Bend Independent School District as Ridge Point High School; approximately 16.0 acres have been developed as Sienna Lutheran Academy; and approximately 2.0 acres have been developed for a CVS Pharmacy. The remaining land within the District includes approximately 68.3 undeveloped but developable acres and approximately 59.4 undevelopable acres.

HOMEBUILDERS ACTIVE WITHIN THE DISTRICT

Homebuilders active within the District include Toll Brothers; Meritage Homes; Jamestown Estate Homes; Westin Homes; Shea Homes; Weekley Homes; Trendmaker Homes; Perry Homes; Newmark Homes; Gracepoint Homes; M/I Homes; Chesmar Homes; Lennar; and MHI. Prices of new homes being constructed within the District range in price from approximately \$260,000 to over \$980,000, and in size from approximately 1,600 square feet to over 6,500 square feet.

DESCRIPTION OF THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivisions, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by such district. A developer is generally under no obligation to a district to develop the property which it owns. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is usually the major taxpayer within a municipal utility district during the initial development phase of the property.

Principal Landowner/Developer

The developer of land within the District is Toll-GTIS Property Owner, LLC (the "Developer"), which is a joint venture between Toll Brothers, Inc. ("Toll Brothers") and GTIS Partners ("GTIS"). Johnson SS Management LLC, an affiliate of Johnson Development Corp. ("JDC"), has been hired as fee developer for the Developer. The Developer purchased the land in the Service Area, including the District, in December of 2013. Toll Brothers, Inc. is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "TOL." Audited financial statements for Toll Brothers, Inc. can be found online at www.tollbrothers.com/investor_relations. Toll Brothers, Inc. is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with SEC. Reports, proxy statements and other information filed by Toll Brothers can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC. GTIS is a real estate private equity firm located in New York, NY. GTIS was founded in 2005 and has approximately \$3.2 billion in assets under management. GTIS has invested in residential, retail, industrial, office, hotel, and mixed-use projects in the United States and Brazil.

Neither Toll Brothers nor GTIS is legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer, Toll Brothers nor GTIS is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer, Toll Brothers nor GTIS has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer, Toll Brothers and GTIS is subject to change at any time.

Development Agreement

A prior owner of land within the District entered into the Eighth Amendment to the Sienna Plantation Joint Development Agreement with the City on July 15, 2013 (the "Eighth Amendment"). The Eighth Amendment modifies the terms of the original Sienna Plantation Joint Development Agreement (entered into in February 19, 1996) as it pertains to the land now owned by the Developer (referred to in the Eighth Amendment as "Tract B" but referred to herein as the Service Area, including the District); and clarifies that unless expressly set forth in the Eighth Amendment, none of the terms of the preceding seven amendments are applicable to the development of the Service Area. Thus the original Sienna Plantation Joint Development Agreement, as amended by the Eighth Amendment, (collectively referred to herein as the "Development Agreement") are the only terms that remain in full force and effect as to the Developer's development of land in the Service Area.

The Development Agreement was assigned to Toll Brothers on December 10, 2013, and the Developer is developing the Service Area pursuant to the terms of the Development Agreement. The Development Agreement stipulates the City's regulatory authority over the development of Sienna, establishes certain restrictions and commitments related to the development of the Service Area, sets forth detailed design and construction standards, stipulates a formula for determining the timing of annexations of land within the Service Area by the City, sets forth utility development standards, and identifies and establishes a master plan for the development of the Service Area. The Development Agreement limits the number of residential units within the Service Area to 10,000 with no more than 220 acres of

commercial development. Any material deviation from the terms of the Development Agreement by the Developer may be considered a breach of the Development Agreement by the Developer and may adversely affect development of the Service Area.

In the Development Agreement, the City agrees not to annex the property in a Participant, including the District, before such time as (i) at least 95% of the developable acreage within the Participant has been developed with water, wastewater treatment, and drainage facilities; and (ii) the Developer has been reimbursed to the maximum extent permitted by the rules of the TCEQ, or the City assumes any obligation for such reimbursement. In addition, the Development Agreement permits, upon the City's sole discretion, for the existence of limited districts after annexation for the limited purposes of, among other things, making payments for the debt service requirements of the Master District (herein defined), or maintaining any facilities not accepted by the City.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(August 2020)



**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(August 2020)**



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year	Outstanding	The Bonds		Debt Service	Total
	Debt Service (a)	Principal	Interest		Debt Service
2021	\$ 2,559,481	-	\$ 286,957	\$ 286,957	\$ 2,846,438
2022	2,570,476	\$ 435,000	313,044	748,044	3,318,520
2023	2,579,306	450,000	304,344	754,344	3,333,650
2024	2,590,941	460,000	295,344	755,344	3,346,285
2025	2,602,666	475,000	281,544	756,544	3,359,210
2026	2,611,786	485,000	267,294	752,294	3,364,080
2027	2,631,276	500,000	257,594	757,594	3,388,870
2028	2,652,611	515,000	247,594	762,594	3,415,205
2029	2,667,641	530,000	237,294	767,294	3,434,935
2030	2,690,279	540,000	226,694	766,694	3,456,973
2031	2,703,843	555,000	215,894	770,894	3,474,736
2032	2,718,929	575,000	204,794	779,794	3,498,723
2033	2,735,671	590,000	193,294	783,294	3,518,965
2034	2,743,745	605,000	181,494	786,494	3,530,239
2035	2,764,189	620,000	169,394	789,394	3,553,583
2036	2,780,641	640,000	156,994	796,994	3,577,635
2037	2,793,346	655,000	144,194	799,194	3,592,540
2038	2,801,896	675,000	131,094	806,094	3,607,990
2039	2,822,078	695,000	117,594	812,594	3,634,671
2040	2,831,655	710,000	102,825	812,825	3,644,480
2041	2,836,760	730,000	86,850	816,850	3,653,610
2042	1,668,538	750,000	70,425	820,425	2,488,963
2043	1,034,125	770,000	53,550	823,550	1,857,675
2044	-	795,000	36,225	831,225	831,225
2045	-	815,000	18,338	833,338	833,338
Total	\$ 59,391,880	\$ 14,570,000	\$ 4,600,657	\$ 19,170,657	\$ 78,562,537

(a) Outstanding debt at the delivery of the Bonds.

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2021-2045).....	\$ 3,142,501
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041)	\$ 3,653,610

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Selected Financial Information

2020 Assessed Valuation	\$ 560,618,013	(a)
(100% of the market valuation as of January 1, 2020)		
Estimated Assessed Valuation as of August 1, 2020.....	\$ 607,894,864	(b)
(100% of the estimated market valuation as of August 1, 2020)		
Direct Debt:		
The Outstanding Bonds (at the Delivery of the Bonds).....	\$ 41,620,000	
The Bonds.....	\$ <u>14,570,000</u>	
Total	\$ 56,190,000	
Estimated Overlapping Debt.....	\$ <u>86,798,485</u>	(c)
Total Direct and Estimated Overlapping Debt.....	\$ 142,988,485	(c)
Direct Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	10.02	%
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	9.24	%
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2020 Assessed Valuation	25.51	%
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	23.52	%
Utility System Debt Service Fund Balance (as of August 3, 2020).....	\$ 1,650,606	(d)
Road System Debt Service Fund Balance (as of August 3, 2020)	\$ 1,282,310	(e)
Utility System Capital Projects Fund Balance (as of August 3, 2020)	\$ 2,757	
Road System Capital Projects Fund Balance (as of August 3, 2020).....	\$ 685,819	
General Operating Fund Balance (as of August 3, 2020).....	\$ 1,296,634	

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- (a) Represents the assessed valuation of all taxable property within the District as of January 1, 2020, as provided by the Appraisal District. Such amount includes \$11,074,592 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board (herein defined). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."
 - (b) Provided by Appraisal District for informational purposes only. This amount is an estimate of the assessed valuation of all taxable property within the District as of August 1, 2020, and includes an estimate of assessed valuation resulting from the construction of taxable improvements from January 1, 2020, through August 1, 2020. No taxes will be levied against such amount. See "TAX DATA" and "TAXING PROCEDURES."
 - (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
 - (d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued for the Road System.
 - (e) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.

2020 Tax Rate per \$100 of Assessed Valuation (a):	
Debt Service.....	\$ 0.585 (b)
Maintenance and Operations	\$ 0.125
Contract.....	<u>\$ 0.340</u> (c)
Total	\$ 1.050
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2021-2045).....	\$ 3,142,501 (d)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041).....	\$ 3,653,610 (d)
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2021-2045):	
Based on the 2020 Taxable Assessed Valuation at 95% Collections	\$ 0.60
Based on the Estimated Assessed Valuation as of August 1, 2020, at 95% Collections	\$ 0.55
Combined Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041):	
Based on the 2020 Taxable Assessed Valuation at 95% Collections	\$ 0.69
Based on the Estimated Assessed Valuation as of August 1, 2020, at 95% Collections	\$ 0.64
Single-Family Homes (including 120 under construction) as of August 1, 2020	1,683 (e)

- (a) Anticipated tax rate for the 2020 tax year.
- (b) The District's \$0.585 tax rate for debt service is composed of a \$0.420 tax rate for payment of debt service on bonds issued for the Utility System and a \$0.165 tax rate for payment of debt service on bonds issued for the Road System. The District is authorized to levy separate taxes to pay debt service for bonds issued for the Utility System and to pay debt service for bonds issued for the Road System; both such taxes are unlimited as to rate or amount. See "TAX DATA - Tax Rate Distribution."
- (c) The contract tax is composed of payments to the Master District for the District's share of debt service for Master District bonds issued for Master District Facilities (herein defined), including payments to SPMUD1 (herein defined) for bonds issued for the permanent wastewater treatment plant. See "MASTER DISTRICT CONTRACT."
- (d) See "DISTRICT DEBT - Debt Service Requirement Schedule."
- (e) Approximately 1,497 homes were occupied as of August 1, 2020. See "DEVELOPMENT WITHIN THE DISTRICT."

Unlimited Tax Bonds Authorized but Unissued

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Issued to Date</u>	<u>Remaining Unissued</u>
11/03/2009	Utility System and Refunding	\$ 265,300,000	\$ 42,035,000 (a)	\$ 223,265,000
11/03/2009	Road System and Refunding	166,300,000	16,900,000	149,400,000
11/03/2009	Park/Recreation and Refunding	68,200,000	-0-	68,200,000

- (a) Includes the Bonds.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in “Texas Municipal Reports,” published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt July 31, 2020	Overlapping	
		Percent	Amount
The County	\$ 642,587,527	0.73%	\$ 4,688,971
Fort Bend Independent School District	1,138,398,767	1.23%	14,049,320
SPLID (a)	165,345,000	13.60%	22,484,476
The Master District (b)	49,550,000	91.98%	45,575,718
Total Estimated Overlapping Debt.....			<u>\$ 86,798,485</u>
The District (c).....			<u>\$ 56,190,000</u>
Total Direct & Estimated Overlapping Debt (b)(c).....			<u>\$ 142,988,485</u>

- (a) SPLID plans to issue \$37,900,000 principal amount of unlimited tax bonds in October 2020. Such bonds are included in SPLID’s outstanding debt amount.
- (b) The Master District plans to issue \$12,000,000 principal amount of unlimited tax bonds in October 2020. Such bonds are included in the Master District’s outstanding debt amount. See “Master District Contract” and “MASTER DISTRICT CONTRACT WITH SPMUD1.”
- (c) Includes the Bonds.

Debt Ratios

Direct Debt Ratios (a):	
As a Percentage of the 2020 Assessed Valuation	10.02 %
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	9.24 %
Direct and Estimated Overlapping Debt Ratios (a)(b):	
As a Percentage of the 2020 Assessed Valuation	25.51 %
As a Percentage of the Estimated Assessed Valuation as of August 1, 2020.....	23.52 %

- (a) Includes the Bonds.
- (b) See “Master District Contract” and “MASTER DISTRICT CONTRACT WITH SPMUD1.”

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS – Future Debt”), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under “THE BONDS – Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the Utility System and for the payment of certain contractual obligations. See “TAX DATA – Maintenance Tax,” “TAX DATA – Contract Tax,” and “MASTER DISTRICT CONTRACT.”

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values

established by the Appraisal District. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate. See "TAXING PROCEDURES – Valuation of Property for Taxation" below.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse.

Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. To date, the District has adopted neither a general residential homestead exemption nor an exemption for persons 65 years of age and older.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. To date, the District has not adopted a homestead exemption. See "TAX DATA – Exemptions."

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2015 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing,

processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, the County has not designated any part of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor (herein defined) declares a disaster area. For reappraised property, the taxes are prorated for the year the disaster occurred. The taxing units assess taxes prior to the date the disaster occurred based upon market values as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties, and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a

residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Property Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President (herein defined), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

The District has made a determination of its status as a Developing District for the 2020 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Resolution, the Board has covenanted to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2020 tax year, the District anticipates to levy a total tax rate of \$1.050 per \$100 of assessed valuation made up of the following: a tax of \$0.420 per \$100 of assessed valuation for payment of debt service on bonds issued for the Utility System; a tax of \$0.165 per \$100 of assessed valuation for payment of debt service on bonds issued for the Road System; a tax of \$0.125 per \$100 of assessed valuation for maintenance and operation purposes; and a tax of \$0.340 per \$100 of assessed valuation for payment of the District's contractual obligation to pay costs of the Master District Facilities.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:.....	Unlimited (no legal limit as to rate or amount).
Maintenance and Operations:.....	\$1.50 per \$100 assessed valuation.
Maintenance and Operations (Road):.....	\$0.25 per \$100 assessed valuation.
Contract:.....	Unlimited (no legal limit as to rate or amount).

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all of or any part of the Bonds remain outstanding and unpaid, taxes adequate to provide funds to pay the principal of and interest on the Bonds.

In the Bond Resolution, the Board also covenants to deposit into the Utility System Debt Service Fund the proceeds from all taxes levied, appraised, and collected for payment of the Bonds authorized by the Bond Resolution. Accrued interest on the Bonds and twelve months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing of the Bonds. The remaining proceeds of the Bonds will be deposited into the capital projects fund for the bonds issued for the Utility System (the "Utility System Capital Projects Fund") upon closing of the Bonds to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Utility System Construction Fund after completion of construction of the Utility System will be used as permitted by the Bond Resolution or ultimately transferred to the Utility System Debt Service Fund.

For the 2020 tax year, the District anticipates to levy a tax of \$0.420 per \$100 of assessed valuation for payment of debt service on bonds issued for the Utility System and a tax of \$0.165 per \$100 of assessed valuation for payment of debt service on bonds issued for the Road System.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On November 3, 2009, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future.

For the 2020 tax year, the District anticipates to levy a tax of \$0.125 per \$100 of assessed valuation for maintenance and operation purposes.

Contract Tax

The District's obligation to pay its share of the costs of constructing and operating the Master District Facilities is secured by the unlimited taxing power of the District. See "MASTER DISTRICT CONTRACT."

For the 2020 tax year, the District anticipates to levy a tax of \$0.340 per \$100 of assessed valuation for payment of the District's contractual obligation to pay costs of the Master District Facilities.

Exemptions

The District has not adopted an exemption from ad valorem taxation of residence homestead of individuals who are disabled or are sixty-five (65) years of age or older. To date, the District has not adopted a general residential homestead exemption. See "TAXING PROCEDURES."

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either; (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per \$100 of assessed valuation which would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the assessed valuation as of January 1, 2020 (\$560,618,013), or the estimated assessed valuation as of August 1, 2020 (\$607,894,864). The below calculations assume collection of 95% of taxes levied. See "DISTRICT DEBT – Debt Service Requirement Schedule."

Average Annual Debt Service Requirement (2021–2045).....	\$ 3,142,501
Tax Rate of \$0.60 on the 2020 Assessed Valuation produces.....	\$ 3,195,523
Tax Rate of \$0.55 on the Estimated Assessed Valuation as of August 1, 2020, Produces.....	\$ 3,176,251
Maximum Annual Debt Service Requirement (2041).....	\$ 3,653,610
Tax Rate of \$0.69 on the 2020 Assessed Valuation produces.....	\$ 3,674,851
Tax Rate of \$0.64 on the Estimated Assessed Valuation as of August 1, 2020, Produces.....	\$ 3,696,001

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see “DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. All the land located within the District lies within SPLID. The following sets out the 2019 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2019 Tax Rate per \$100 of Assessed Valuation
The District (a)	\$ 1.050000
The County	\$ 0.444700
Fort Bend County Drainage District	\$ 0.015300
Fort Bend Independent School District	\$ 1.270000
Fort Bend County Emergency Service District No. 7	\$ 0.100000
SPLID (a)	<u>\$ 0.450000</u>
Total Tax Rate	<u>\$ 3.330000</u>

(a) Anticipated tax rate of the 2020 tax year.

Assessed Valuation Summary

The following represents the type of property comprising the 2016–2020 tax rolls as certified by the Appraisal District.

Type of Property	2020 Assessed Valuation (a)	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation	2016 Assessed Valuation
Land	\$ 148,331,786	\$ 125,395,686	\$ 106,061,777	\$ 83,362,170	\$ 67,859,240
Improvements	482,326,081	352,057,412	248,213,282	185,223,316	86,909,430
Personal Property	1,508,070	2,588,210	2,270,600	1,308,280	1,088,800
Exemptions	<u>(82,622,516)</u>	<u>(46,540,629)</u>	<u>(43,534,572)</u>	<u>(41,348,041)</u>	<u>(39,306,639)</u>
Total	\$ 549,543,421	\$ 433,500,679	\$ 313,011,087	\$ 228,545,725	\$ 116,550,831

(a) Such amount does not include \$11,074,592 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See “TAXING PROCEDURES.”

Historical Collections

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 07/31/2020
2014	\$ 13,316,480	\$ 1.01	\$ 134,496	100.00 %	2015	100.00 %
2015	13,782,505	1.03	141,960	100.00	2016	100.00
2016	116,550,831	1.05	1,223,784	99.79	2017	100.00
2017	228,545,725	1.05	2,399,730	99.64	2018	100.00
2018	313,011,087	1.05	3,286,616	99.47	2019	100.00
2019	433,500,679	1.05	4,551,757	99.26	2020	99.26

(a) Total tax rate per \$100 of assessed valuation for each respective tax year. See "TAX DATA – Tax Rate Distribution."

Tax Rate Distribution

The following sets out the components of the District’s tax rate for each of tax years 2015–2019.

	2020 (a)	2019	2018	2017	2016
Utility System Debt Service	\$ 0.420	\$ 0.360	\$ 0.500	\$ 0.390	\$ 0.190
Road System Debt Service	0.165	0.205	0.160	0.200	0.350
Maintenance and Operations	0.125	0.115	0.100	0.220	0.430
Contract (b)	<u>0.340</u>	<u>0.370</u>	<u>0.290</u>	<u>0.240</u>	<u>0.080</u>
Total	\$ 1.050	\$ 1.050	\$ 1.050	\$ 1.050	\$ 1.050

(a) Anticipated tax rate for the 2020 tax year,

(b) See "MASTER DISTRICT CONTRACT" and "MASTER DISTRICT CONTRACT WITH SPMUD1 – Wastewater Treatment."

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the Appraisal District’s certified appraisal rolls for the 2020 tax year.

Taxpayer	Type of Property	Assessed Valuation 2020 Tax Roll
Newmark Homes Houston LLC	Land, Improvements, and Personal Property	\$ 5,276,800
Chesmar Homes LLC	Land, Improvements, and Personal Property	4,514,900
Westin Homes and Properties LP	Land, Improvements, and Personal Property	3,502,050
Toll Houston TX LLC	Land, Improvements, and Personal Property	3,496,620
2830 MP Investors	Land, Improvements, and Personal Property	3,195,930
Toll-GTIS Property Owner LLC (a)	Land and Improvements	3,098,887
Trendmaker Homes Inc.	Land, Improvements, and Personal Property	2,987,670
Shea Homes Houston LLC	Land, Improvements, and Personal Property	2,849,950
MHI Partnership LTD	Land, Improvements, and Personal Property	1,226,300
Jamestown Estate Homes LP	Land, Improvements, and Personal Property	<u>1,200,000</u>
Total		\$ 31,349,107

Percent of Respective Tax Roll 5.59 %

(a) See "DESCRIPTION OF THE DEVELOPER."

THE UTILITY SYSTEM

General

The internal water distribution, wastewater collection and stormwater facilities are being provided by the District. Water supply, wastewater treatment, and storm sewer facilities are being provided and financed by the Master District but owned and operated by SPMUD1 through contractual agreement. Interim wastewater treatment is being provided by the Master District, while the ultimate permanent wastewater treatment will be provided by SPMUD1. All of such water, wastewater, and stormwater facilities are referred to herein as the Utility System. SPLID provides the Flood Protection System (herein defined). See "THE FLOOD PROTECTION SYSTEM." Flood protection facilities may also be provided by the Master District.

Regulation

SPLID provides flood protection to the District with levees, flood plain reclamation (fill), detention, internal and outfall drainage facilities, and pump stations (the "Flood Protection System"). Construction and operation of the Utility System and the Flood Protection System as they now exist or as it may be expanded from time to time is subject to the regulatory jurisdiction of several Federal, Texas, and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage and stormwater runoff is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the County and, in some instances, SPLID, the TCEQ, and the U.S. Army Corps of Engineers. The City and the County also exercise regulatory jurisdiction over the Utility System.

Water Supply

The District's source of water supply is surface water from the City through SPMUD1. Pursuant to the Groundwater Reduction Plan, of which SPMUD1 is a participant, the City has become the permitted entity for water supply. The City owns and operates a 10,000,000 gallons per day ("gpd") surface water plant located within Sienna. In addition, SPMUD1 has an emergency interconnect with the City.

SPMUD1 owns and operates Sienna Plantation Water Plant Nos. 1, 2 and 3, which currently consist of five (5) wells totaling 5,900 gallons per minute ("gpm"), 3,872,000 gallons of ground water storage tank capacity, 280,000 gallons of hydropneumatic tank capacity, 25,257 gpm of booster pump capacity, an auxiliary diesel-powered generator at each site, and related appurtenances. Currently, such plants are rated to serve 16,000 equivalent single-family residential connections ("ESFCs"). As of August 1, 2020, SPMUD1 was serving approximately 10,269 active non-irrigation ESFCs, which is sufficient to serve the District. However, future expansions to the water supply system will be necessary to serve the ultimate build-out of Sienna.

Wastewater Treatment

Currently, Sienna is split into three interim wastewater treatment regions, the North, Central and South regions. While SPMUD1 provides wastewater treatment to the North and Central regions, the Master District supplies the South region, including the Service Area (including the District). Such service is supplied by the Master District through the operations of a 600,000 gpd interim wastewater treatment plant ("WWTP") to serve the Service Area (sufficient to serve 2,666 ESFCs at 225 gpd/ESFC). As of August 1, 2020, the plant was serving 1,384 active ESFCs, therefore there is sufficient capacity to serve the District.

In May 2018, SPMUD1 issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. The Participants, including the District, pursuant to the Master District Contract (herein defined), are responsible for their pro rata share of such bonds. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which the District is contractually obligated to pay its pro rata share of the annual debt service. At the delivery of the Bonds, \$12,695,000 principal amount of the Master District's obligation will remain outstanding. See "MASTER DISTRICT CONTRACT."

In June 2018, SPMUD1 began construction of a 1,800,000 gpd permanent WWTP to serve the Central and South regions (the "South WWTP"). Upon completion, the South WWTP will have the capacity to serve approximately 8,500 ESFCs. Construction is anticipated to be complete in the fourth quarter of 2020.

Fire Protection

Pursuant to a contract between the District and the City, fire protection to residents of the District is provided by the Missouri City Fire Department from an 8,400 square foot fire station located on Sienna Parkway approximately 3.5 miles from the boundary of the District. The District pays the City a monthly fee for such services. A second 7,700 square foot fire station has been constructed and is located along Waters Lake Boulevard on the north side of the boundary of the District. This fire station became operational on July 1, 2015, and residents currently pay \$21.50 per month for fire protection from the City.

Historical Operations of the Utility System

The following is a schedule of revenues and expenditures associated with operations of the Utility System. The figures below were obtained from the District's financial statements for the fiscal year ended April 30, 2020, a copy of which is attached hereto as "APPENDIX B" and reference to which is hereby made. The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

For Fiscal Year Ended April 30

	2020	2019	2018	2017	2016
Revenues					
Water service	\$ 571,675	\$ 437,228	\$ 292,311	\$ 225,685	\$ 104,649
Sewer service	716,566	539,295	362,137	248,257	92,941
Property taxes	493,929	317,664	507,406	486,288	138,759
Penalties and interest	20,225	18,335	10,036	7,652	2,630
Tap connection and inspection	547,399	586,070	378,723	430,822	525,313
Surface water	600,555	400,460	300,699	187,554	69,256
Fire protection fees	410,507	322,834	228,320	181,164	95,231
Miscellaneous	3,337	9,600	10,266	17,517	14,830
Investment earnings	18,877	15,295	4,246	617	144
Total Revenues	\$ 3,383,070	\$ 2,646,781	\$ 2,094,144	\$ 1,785,556	\$ 1,043,753
Expenditures					
Current service operations					
Professional fees	\$ 140,612	\$ 110,630	\$ 115,273	\$ 109,714	\$ 118,669
Contracted services	655,832	572,603	389,774	360,596	432,242
Repairs and maintenance	258,308	203,647	137,873	119,866	82,719
Utilities	620	806	628	716	634
Surface water	606,877	403,654	300,699	187,554	69,256
Administrative	54,294	56,040	44,742	36,535	26,596
Other	28,746	29,141	17,132	21,220	15,418
Intergovernmental					
Master District connection charges	571,544	585,442	483,892	395,443	161,947
Master District lease payments	-	-	190,000	190,000	190,000
Facilities renewal and replacement	41,061	28,483	20,513	13,104	4,895
Fire protection services	412,220	323,059	231,233	180,407	96,024
Total Expenditures	\$ 2,770,114	\$ 2,313,505	\$ 1,931,759	\$ 1,615,155	\$ 1,198,400

MASTER DISTRICT CONTRACT

The Participants, including the District, have executed the Master District Contract (herein defined) with the Master District for the financing, operation, and maintenance of the regional facilities described below and obtained the approval of the Master District Contract from voters at elections held within their respective boundaries. The Master District in its capacity as the provider for water, wastewater, drainage facilities (the "Master District System Facilities"), regional arterial, collector, and thoroughfare roads and improvements in aid thereof (the "Master District Road Facilities"), park and recreational facilities (the "Master District Park Facilities") and firefighting facilities (the "Master District Fire Facilities") necessary to serve the Service Area, including the District, collectively referred to as the "Master District Facilities," will construct the Master District Facilities and provide services from those Master District Facilities.

The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Contract Revenue Bonds, based upon each Participant's Gross Certified Assessed Valuation (herein defined) as a percentage of the Gross Certified Assessed Valuation of all the Participants, calculated annually. Calculation of the Contract Payment (herein defined) is based upon Gross Certified Assessed Valuation and does not make allowances for any exemptions granted by the Participants. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem property taxes, including the Contract Tax (herein defined), without legal limit as to rate or amount, revenues derived from the operation of its water distribution and wastewater collection system or from any other legally available funds. The Contract Tax shall be calculated to include the charges and expenses of paying agents and registrars utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution. The Contract Tax also includes each Participant's share of the debt service on bonds issued for the permanent wastewater treatment plant currently under construction by SPMUD1. See "MASTER DISTRICT CONTRACT WITH SPMUD1." Each Participant's Contract Payment will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District is the financing vehicle for all Master District Facilities and will own and operate all Master District System Facilities (except for roadways that are accepted by the County for operation and maintenance), Master District Park Facilities, and Master District Fire Facilities. However, pursuant to the Utility Contract, SPMUD1 owns and operates

the Master District System Facilities, except for the interim wastewater treatment plant to serve the Service Area. Each Participant will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants. It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to finance or SPMUD1 fails to meet its obligations to provide Master District System Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District System Facilities needed to provide it with service.

Each Participant is further obligated to pay monthly charges to the Master District, for water and wastewater services rendered pursuant to the Master District Contract. The Master District pays monthly charges to SPMUD1 for its share of operation and maintenance expenses and payments to SPMUD1 for its pro rata share of debt service on bonds issued for the permanent wastewater treatment plant. See "MASTER DISTRICT CONTRACT WITH SPMUD1." The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses is based upon a "unit cost" of operation and maintenance expense, calculated by the Master District (taking into account charges by SPMUD1) and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of ESFCs reserved to it on the first day of the previous month by the unit cost per ESFC. The monthly cost per ESFC being charged by the Master District to each Participant presently is \$32.58 for water and wastewater services and \$21.50 for firefighting services.

Pursuant to the Master District Contract, each Participant is obligated to establish and maintain rates, fees and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Master District Contract, including its Contract Payments. The Master District does not expect that revenues from the Participants' wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participant without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's facilities by such Participant in addition to the Master District's other remedies pursuant to the Master District Contract. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Master District under the Master District Contract. See "THE BONDS – Source of Payment."

Pursuant to the Master District Contract, the Master District owns or will own, construct and/or acquire the Master District Park Facilities. The Master District intends to finance the capital costs of Master District Park Facilities from payments made by each Participant of its pro rata share of the Master District's then estimated capital costs of the Master District Park Facilities (the "Park Construction Charges"). The Park Construction Charges will be computed from time to time on the basis of the then estimated total capital costs of providing the Master District Park Facilities for the Service Area minus the payments which have been previously received from the Participants as Park Construction Charges and dividing the result by the number of projected total connections to be constructed within the Service Area. In no event shall the total or Park Construction Charges paid by any Participant under the Master District Contract exceed one percent (1%) of that Participant's certified appraised valuation.

All Park Construction Charges received by the Master District shall be deposited in to a separate fund for the benefit of the Participants and shall be used solely for the purpose of paying the capital costs of the Master District Park Facilities pursuant to the Master District Contract.

Each Participant is obligated severally, but not jointly, to make contract payments to the Master District in an amount sufficient to pay its debt service requirements on contract revenue bonds. The Master District intends to issue \$6,000,000 principal amount of contract revenue bonds for Master District System Facilities and \$6,000,000 principal amount of contract revenue bonds for Master District Road Facilities in October 2020. At the delivery of the Bonds, the Master District will have \$24,855,000 principal amount of contract revenue bonds outstanding (exclusive of the anticipated bond issues). In addition, at the delivery of the Bonds, SPMUD1 will have \$24,740,000 principal amount of contract revenue bonds outstanding, \$12,695,000 principal amount of which is attributable to the Master District (on behalf of the Participants). No Participant is obligated, contingently or otherwise, to make any contract payments owed by any other Participant; however, lack of payment by any Participant could result in an increase in the contract payment amount paid by each of the other Participants.

MASTER DISTRICT CONTRACT WITH SPMUD1

The District and all other Participants entered into a master district contract with SPMUD1 (the "SPMUD1 Agreement"). The SPMUD1 Agreement includes other participating districts that are not part of the Service Area, including the District. The participants in the SPMUD1 Agreement pay a connection charge to SPMUD1 based on its pro rata share of the

regional facilities in order to obtain water and wastewater service. The participants in the SPMUD1 Agreement also pay monthly operation charges to SPMUD1 for their pro rata share of operation and maintenance expenses. SPMUD1 has limited authority to issue contract revenue bonds with the consent of all the participating districts: SPMUD1 may only issue contract revenue bonds for acquisition, construction or improvement of (1) surface water facilities; (2) a regional facility to comply with any regulatory requirement; (3) payment of extraordinary expenses of repairing or maintaining the regional facilities; or (4) a permanent wastewater treatment plant.

In 2009, the Master District (on behalf of the Participants) entered into the Utility Contract (herein defined) with SPMUD1 for the purposes of amending and supplementing the SPMUD1 Agreement. Pursuant to the terms of the Utility Contract, the parties agreed that the Master District will construct and finance the regional water, wastewater, and drainage facilities that serve the Service Area. Once constructed, the Master District will convey the regional water, wastewater, and drainage facilities (other than interim wastewater treatment facilities) to SPMUD1 for ownership, operation, and maintenance. Upon conveyance, the Master District is not obligated to pay connection charges in order to receive water and wastewater service from SPMUD1. The Master District will pay monthly operations charges to SPMUD1 on behalf of the Participants for their pro rata share of operation and maintenance expenses and its pro rata share of debt service on the bonds issued by SPMUD1. The Master District currently has purchased capacity in water plants owned by SPMUD1, but owns and operates an interim wastewater treatment plant. SPMUD1 has started construction on a regional wastewater treatment plant, which will treat the wastewater of the Service Area. In May 2018, SPMUD1 issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which the District is contractually obligated to pay its pro rata share of the annual debt service. At the delivery of the Bonds, \$12,695,000 principal amount of the Master District's obligation will remain outstanding. See "MASTER DISTRICT CONTRACT."

THE FLOOD PROTECTION SYSTEM

Design Standards and Atlas 14

As noted above, the design of the Flood Protection System is subject to regulations promulgated by the County and Fort Bend County Drainage District ("FBCDD"), among others. A main design concept at the core of the design standards applicable to the Flood Protection System is the "100-year flood plain." The "100-year flood plain" is a hypothetical engineering and meteorological concept that defines the geographical area of land that is predicted to be inundated from a flood with a one percent chance of occurring in any particular year. The County and FBCDD design standards require homes to be built with foundational slabs at least two feet above the 100-year Base Flood Elevation ("BFE") for areas mapped within a Special Flood Hazard Area ("SFHA") as delineated on a Flood Insurance Rate Map (100-year flood plain), and federal regulations require homes to be built above this 100-year water surface elevation to be eligible for federal flood insurance subsidies.

The current County and FBCDD design standards, and the geographical area within the District that comprises the 100-year flood plain, are based on various historical rainfall and river hydrological data sources. The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area, including the District, may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the Service Area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain. On January 1, 2020, the County adopted Atlas 14 criteria for all new development within the County. However, existing development was exempt from these requirements.

The Flood Protection System and homes in the Service Area have been constructed in compliance with all design standards in effect at the time of construction. Moreover, even absent any additional improvements to the current Flood Protection System, the Engineer estimates, but does not guarantee, that based on the design standards at the time of construction that required foundational slabs to be built at least one foot above the FEMA BFE for areas mapped in a SFHA, any 100-year flood event meeting Atlas 14 estimates would be unlikely to result in structural flooding of any buildings and facilities within the District (i.e. based on the current state of the Flood Protection System, an Atlas 14 100-year flooding event would likely not be more than 1.5 feet greater than a 100-year flooding event estimated by past design standards).

Notwithstanding the information provided above regarding the Flood Protection System, the Flood Protection System does not protect against, and no flood protection system can protect against, all flooding scenarios. Further, because any definition of the composition of the "100-year flood plain" is based on statistical averages, it is possible that 100-year flooding events can occur more often than every 100 years. In fact, the greater Houston area has experienced three 500-year flooding events since 2015 (i.e. a flooding event that has a 0.2 percent chance of occurring in any particular year). In addition, not every structure in SPLID is equally protected by the Flood Protection System. While all structures within

SPLID have been built to the design standards in effect at the time of their construction, some structures within SPLID will always be at greater risk of structural flooding as compared to others.

Although flooding in SPLID, including the District, could occur for a variety of reasons, SPLID's engineer has identified the three most likely flooding scenarios that could occur within SPLID: (1) an overtopping of the levee, (2) a failure (or breach) of the Flood Protection System, or (3) localized rainfall in excess of the 100-year event. See "INVESTMENT CONSIDERATIONS – Possible Flooding Events."

Flood Protection, Reclamation, and Drainage Facilities

Approximately 9,832 of Sienna's approximate 10,230 acres are located within SPLID. The system consists of two independent levee and outfall drainage networks, as well as flood plain reclamation (fill) sites for certain land within SPLID not protected by a levee.

Sienna South Levee and Drainage System – SPLID's initial Plan of Reclamation covers approximately 6,465 acres of land (the "South Levee System"), including the District. The original levee and related outfall structures and channels were completed in 1984.

According to SPLID's engineer, as a result of the construction of the facilities financed by SPLID, all land located within the South Levee System was removed from the FEMA SFHA of the Brazos River. Such area located within SPLID is now designated by the applicable FEMA Flood Hazard Boundary Map as lying within a designated "shaded Zone X," which designates an area protected from the Brazos River BFE by a levee. As a result of SPLID's construction of the levee, internal detention and drainage systems, SPLID's engineer has defined "internal" SFHAs (100-year flood plain) that comply with current design standards. The lowest foundational slab elevation for residential construction, as required by applicable federal and local regulations, are at least one foot above the designated flood plain.

As discussed under "INVESTMENT CONSIDERATIONS – Recent Extreme Weather Events," the area within the South Levee System has experienced inundation related to rain and rain events. SPLID has undertaken several projects to prevent future flooding events. Among the projects that have been completed to serve the South Levee System are (1) expansion of several drainage channels, which will provide additional storage in the case of a high rain event, (2) additional back-up control gates to major outfalls and (3) the purchase of mobile pumps to aid in flood-fighting. In addition to these projects, SPLID has initiated a capital improvement plan (the "CIP") to address the high river and flooding events that have impacted its protection area. The CIP sets out to strengthen SPLID's protections through additional facilities and redundancies to make the existing facilities more resilient. See "THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Drainage Facilities."

According to SPLID's engineer, the existing levee, drainage outfall system, and pump station are sufficient to provide flood plain reclamation, flood protection and outfall drainage necessary to serve the existing development within the South Levee System, including the lots under development. See "THE FLOOD PROTECTION SYSTEM – Design Standards and Atlas 14" and "THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Drainage Facilities."

Sienna North Levee and Drainage System – SPLID's Amended Plan of Reclamation covers approximately 2,516 acres of land (the "North Levee System"). The original construction of the levee and related outfall structures and channels were completed in 2004.

According to SPLID's engineer, as a result of the construction of the facilities financed by SPLID, the land located within Sienna North was removed from the 100-year flood plain of the Brazos River. Such area located within SPLID is now designated by the applicable FEMA Flood Insurance Rate Map as lying within a designated "shaded Zone X," which designates an area protected from the Brazos River BFE by a levee. As a result of SPLID's construction of the Flood Protection System, SPLID's engineer has defined "internal" SFHAs (100-year flood plain). This flood plain is designated as at least one foot below the lowest floor slab elevation for residential construction, as required by applicable federal and local regulations.

SPLID has completed the construction of all components of the North Levee System to accommodate full development of the land within that system. According to SPLID's engineer, the existing levee and drainage outfall Flood Protection System is sufficient to serve the development within Sienna North, including the lots under development. See "THE FLOOD PROTECTION SYSTEM – Design Standards and Atlas 14."

The North Levee System has experienced unanticipated water infiltration in the past. See "INVESTMENT CONSIDERATIONS – Recent Extreme Weather Events." One confirmed source of infiltration was a reversed flow of flood water through the gates at the Sienna North Flood Levee and Drainage System storm water outfall structures. According to SPLID's engineer, improvements to those structures made after Hurricane Harvey will prevent reversed water flows in the future. SPLID's engineer suspects that a second source of infiltration was groundwater. To remediate this suspected water infiltration source as well as provide the required pumping capacity for Brazos River events when the gates are closed, SPLID has constructed two 100,000 gpm pump stations to serve the North Levee System. According to SPLID's engineer, these pumping facilities should be sufficient to handle calculated infiltration sources for a flooding event similar to Hurricane Harvey.

SPLID anticipates making further improvements to the North Levee System as generally described under “THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Drainage Facilities.”

An engineering or regulatory determination that an area is above the BFE is no assurance that homes built in such areas will not be flooded. If substantial or frequent flooding of homes were to occur in SPLID the marketing of homes and the future growth of property values in SPLID could be adversely affected.

Construction of Future Internal Drainage Facilities

The Flood Protection System currently provides flood protection from overflows of the Brazos River to the majority of the land within SPLID. The Flood Protection System also provides detention and outfall drainage facilities to maintain internal water surface elevations in the developed areas below the acceptable criteria levels. SPLID’s original development plans contemplated that as development continued in SPLID, the District, the municipal utility districts within the boundaries of SPLID, and/or developers within SPLID would construct additional pump stations, detention facilities and outfall drainage facilities to maintain water surface elevations at acceptable criteria levels. While these development plans remain in place, following Hurricane Harvey and partially in response to new data provided by Atlas 14, the District modified its development plans to improve the Flood Protection System to allow it to better manage extreme weather events such as Hurricane Harvey. In order to implement these modified plans and accelerate improvements to the levee and pump systems in SPLID, in 2018 SPLID held an election and received voter approval authorizing \$139 million in additional levee improvement bonds. SPLID issued its first series of bonds pursuant to such authorization in April 2019, and SPLID currently plans to issue the remaining portion of this authorization and construct the projects authorized by the election within five to seven years. For a discussion on the effectiveness of SPLID’s development plans on the mitigation of future flooding events, see “INVESTMENT CONSIDERATIONS – Possible Flooding Events.” While not an exhaustive list, SPLID is currently undertaking the following major projects to protect the land within its boundaries:

Storm Water Pump Station: SPLID is currently constructing an additional water pumping station to serve the South Levee System. Such pumping station will provide additional capacity to remove water from within the levee in the event that the area within South Levee System is experiencing a high rain event while the outfall gates are closed due to a high river event. Upon completion of the pump station, the South Levee System will be served by two pump stations with a combined pumping capacity of 529,500 gpm. The pump station is anticipated to be complete in late 2020.

Additional Control Gates: SPLID is currently installing 25 additional control gates (19 of which serve the South Levee System) to the protect the Flood Protection System in case of a high river event. The control gates will be installed from late 2020 to mid-2021.

Outfall Structure: SPLID is currently designing its third major outfall structure, which will serve the South Levee System. Such outfall structure will allow for additional water to flow out of the South Levee System area during a heavy rain event, when the control gates are open. The structure is needed to comply with the additional standards put in place due to Atlas 14. The outfall structure is anticipated to be complete in 2022.

Detention Pond Expansion: SPLID is designing a detention pond to provide additional capacity to serve the South Levee System. Such facility will assist SPLID in a high rain event. Completion is anticipated in 2022.

SPLID, nor the District, make guarantee that such improvements will prevent any future flooding events occur within its boundaries. Additionally, the District makes no representations regarding the timing of completion for any of the projects outlined above.

THE ROAD SYSTEM

The District will construct all internal local, collector, and arterial roads as well as bridges that serve the District (the “Road Facilities”). The Master District, in its capacity as the provider of the Master District Road Facilities, will construct the Master District Road Facilities. The major thoroughfares and collectors consist of stabilized curb and gutter, 7-inch and 8-inch concrete pavement and include bridges that serve the Master District.

All roadways are designed and constructed in accordance with the standards, rules and regulations of the County and the City. The County will accept the Road Facilities for operating and maintenance and is responsible for operation and maintenance thereof. In the event the County were to fail to accept the Road Facilities, the District is expected to include the cost of maintenance of same in the District’s operation and maintenance expenses, and such cost could be significant.

The County is requiring repairs and replacement of paving for certain roads within the District, and such roads have not been accepted into the County’s road maintenance program. Until acceptance by the County, the District and/or Developer are responsible for maintenance costs of those roads and any additional repairs required to allow County acceptance of such roads. The District has used and may further use its surplus bond proceeds to make required repairs. The District cannot predict the extent or costs of future paving repairs required by the County nor the availability of bond funds or other District funds to pay for paving repairs.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of Texas; the County; the City; or any political subdivision other than the District. The Bonds will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that, over the life of the Bonds, the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Possible Flooding Events

The District lies within SPLID, which provides flood protection for the Service Area, including the District.

Overtopping, Levee Failure and Excessive Rainfall: SPLID's levee and drainage system have been designed and constructed to meet all current regulatory standards. See "THE SYSTEM" and "THE FLOOD PROTECTION SYSTEM." However, the levee system does not protect against all flooding scenarios. There are three instances in which flooding could occur in the District: (1) an overtopping of the levee, (2) a failure (or breach) of the levee system, or (3) localized rainfall in excess of the 100-year event.

An overtopping of the levee could occur if the Brazos River or its tributaries reach flood stages higher than the 100-year event. The "100-year event" means the river elevation has a statistical one percent (1%) chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three feet above the level of a 100-year event. The 100-year event elevation for the Brazos River adjacent to SPLID's levee, ranges from 58.72 feet above mean sea level to 66.40 feet above mean sea level. According to SPLID's engineer, overtopping of SPLID's levee system may occur from river events with a recurrence interval of less than one-fifth percent (0.2%) (500-year event) based on the effective FEMA models for the Brazos River in the County.

In addition to the risk of overtopping, a portion of SPLID would experience flooding if the levee failed (or breached) while the Brazos River (or its tributaries) were at a flood stage of less than the 100-year event. In order to mitigate the risk, SPLID performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need of repair. Further, flooding in SPLID could occur if there was a failure of the pump system during a rain event and at the same time the water level in the Brazos River required the gates to be closed. In this event, water could not get out of the internal system fast enough, causing the internal channels and lakes to overflow.

In addition, SPLID could experience flooding if a localized rainfall event in excess of the 100-year event were to happen within the levee. The statistical chance of this happening is 1% in any given year. Hurricane Harvey produced this kind of rainfall event, which resulted in significant street flooding and some structural flooding within SPLID. See "THE FLOOD PROTECTION SYSTEM – Recent Extreme Weather Events."

During significant high river events in 2016, 2017, and 2018 the Brazos River eroded a portion of the river bank below the river and a portion of the South Levee System. SPLID is currently designing an erosion control system to prevent additional erosion that may threaten the levee. The cost of these improvements is estimated to be approximately \$15,000,000.

Inability to Mitigate All Flooding Risks: SPLID's Flood Protection System (the "Flood Protection System") does not protect against, and no flood protection system can protect against, all flooding scenarios. Further, because any definition of the composition of the "100-year flood plain" is based on statistical averages, it is possible that 100-year flooding events can occur more often than every 100 years.

SPLID experienced two consecutive 100-year Brazos River flood events in April and May of 2016. During the April 2016 event (also known as the Tax Day event), three gates on the North Pump Station Outfall were significantly damaged by debris due to elevated river levels. This led to an infiltration of the Flood Protection System through the damaged gates. This flood event continued into May 2016 (also known as the Memorial Day event) when another 100-year flood event impacted SPLID. The length of time of this river event, coupled with infiltration through the broken gates, caused several of the pumps to fail. However, SPLID immediately mitigated the flood risk by bringing in temporary drainage pumps, which allowed SPLID to pump out water resulting from the river infiltration until October 2016, when the Brazos River levels eventually returned to below flood stage. During the duration of the 2016 flood events, no structures were damaged or compromised due to floodwaters entering SPLID. Further, it should be noted SPLID has made significant improvements to the pumps and pumping structure, including purchasing 14 additional stand-by pumps, in order to improve flood fighting ability and further minimize flood risk.

Not every structure in SPLID is equally protected by the Flood Protection System. While all structures within SPLID have been built to the design standards in effect at the time of their construction, structures with foundational slabs at a lower elevation within the District may be at greater risk of structural flooding as compared to structures with foundational slabs at a higher elevation, and some areas in SPLID may be more prone to flooding events than other areas.

Changing Conditions: New Atlas 14 rainfall data has begun to replace the historical rainfall data upon which the design of the Flood Protection System was based. Additional and more detailed rainfall data may be provided in the future that could cause the assumptions upon which current design standards are based to be inaccurate and cause the Flood Protection System to be insufficient to mitigate future flooding events. Further, weather and rainfall patterns are subject to a variety of environmental factors. Changing environmental conditions and changing rainfall patterns could also cause the assumptions and design standards upon which the Flood Protection System is based to be inaccurate and cause the Flood Protection System to be insufficient to mitigate future flooding events. Neither SPLID nor the District can make a prediction regarding the effect that any such future changing conditions would have on the Flood Protection System or its ability to mitigate future flooding events. See "THE FLOOD PROTECTION SYSTEM."

Recent Extreme Weather Events

The greater Houston area, including the District, has experienced four 100-year flood events since 2015, the most recent of which was Hurricane Harvey, which made landfall along the Texas gulf coast on August 26, 2017, and brought historic levels of rainfall during the succeeding four days.

The 100-year flood events in 2015 and 2016, while severe, did not cause any structural flooding in the District or SPLID.

Hurricane Harvey produced an estimated 40 inches of rain in SPLID over a four-day period, well in excess of the 100-year threshold across most of the Houston metropolitan area. Additionally, the County Judge called for a mandatory evacuation of SPLID, including the District, due to the rise of the Brazos River and the risk of a breach or overtopping of SPLID's levee system. Rainfall from Hurricane Harvey did not result in an overtopping or breach of the District's levee system, however, the District experienced street flooding and approximately 9 homes within the District reported structural flooding and water damage due to Hurricane Harvey. In addition, a tornado touched down and approximately 64 homes were damaged by the tornado within SPLID, none of which were within the District.

According to SPLID's engineer, SPLID experienced significant street flooding and approximately 67 homes had water damage from flooding. All flooding was due to the rainfall amounts in SPLID exceeding the design capacity of internal drainage facilities. No flooding occurred due to a breach or overtopping of SPLID's levee system. See "TAXING PROCEDURES – Valuation of Property for Taxation."

The District cannot predict the effect that additional extreme weather events may have upon the District or SPLID's levee and drainage system. Additional extreme weather events have the potential to cause damage within SPLID that could have a negative effect on taxable assessed valuations in the District which could cause tax rates to rise. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments – *Maximum Impact on District Tax Rates.*"

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and has been and could again be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather events. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the assessed taxable value of the District and an increase in the District's tax rates. See "TAXING PROCEDURES – Property Tax Code and County-Wide Appraisal District" and "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from meteorological events.

Potential Effects of Oil Price Declines on the Houston Area

The recent declines in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require

an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Infectious Disease Outbreak – COVID-19

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Due to a recent spike in COVID-19 cases, recent executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. For example, Executive Order GA-28, which was issued on June 26, 2020, and remains in effect until modified, amended, rescinded or superseded by the Governor, established occupancy limits to 50 percent for most businesses in Texas, limited bars and similar establishments to drive-through, pickup or delivery options, and made most outdoor gatherings of more than 100 people subject to approval by local authorities, subject to exceptions outlined in the order. Businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria are eligible to operate at up to 75 percent of occupancy. In separate orders, the Governor imposed a moratorium on elective surgeries in numerous Texas counties including Harris, Travis, Bexar and Dallas Counties. The Governor retains the authority to impose additional restrictions on activities. Under Executive Order GA-28, for the remainder of the 2019-2020 school year, public schools may resume operations in the summer under protocols outlined in guidance from the TEA. Due to a rise in COVID-19 cases in Texas, Executive Order GA-29 now requires the use of face covering in public spaces. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston metropolitan area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and the potential impact of COVID-19 on the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area, including particularly the vitality of the market for higher priced homes. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Although as of August 1, 2020, residential development in the District included approximately 1,649 single-family homes (approximately 89 of which were under construction), the District cannot predict the pace or magnitude of future construction in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Principal Landowners/Developers: There is no commitment by or legal requirement of the principal landowners or the Developer to the District to proceed at any particular rate or according to any specified plan with the development of land

in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT WITHIN THE DISTRICT," "DESCRIPTION OF THE DEVELOPER," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2020, the District's ten principal taxpayers owned property located within the District which comprised of, in aggregate, approximately 5.59% of the total assessed valuation of all taxable property located within the District, and the Developer owned approximately 0.55% of the total assessed valuation of all taxable property located within the District. In the event that the Developer, another taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount that exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking funds. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Location and Access: The District is located in the southeast part of the County, approximately 24 miles southwest of Houston. The District is approximately 4 miles south of the intersection of the Fort Bend Parkway Toll Road and Sienna Parkway; approximately 11 miles southeast of the intersection of Texas State Highway 6 and U.S. Highway 59; and approximately 5 miles south of the intersection of Texas State Highway 6 and Sienna Parkway. The Developer and homebuilders active within the District compete for the sale of developed lots and homes with numerous residential development projects located closer to major employment centers and closer to major freeways. In addition, many of the residential developments with which the District competes have lower overlapping taxes. As a result, particularly during times of increased competition, the Developer and homebuilders may find themselves at a competitive disadvantage to the developers and homebuilders in other residential projects located closer to major urban centers or with lower overlapping taxes. See "THE DISTRICT."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The assessed valuation as of January 1, 2020, of all taxable property located within the District is \$560,618,013 and the estimated assessed valuation as of August 1, 2020, is \$607,894,864. After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$3,653,610 (2041) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$ 3,142,501 (2021–2045). Assuming no decrease from the assessed valuation as of January 1, 2020, tax rates of \$0.69 and \$0.60 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. Assuming no decrease from the estimated assessed valuation as of August 1, 2020, tax rates of \$0.64 and \$0.55 per \$100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Operational Expenses

The District is obligated to pay monthly charges to SPMUD5 (the "Master District") for its share of the Master District's operation and maintenance expenses in connection with the Master District's provision of service from the Master District Facilities. The monthly charges paid by the District to the Master District will be used to pay the District's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. The District's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." The District's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to the District on the first day of the previous month

by the unit cost per equivalent single-family residential connection. The monthly cost per single-family equivalent connection being charged by the Master District to the District presently is \$32.38 for water and wastewater services and \$21.50 for firefighting services. See "THE UTILITY SYSTEM."

Debt Burden on Property within the District

The entirety of the District is located within SPLID, a levee improvement district that covers approximately 9,832 acres of land. SPLID has constructed certain improvements to remove land within SPLID from the flood plain and to accommodate storm water drainage within SPLID, including the District. SPLID plans to issue \$37,900,000 principal amount of unlimited tax bonds in October 2020. At the delivery of the Bonds, SPLID will have \$120,535,000 principal amount of unlimited tax bonds outstanding (exclusive of the anticipated bond issue). The principal of and interest on SPLID bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within SPLID. For the 2020 tax year, SPLID anticipates to levy a total tax of \$0.450 per \$100 of assessed valuation. The combined tax rates of the District and SPLID (which total \$1.50 per \$100 of assessed valuation) are higher than the tax levy of many municipal utility districts in the Houston metropolitan area.

The Master District provides the Master District Facilities necessary to service the Service Area, including the District, and finances such facilities through the issuance of contract revenue bonds. Principal and interest on such bonds are payable from and secured by payments required of the Participants, including the District, from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant or from other revenues available to such Participant. The Master District intends to issue \$6,000,000 principal amount of contract revenue bonds for Master District System Facilities and \$6,000,000 principal amount of contract revenue bonds for Master District Road Facilities in October 2020. At the delivery of the Bonds, the Master District will have \$24,855,000 principal amount of contract revenue bonds outstanding (exclusive of the anticipated bond issues).

Contract payments by Participants and use of such proceeds by the Master District to pay debt service on the Master District's bonds (the "Contract Revenue Bonds") is governed by the Contract for Financing, Operation, and Maintenance of Regional Facilities (the "Master District Contract"), which has been entered into by the Master District and the Participants. By execution of the Master District Contract, each Participant has agreed to pay a pro rata share of the debt service on the Contract Revenue Bonds (the "Contract Payments") in an amount that is based upon the appraised value subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the "Gross Certified Assessed Valuation") of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually. Each Participant is contractually obligated to make Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (the "Contract Tax"), from revenues derived from the operations of such Participant's water distribution and wastewater collection system, or from any other lawful sources of such Participant's income. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payment, as required by the Master District Contract, could result in an increase in the Contract Payment amount paid by each of the Participants during the time that such Participant's payment is delinquent as the Participant will have to replenish coverage in the debt service fund.

The Master District contracts with Sienna Plantation Municipal Utility District No. 1 ("SPMUD1") for water supply and wastewater treatment services. As discussed in this Official Statement under "MASTER DISTRICT CONTRACT WITH SPMUD1," in 2009, the Master District (on behalf of the Participants) entered into a Utility Contract with SPMUD1 (the "Utility Contract") wherein the parties agreed that the Master District will construct and finance the regional water, wastewater, and drainage facilities that serve the Service Area. Once constructed, the Master District will convey the regional water, wastewater, and drainage facilities (other than interim wastewater treatment facilities) to SPMUD1 for ownership, operation, and maintenance. Upon conveyance, the Master District is not obligated to pay connection charges in order to receive water and wastewater service from SPMUD1. The Master District will pay monthly operations charges to SPMUD1 on behalf of the Participants for their pro rata share of operation and maintenance expenses. The Master District currently has purchased capacity in two water plants owned by SPMUD1, but owns and operates an interim wastewater treatment plant. The Master District is participating in the construction of a permanent wastewater treatment plant owned and operated by SPMUD1, which is expected to be operational by the fourth quarter of 2020.

In May 2018, SPMUD1 issued \$25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of permanent wastewater capacity to serve Sienna. Of the \$25,010,000 principal amount issued, \$12,695,000 principal amount is attributable to the Master District (on behalf of the Participants), of which the District is contractually obligated to pay its pro rata share of the annual debt service. At the delivery of the Bonds, \$12,695,000 principal amount of the Master District's obligation will remain outstanding.

The tax rate that may be required to service debt on any bonds issued by the District is subject to numerous uncertainties such as the growth of taxable values within such district, the amount of the bonds issued, regulatory approvals, construction costs, and market interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated in the Service Area, will be competitive with the tax rates of competing

projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owner(s)") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no provision for acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS – Bankruptcy Limitation to Registered Owners' Rights."

Future Debt

After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$223,265,000 for the purpose of acquiring or the Utility System, and for the refunding of such bonds; \$149,400,000 for the purpose of acquiring or constructing the Road System, and for the refunding of such bonds; and \$68,200,000 for the purpose of acquiring or constructing park and recreational facilities to serve the District, and for the refunding of such bonds; and such additional bonds as may hereafter be approved by both the Board and voters of the District. See "THE BONDS – Issuance of Additional Debt."

The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will still owe the Developer approximately \$3,685,000 for the expenditures to construct the Utility System and approximately \$13,525,000 for expenditures to construct the Road System. In addition, the District expects to sell park bonds to pay its pro-rata share of master district park facilities. See "THE UTILITY SYSTEM," "THE ROAD SYSTEM," and "DEVELOPMENT WITHIN THE DISTRICT."

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. See “THE BONDS – Use and Distribution of Bond Proceeds.” In addition, as required by law, engineering plans, specifications, and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of bonds issued for the Utility System must be approved, subject to certain conditions, by the TCEQ.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ’s “redesignation substitute” for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA’s April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court’s ruling, the TCEQ has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB Area is currently designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB Area has failed to meet the attainment

deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “marginal” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

Water Supply & Discharge Issues: Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District, along with Sienna Plantation Municipal Utility District Nos. 1, 2, 3, 10, 12 and the Sienna Plantation Management District, is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

Operations of utility districts are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged

in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR is effective as of June 22, 2020, and is currently the subject of ongoing litigation.

Due to existing and possible future litigation, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer and its claim paying ability. The bond insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “MUNICIPAL BOND INSURANCE AND RATING” herein.

The obligations of the bond insurer are contractual obligations and in an event of default by the bond insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE AND RATING” herein for further information provided by

the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws Texas, payable from the proceeds of a continuing direct annual ad valorem taxes, without limit as to rate or amount, levied against all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Bond Resolution approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District and the Underwriter with respect to matters solely within the

knowledge of the District and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received, or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively-connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount

The issue price of certain of the Bonds (the “Original Issue Discount Bonds”) is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

NOT Qualified Tax-Exempt Obligations

The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six-month period, and audited financial statements when and if the audit report becomes available.

The District's current fiscal year end is April 30. Accordingly, it must provide updated information by October 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial

obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligations" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District entered into its first continuing disclosure undertaking in connection with the issuance of bonds in 2016. The District has complied in all material respects with its continuing disclosure undertaking made in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developer, the Tax Assessor/Collector, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering reports, and other reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," and "THE FLOOD PROTECTION SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement under the section entitled "THE UTILITY SYSTEM," as it relates to "Water Supply" and "Wastewater Treatment," and that engineering information included in the section entitled "THE ROAD SYSTEM," has been provided by Costello, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Tax Tech, Inc. and the Appraisal District. Such information has been included herein in reliance upon Tax Tech's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

The District, acting by and through the Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Sienna Plantation Municipal Utility District No. 4 as of the date shown on the cover.

/s/ Ray Sick
President, Board of Directors
Sienna Plantation Municipal Utility District No. 4

ATTEST:

/s/ Mary Berna
Secretary, Board of Directors
Sienna Plantation Municipal Utility District No. 4

APPENDIX A

Aerial Photograph of the District



APPENDIX B
Financial Statements of the District

**SIENNA PLANTATION MUNICIPAL
UTILITY DISTRICT NO. 4**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2020

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McGRATH & CO., PLLC

Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditors' Report

Board of Directors
Sienna Plantation Municipal Utility District No. 4
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Plantation Municipal Utility District No. 4, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

***Board of Directors
Sienna Plantation Municipal Utility District No. 4
Fort Bend County, Texas***

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Sienna Plantation Municipal Utility District No. 4, as of April 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

W. G. G. & Co, P.C.

Houston, Texas
August 31, 2020

Management's Discussion and Analysis

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***Sienna Plantation Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2020***

Using this Annual Report

Within this section of the financial report of Sienna Plantation Municipal Utility District No. 4 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2020. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Sienna Plantation Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2020***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at April 30, 2020, was negative \$29,346,244. The District's net position is negative because the District incurs debt to construct public roads which it conveys to the Fort Bend County. A comparative summary of the District's overall financial position, as of April 30, 2020 and 2019, is as follows:

	2020	2019
Current and other assets	\$ 6,026,796	\$ 5,146,548
Capital assets	32,845,802	25,653,224
Total assets	<u>38,872,598</u>	<u>30,799,772</u>
Current liabilities	1,904,597	1,648,543
Long-term liabilities	66,314,245	50,950,478
Total liabilities	<u>68,218,842</u>	<u>52,599,021</u>
Net position		
Net investment in capital assets	(6,415,222)	(5,591,182)
Restricted	2,845,264	2,585,706
Unrestricted	(25,776,286)	(18,793,773)
Total net position	<u>\$ (29,346,244)</u>	<u>\$ (21,799,249)</u>

***Sienna Plantation Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2020***

The total net position of the District decreased during the current fiscal year by \$7,546,995. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Water and sewer service	\$ 1,288,241	\$ 976,523
Property taxes, penalties and interest	4,584,426	3,318,675
Other	1,629,610	1,395,458
Total revenues	<u>7,502,277</u>	<u>5,690,656</u>
Expenses		
Current service operations	1,813,245	1,435,556
Debt interest and fees	1,314,264	1,098,945
Debt issuance costs	648,500	693,044
Developer interest	546,611	602,279
Intergovernmental	2,598,678	1,837,717
Depreciation and amortization	789,045	613,048
Total expenses	<u>7,710,343</u>	<u>6,280,589</u>
Change in net position before other items	(208,066)	(589,933)
Other items		
Change in estimate due to developer		(40,000)
Transfers to other governments	<u>(7,338,929)</u>	<u>(918,385)</u>
Change in net position	(7,546,995)	(1,548,318)
Net position, beginning of year	<u>(21,799,249)</u>	<u>(20,250,931)</u>
Net position, end of year	<u>\$ (29,346,244)</u>	<u>\$ (21,799,249)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of April 30, 2020, were \$5,452,482, which consists of \$1,814,105 in the General Fund, \$2,980,664 in the Debt Service Fund, and \$657,713 in the Capital Projects Fund.

***Sienna Plantation Municipal Utility District No. 4
Management's Discussion and Analysis
April 30, 2020***

General Fund

A comparative summary of the General Fund's financial position as of April 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 2,295,227</u>	<u>\$ 1,643,497</u>
Total liabilities	\$ 471,005	\$ 436,368
Total deferred inflows	10,117	5,980
Total fund balance	<u>1,814,105</u>	<u>1,201,149</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,295,227</u>	<u>\$ 1,643,497</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 3,383,070	\$ 2,646,781
Total expenditures	<u>(2,770,114)</u>	<u>(2,313,505)</u>
Revenues over expenditures	612,956	333,276
Other changes in fund balance		61,998
Net change in fund balance	<u>\$ 612,956</u>	<u>\$ 395,274</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Water, sewer and surface water revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing fire protection services are based on the number of connections in the District and increases as the number of connections increases.
- Tap connection fees fluctuate with homebuilding activity within the District.

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Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of April 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 3,073,856</u>	<u>\$ 2,789,649</u>
Total liabilities	\$ 775	\$ 205
Total deferred inflows	92,417	63,712
Total fund balance	<u>2,980,664</u>	<u>2,725,732</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,073,856</u>	<u>\$ 2,789,649</u>

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 4,080,088	\$ 3,020,303
Total expenditures	<u>(3,914,243)</u>	<u>(2,517,311)</u>
Revenues over expenditures	165,845	502,992
Other changes in fund balance	89,087	166,509
Net change in fund balance	<u>\$ 254,932</u>	<u>\$ 669,501</u>

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of April 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 657,713</u>	<u>\$ 713,402</u>
Total liabilities	\$ -	\$ 3,232
Total fund balance	<u>657,713</u>	<u>710,170</u>
Total liabilities and fund balance	<u>\$ 657,713</u>	<u>\$ 713,402</u>

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A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2020	2019
Total revenues	\$ 6,275	\$ 12,325
Total expenditures	<u>(7,469,645)</u>	<u>(7,766,220)</u>
Revenues under expenditures	(7,463,370)	(7,753,895)
Other changes in fund balance	<u>7,410,913</u>	<u>7,986,471</u>
Net change in fund balance	<u>\$ (52,457)</u>	<u>\$ 232,576</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2019 Unlimited Tax Road Bonds in the current year and the sale of its Series 2018 Unlimited Tax Bonds in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$295,217 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District. Developer will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

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Management's Discussion and Analysis
April 30, 2020***

Capital assets held by the District at April 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 464,349	\$ 402,629
Capital assets being depreciated/amortized		
Infrastructure	34,767,872	26,847,969
Master District connection charges	342,760	342,760
	<u>35,110,632</u>	<u>27,190,729</u>
Less accumulated depreciation/amortization		
Infrastructure	(2,626,828)	(1,847,304)
Master District connection charges	(102,351)	(92,830)
	<u>(2,729,179)</u>	<u>(1,940,134)</u>
Subtotal depreciable capital assets, net	<u>32,381,453</u>	<u>25,250,595</u>
Capital assets, net	<u>\$ 32,845,802</u>	<u>\$ 25,653,224</u>

Capital asset additions during the current year include the following:

- Water, sewer and drainage facilities to serve Sienna Plantation, Sections 13B, 14, 15A, 15B, 16, 17A, 17B, 17C, 24 and 25
- Water, sewer and drainage facilities to serve Sienna Village of Destrehan, Section 6B
- Clearing and grubbing to serve Sienna Plantation, Section 18

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended April 30, 2020, capital assets in the amount of \$7,338,929 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Long-Term Debt and Related Liabilities

As of April 30, 2020, the District owes \$25,156,245 to the developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$2,633,718 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

***Sienna Plantation Municipal Utility District No. 4
Management's Discussion and Analysis
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At April 30, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2016	\$ 8,550,000	\$ 8,800,000
2016A Road	8,890,000	9,150,000
2017	9,600,000	9,850,000
2018	8,285,000	8,530,000
2019 Road	7,500,000	
	\$ 42,825,000	\$ 36,330,000

During the current year, the District issued \$7,500,000 in unlimited tax road bonds. At April 30, 2020, the District had \$237,835,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$68,200,000 for parks and recreational facilities and \$149,400,000 for road improvements.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2020 Actual	2021 Budget
Total revenues	\$ 3,383,070	\$ 3,720,175
Total expenditures	(2,770,114)	(3,106,060)
Revenues over expenditures	612,956	614,115
Beginning fund balance	1,201,149	1,814,105
Ending fund balance	\$ 1,814,105	\$ 2,428,220

Property Taxes

The District's property tax base increased approximately \$116,129,600 for the 2020 tax year from \$433,413,775 to \$549,543,421. This increase was primarily due to new construction in the District and increased property values.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 14, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Sienna Plantation Municipal Utility District No. 4
Statement of Net Position and Governmental Funds Balance Sheet
April 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 468,402	\$ 107,849	\$ 100	\$ 576,351	\$ -	\$ 576,351
Investments	1,325,990	2,878,675	688,599	4,893,264		4,893,264
Taxes receivable	10,117	92,417		102,534		102,534
Customer service receivables	210,507			210,507		210,507
Internal balances	36,071	(5,085)	(30,986)			
Other receivables	5,709			5,709		5,709
Builder damages	48,236			48,236		48,236
Operating reserve	190,195			190,195		190,195
Capital assets not being depreciated					464,349	464,349
Capital assets, net					32,381,453	32,381,453
Total Assets	\$ 2,295,227	\$ 3,073,856	\$ 657,713	\$ 6,026,796	32,845,802	38,872,598
Liabilities						
Accounts payable	\$ 456,454	\$ -	\$ -	\$ 456,454		456,454
Other payables	2,096	775		2,871		2,871
Customer deposits	10,210			10,210		10,210
Unearned revenue	2,245			2,245		2,245
Accrued interest payable					227,817	227,817
Due to developer					25,156,245	25,156,245
Long-term debt						
Due within one year					1,205,000	1,205,000
Due after one year					41,158,000	41,158,000
Total Liabilities	471,005	775		471,780	67,747,062	68,218,842
Deferred Inflows of Resources						
Deferred property taxes	10,117	92,417		102,534	(102,534)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	190,195			190,195	(190,195)	
Restricted		2,980,664	657,713	3,638,377	(3,638,377)	
Unassigned	1,623,910			1,623,910	(1,623,910)	
Total Fund Balances	1,814,105	2,980,664	657,713	5,452,482	(5,452,482)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,295,227	\$ 3,073,856	\$ 657,713	\$ 6,026,796		
Net Position						
Net investment in capital assets					(6,415,222)	(6,415,222)
Restricted for debt service					2,845,264	2,845,264
Unrestricted					(25,776,286)	(25,776,286)
Total Net Position					\$ (29,346,244)	\$ (29,346,244)

See notes to basic financial statements.

Sienna Plantation Municipal Utility District No. 4
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 571,675	\$ -	\$ -	\$ 571,675	\$ -	\$ 571,675
Sewer service	716,566			716,566		716,566
Property taxes	493,929	4,023,552		4,517,481	29,588	4,547,069
Penalties and interest	20,225	13,876		34,101	3,256	37,357
Tap connection and inspection	547,399			547,399		547,399
Surface water fees	600,555			600,555		600,555
Fire protection fees	410,507			410,507		410,507
Miscellaneous	3,337	1,223		4,560		4,560
Investment earnings	18,877	41,437	6,275	66,589		66,589
Total Revenues	3,383,070	4,080,088	6,275	7,469,433	32,844	7,502,277
Expenditures/Expenses						
Current service operations						
Professional fees	140,612	946	1,725	143,283		143,283
Contracted services	655,832	60,993		716,825		716,825
Repairs and maintenance	258,308			258,308		258,308
Utilities	620			620		620
Surface water	606,877			606,877		606,877
Administrative	54,294	4,218		58,512		58,512
Other	28,746	50	24	28,820		28,820
Capital outlay			6,272,785	6,272,785	(6,272,785)	
Debt service						
Principal		1,005,000		1,005,000	(1,005,000)	
Interest and fees		1,269,183		1,269,183	45,081	1,314,264
Debt issuance costs			648,500	648,500		648,500
Developer interest			546,611	546,611		546,611
Intergovernmental						
Master District connection charges	571,544			571,544		571,544
Facilities renewal and replacement	41,061			41,061		41,061
Fire protection services	412,220			412,220		412,220
Contractual obligations		1,573,853		1,573,853		1,573,853
Depreciation and amortization					789,045	789,045
Total Expenditures/Expenses	2,770,114	3,914,243	7,469,645	14,154,002	(6,443,659)	7,710,343
Revenues Over (Under)						
Expenditures/Expenses	612,956	165,845	(7,463,370)	(6,684,569)	6,476,503	(208,066)
Other Financing Sources						
Proceeds from sale of bonds		89,087	7,410,913	7,500,000	(7,500,000)	
Other Items						
Transfers to other governments					(7,338,929)	(7,338,929)
Net Change in Fund Balances	612,956	254,932	(52,457)	815,431	(815,431)	
Change in Net Position					(7,546,995)	(7,546,995)
Fund Balance/Net Position						
Beginning of the year	1,201,149	2,725,732	710,170	4,637,051	(26,436,300)	(21,799,249)
End of the year	\$ 1,814,105	\$ 2,980,664	\$ 657,713	\$ 5,452,482	\$ (34,798,726)	\$ (29,346,244)

See notes to basic financial statements.

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Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Plantation Municipal Utility District No. 4 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created, and established pursuant to an order of the Texas Commission on Environmental Quality dated March 10, 1997, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on October 31, 2000 and the first bonds were issued on October 27, 2016. In 2009, the Texas Legislature adopted Chapter 8320 Special District Local Laws Code, to give the District the powers and duties essential to acquire, construct, and maintain roads and road improvements.

The District’s primary activities include construction, maintenance and operation of water, sewer, drainage, parks and road facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

On January 6, 2020, the District adopted a resolution authorizing the change of the District's name to Sienna Municipal Utility District No. 4. The District submitted the resolution to TCEQ for approval on March 26, 2020. The request has not been approved as April 30, 2020.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major” funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District’s water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, water and sewer service fees and tap connection fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District’s general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District’s water, sewer, drainage, and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2020, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Master District connection charges	40 years [max]

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of operating reserves paid to Sienna Plantation Municipal Utility District No. 5 for the joint water and sewer facilities.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned - all other spendable amounts in the General Fund.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to the Fort Bend County and the value of capital assets for which the developer has not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$	5,452,482
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Historical cost	\$	35,574,981
Less accumulated depreciation/amortization		<u>(2,729,179)</u>
Change due to capital assets		32,845,802
<p>Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i>.</p>		
		(25,156,245)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:</p>		
Bonds payable, net		(42,363,000)
Interest payable on bonds		<u>(227,817)</u>
Change due to long-term debt		(42,590,817)
<p>Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.</p>		
		102,534
Total net position - governmental activities	<u>\$</u>	<u>(29,346,244)</u>

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ 815,431

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 32,844

Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 6,272,785	
Depreciation expense	(789,045)	
		5,483,740

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(7,500,000)	
Principal payments	1,005,000	
Interest expense accrual	(45,081)	
		(6,540,081)

The District conveys certain roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts reduce net position. (7,338,929)

Change in net position of governmental activities		\$ (7,546,995)
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of April 30, 2020, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 600,000	12%	N/A	N/A
TexPool	General	725,990			
	Debt Service	2,878,675			
	Capital Projects	688,599			
		<u>4,293,264</u>	<u>88%</u>	AAAm	31 days
Total		<u>\$ 4,893,264</u>	<u>100%</u>		

The District’s investments in certificates of deposit are reported at cost.

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while the interest risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at April 30, 2020, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 5,085	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	30,986	Bond application fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2020, is as follows:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Ending Balances</u>
Capital assets not being depreciated			
Land and improvements	\$ 402,629	\$ 61,720	\$ 464,349
Capital assets being depreciated/amortized			
Infrastructure	26,847,969	7,919,903	34,767,872
Master District connection charges	342,760		342,760
	<u>27,190,729</u>	<u>7,919,903</u>	<u>35,110,632</u>
Less accumulated depreciation/amortization			
Infrastructure	(1,847,304)	(779,524)	(2,626,828)
Master District connection charges	(92,830)	(9,521)	(102,351)
	<u>(1,940,134)</u>	<u>(789,045)</u>	<u>(2,729,179)</u>
Subtotal depreciable capital assets, net	<u>25,250,595</u>	<u>7,130,858</u>	<u>32,381,453</u>
Capital assets, net	<u>\$ 25,653,224</u>	<u>\$ 7,192,578</u>	<u>\$ 32,845,802</u>

Depreciation/amortization expense for the current year was \$789,045.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 6 – Due to Developer

The District has entered into financing agreements with its developer for the financing of the construction of water, sewer, drainage, park and recreational facilities and roads. Under the agreements, the developer will advance funds for the construction of facilities to serve the District. The developer will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District’s developer has also advanced funds to the District for operating expenses.

Changes in amounts due to developer during the year are as follows:

Due to developer, beginning of year	\$ 16,108,478
Developer funded construction and adjustments	15,320,552
Developer reimbursements	<u>(6,272,785)</u>
Due to developer, end of year	<u>\$ 25,156,245</u>

In addition, the District will owe the developer approximately \$2,633,718 which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	<u>Contract Amount</u>	<u>Amounts Paid</u>	<u>Remaining Commitment</u>
Sienna Plantation, Section 18 - water, sewer, and drainage facilities	\$ 1,671,232	\$ 1,628,329	\$ 42,903
Sienna Plantation, Section 18 - paving facilities	962,486	603,405	359,081
	<u>\$ 2,633,718</u>	<u>\$ 2,231,734</u>	<u>\$ 401,984</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 42,825,000
Unamortized discounts	<u>(462,000)</u>
	<u>\$ 42,363,000</u>
Due within one year	<u>\$ 1,205,000</u>

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 7 – Long-Term Debt (continued)

The District’s bonds payable at April 30, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016	\$ 8,550,000	\$ 8,800,000	2.00% - 3.60%	September 1, 2019 - 2041	September 1, March 1	September 1, 2024
2016A Road	8,890,000	9,400,000	1.75% - 3.60%	September 1, 2018 - 2041	September 1, March 1	September 1, 2024
2017	9,600,000	10,135,000	2.50% - 3.375%	September 1, 2018 - 2042	September 1, March 1	September 1, 2025
2018	8,285,000	8,530,000	3.25% - 5.00%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Road	7,500,000	7,500,000	2.00% - 2.75%	September 1, 2020 - 2043	September 1, March 1	September 1, 2024
	<u>\$ 42,825,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At April 30, 2020, the District had authorized but unissued bonds in the amount of \$237,835,000 for water, sewer and drainage facilities; \$68,200,000 for park and recreational facilities; and \$149,400,000 for roads.

On October 29, 2019, the District issued its \$7,500,000 Series 2019 Unlimited Tax Road Bonds at a net effective interest rate of 2.728915%. Proceeds of the bonds were used to reimburse developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

The change in the District’s long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 36,330,000
Bonds issued	7,500,000
Bonds retired	(1,005,000)
Bonds payable, end of year	<u>\$ 42,825,000</u>

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 7 – Long-Term Debt (continued)

As of April 30, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 1,205,000	\$ 1,348,192	\$ 2,553,192
2022	1,230,000	1,309,979	2,539,979
2023	1,280,000	1,269,892	2,549,892
2024	1,330,000	1,227,625	2,557,625
2025	1,385,000	1,184,304	2,569,304
2026	1,440,000	1,142,227	2,582,227
2027	1,490,000	1,101,531	2,591,531
2028	1,550,000	1,059,444	2,609,444
2029	1,615,000	1,015,126	2,630,126
2030	1,675,000	968,961	2,643,961
2031	1,745,000	919,561	2,664,561
2032	1,810,000	866,387	2,676,387
2033	1,880,000	809,802	2,689,802
2034	1,955,000	749,709	2,704,709
2035	2,025,000	686,467	2,711,467
2036	2,110,000	619,914	2,729,914
2037	2,195,000	549,495	2,744,495
2038	2,280,000	475,121	2,755,121
2039	2,365,000	396,988	2,761,988
2040	2,465,000	314,367	2,779,367
2041	2,560,000	226,708	2,786,708
2042	2,655,000	135,149	2,790,149
2043	1,580,000	61,331	1,641,331
2044	1,000,000	17,063	1,017,063
	<u>\$ 42,825,000</u>	<u>\$ 18,455,343</u>	<u>\$ 61,280,343</u>

Note 8 – Property Taxes

On December 14, 2009, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Fort Bend Central Appraisal District. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 8 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$1.05 per \$100 of assessed value, of which \$0.115 was allocated to maintenance and operations, \$0.36 was allocated to water, sewer and drainage debt service, \$0.205 was allocated to road debt service, and \$0.37 was allocated to contract taxes. The resulting tax levy was \$4,550,846 on the adjusted taxable value of \$433,413,775.

Property taxes receivable, at April 30, 2020, consisted of the following:

Current year taxes receivable	\$	92,375
Penalty and interest receivable		10,159
Property taxes receivable	\$	<u>102,534</u>

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended April 30, 2020, the District recorded transfers to other governments in the amount of \$7,338,929 for road facilities constructed by a developer within the District.

Note 10 – Contracts with Sienna Plantation Municipal District No. 1

Sienna Plantation Municipal Utility District No. 5 (“the Master District”), as a participant, and other participants, including the District, entered into a contract for financing, operation and maintenance of regional water, sanitary sewer and storm sewer facilities with Sienna Plantation Municipal Utility District No. 1 (MUD 1) in 2006 (the “MUD 1 Regional Contract”). The MUD 1 Regional Contract includes other participating districts that are not part of the Master District service area. Pursuant to this contract, MUD 1 has the authority to construct, acquire and finance regional water, wastewater and park facilities. The participants in the MUD 1 Regional Contract pay a connection charge to MUD 1 based on its pro rata share of the regional facilities in order to obtain water and wastewater service. The participants in the MUD 1 Regional Contract also pay monthly operation charges to MUD 1 for their pro rata share of operation and maintenance expenses. MUD 1 has limited authority to issue contract revenue bonds: MUD 1 may only issue contract revenue bonds for acquisition, construction or improvement of (1) surface water facilities (2) a regional facility to comply with any regulatory requirement; (3) payment of extraordinary expenses of repairing or maintaining the regional facilities; or (4) a permanent wastewater treatment plant.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 10 – Contracts with Sienna Plantation Municipal District No. 1 (continued)

In 2009, the Master District (on behalf of the participants) entered into a Utility Contract with MUD 1 with for the purposes of amending and supplementing the MUD 1 Regional Contract. Pursuant to the terms of the Utility Contract, the parties agreed that the Master District will construct and finance the regional water, sewer and drainage facilities that serve the service area. Once constructed, the Master District will convey the regional water, sewer and drainage facilities (other than interim wastewater treatment facilities) to MUD 1 for ownership, operation and maintenance. Upon conveyance, the Master District is not obligated to pay connection charges in order to receive water and sewer service from MUD 1. The Master District will pay monthly operations charges to MUD 1 on behalf of the participants for their pro-rata share of operation and maintenance expenses and will charge the participating districts for their pro-rata share of the monthly operating and maintenance expenses. The Master District currently has purchased capacity in the water plants owned by MUD 1 and receives surface water from the City of Missouri City. The Master District owns and operates an interim wastewater treatment plant that serves the District, but the Master District has participated in the construction of a permanent wastewater treatment plant owned and operated by MUD 1 that will serve the District.

MUD 1 Debt

MUD 1 is authorized to issue bonds for the purposes as stated in this note. The Master District shall be obligated to contribute to the payment of MUD 1's debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The Master District shall charge each participating district its pro rata share based on assessed values in each district.

On May 29, 2018, MUD 1 sold its \$25,010,000 Series 2018 Contract Revenue Bonds to the Texas Water Development Board as part of a plan to finance construction of approximately \$40 million in regional wastewater facilities. Additional financing for these facilities was obtained from cash contributions made by participating districts. The Master District's pro-rata share of total costs of the regional facilities is \$12,695,000 which was funded by the Master District's allocated share of bond proceeds of \$12,695,000.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 10 – Contracts with Sienna Plantation Municipal District No. 1 (continued)

MUD 1 Debt (continued)

As of April 30, 2020, MUD 1 has \$24,740,000 in contract revenue bonds outstanding and the Master District’s share of said bonds is \$12,695,000. MUD 1 bills the Master District in January of each year for MUD 1’s debt service payments for that calendar year. During the current fiscal year, the Master District paid \$287,691 to MUD 1 for MUD 1’s 2020 debt service requirements. The Master District’s future annual obligation to MUD 1 for MUD 1’s debt service requirements (principle and interest) for each of the next five years and in five year increments thereafter is as follows:

Year	Total
2021	\$ 287,691
2022	287,691
2023	287,691
2024	677,691
2025	681,295
2026-2030	3,394,815
2031-2035	3,394,137
2036-2040	3,393,791
2041-2045	3,394,343
2046-2048	2,037,230
	<u>\$ 17,836,375</u>

Wastewater Treatment Services Contract

The District currently receives wastewater treatment services from an interim wastewater treatment plant operated by the Master District. Regional wastewater treatment services will ultimately be provided to each district within Sienna Plantation by MUD 1 pursuant to the First Amendment and Restated Wastewater Treatment Services Contract (the “Wastewater Agreement”) between MUD 1 and the City of Missouri City (the “City”). Pursuant to the Wastewater Agreement, a permanent wastewater treatment plant is required. MUD 1 is responsible for the ultimate design and construction of the permanent wastewater treatment plant, with the costs of such facility allocated among the participating districts on a pro-rata basis. The permanent wastewater treatment plant is under construction. See Note 10 – MUD 1 Debt.

Note 10 – Contracts with Sienna Plantation Municipal District No. 1 (continued)

Joint Construction Agreement for Fire Facilities

MUD 1 and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of a new fire station and the acquisition of a new fire truck to serve Sienna Plantation. The cost of the fire station and the fire truck is to be paid by the internal Sienna Plantation Districts that will be served by the fire station on a pro-rata basis. Sienna Plantation Municipal Utility District Nos. 1, 2 and 3 have contributed their pro-rata shares of the costs to MUD 1. The District and Sienna Plantation Municipal Utility District Nos. 5, 6 and 7 (Sienna South Districts) have received a loan from Sienna Plantation Municipal Utility District No. 3 (MUD 3) to fund their pro-rata share. MUD 3 agreed to advance \$2,076,000 to MUD 1 to ensure the construction of the fire station and the acquisition of a fire truck.

MUD 1 and the Master District entered into an agreement whereby the Master District will reimburse MUD 1 on behalf of all the Sienna South Districts for the loan from MUD 3. The Master District will pay interest of 6% annually to MUD 1 and will fully reimburse MUD 1 upon the occurrence of a triggering event, as defined by the agreement, or by October 1, 2025, whichever comes first.

Fire Protection Services

On June 25, 2015, MUD 1 entered into the Operations Agreement for Fire Protection Services for Sienna Plantation (the “Operations Agreement”) with the City. The Operations Agreement established the terms and conditions under which the City will provide fire protection services to Sienna Plantation and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, MUD 1 will pay the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City will recalculate the cost every year in June. The District executed a Joinder and Third Party Beneficiary to the Operations Agreement, whereby the District agreed to be bound by the terms and conditions of the Operations Agreement and to pay MUD 1 for its pro-rata share of operating costs and capital costs. As of April 30, 2020, the monthly charge is \$21.50 per connection.

Note 11 – Master District Contract with Sienna Plantation Municipal Utility District No. 5

On May 13, 2013 the District, along with Sienna Plantation Municipal Utility District No. 6, Sienna Plantation Municipal Utility District No. 7, and Sienna Plantation Municipal Utility District No. 5, (as a participant) entered into a contract (the “Contract”) with the Master District whereby the Master District agrees to provide or cause to be provided regional water, wastewater, drainage, roads, firefighting and park facilities to land within the participants’ boundaries (or Service Area). Pursuant to the Utility Contract with MUD 1, the water, wastewater and drainage facilities will be conveyed to MUD 1 for MUD 1 to own, operate and maintain such facilities to serve the Service Area. The Master District agrees to provide or cause to be provided road facilities to be conveyed to Fort Bend County to own, operate and maintain such roads.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

**Note 11 – Master District Contract with Sienna Plantation Municipal Utility District No. 5
(continued)**

Master District Debt

The Master District is authorized to issue contract revenue bonds for the purpose of acquiring and constructing regional facilities needed to provide services to all Participants. The District shall contribute to the regional payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all Participants. During the current year, the Master District issued \$15,465,000 in Contract Revenue Bonds. As of April 30, 2020, the Master District has issued \$25,380,000 in Contract Revenue Bonds.

The Master District also has the option to finance the road and park facilities through connection charges which will be determined based on the number of estimated total connections to be constructed within the service area. As of April 30, 2020, the District has not paid any such connection charges.

Operating and Maintenance Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. The Master District shall adjust the reserve as needed, not less than annually. As of April 30, 2020, the District has paid \$190,195 to the Master District for its share of the operating and maintenance reserve.

Monthly Connection Fees for Operating Expenses

The Master District charges each participating district a monthly fee based on the unit cost per connection multiplied by the number of equivalent single-family connections reserved to the District. The monthly fee will also include those monthly operations from MUD 1, pursuant to the Utility Contract.

Summary of Charges

For the fiscal year ended April 30, 2020, the District incurred the following costs pursuant to contracts with the Master District and MUD 1:

- Monthly connection fees in the amount of \$571,544,
- Monthly charges in the amount of \$41,061 for MUD 1's renewal and replacement fund, which was established by MUD 1 to provide funding to repair and replace aging MUD 1 facilities,
- Monthly charges for fire protection services in the amount of \$412,220, and
- Contractual obligations for debt service requirements in the amount of \$1,573,853, which consists of \$1,305,642 for Master District bonds and \$268,211 for the Master District's share of MUD 1's contract revenue bonds.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 12 – Agreements with City of Missouri City

The developer in Sienna Plantation South (land included in MUDs 4, 5, 6 & 7) has entered into the Sienna Plantation Joint Development Agreement with the City dated February 19, 1996, as amended by the eighth amendment dated July 15, 2013 (collectively, the “Development Agreement”) which stipulates the City’s regulatory authority over the development of Sienna Plantation South, establishes certain restrictions and commitments related to the development of Sienna Plantation South, sets forth detailed design and construction standards, stipulates a formula for determining the time of annexation of land within Sienna Plantation South by the City and identifies and establishes a master plan for the development of Sienna Plantation South. The development of all land within Sienna Plantation South is governed by the provisions of the Development Agreement.

The District has also entered into an amended and restated Strategic Partnership Agreement with the City dated July 15, 2013, which stipulates the City’s regulatory authority over the District; stipulates a formula for determining the time of annexation of land within the District by the City and identifies and establishes a master plan for the development of the District.

In both of the above agreements, the City agrees not to annex the property in any district before such time as: (i) at least 90% of the developable acreage within such district has been developed with water, wastewater treatment and drainage facilities; and (ii) the Developer has been reimbursed to the maximum extent permitted by the rules of the TCEQ or the City assumes any obligation for such reimbursement.

Under existing Texas law, since the Master District and each of the Participants lie wholly within the extraterritorial jurisdiction of the City of Missouri City, each Participant must conform to a City of Missouri City consent ordinance. The Participants and the City have entered into Strategic Partnership Agreements that govern the terms of annexation. The Master District may not be annexed until Participants are annexed. In addition, without an agreement in place, no Participant may be annexed by the City of Missouri City without consent; however, under Texas Law, the City of Missouri City cannot annex territory within a district unless it annexes the entire district. If a Participant is annexed, the City of Missouri City will assume the Participant’s assets and obligations (including the Participant’s obligation under the Master District Contract) and dissolve the Participant within ninety (90) days.

In the Strategic Partnership Agreements, the City and Participants agreed that a component of the Participants’ tax rate is for the Contract Tax Payments pursuant to the Master District Contract; and the other component of the Participants’ tax rate is to administer, operate, and maintain the internal District facilities “Internal Facilities Tax”. To the extent permitted by law, the Participants agree that for so long as they have debt outstanding, the Internal Facilities Tax will never be less than the City’s ad valorem tax rate, unless specifically, consented to by the City.

Sienna Plantation Municipal Utility District No. 4
Notes to Basic Financial Statements
April 30, 2020

Note 13 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 14 – Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. On March 31, 2020, the Governor issued an executive order closing all non-essential businesses in the State. This order expired on April 30, 2020. Additionally, all the counties in the greater Houston area adopted various “Work Safe – Stay Home” orders. Such actions are focused on limiting instances where the public can congregate or interact with each other. These precautions resulted in the temporary closure of all non-essential businesses in the State.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting the economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property taxes and ad valorem tax revenues within the District.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition.

Note 15 – Subsequent Event

On August 31, 2020, the District approved a preliminary official statement and notice of sale for its Series 2020 Unlimited Tax Bonds in the amount of \$14,570,000. The acceptance of bids and award of sale is scheduled for September 21, 2020. Proceeds of the bonds will primarily be used to reimburse developer for amounts currently reported in “Due to developer.”

Required Supplementary Information

*Sienna Plantation Municipal Utility District No. 4
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended April 30, 2020*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 425,000	\$ 571,675	\$ 146,675
Sewer service	525,000	716,566	191,566
Property taxes	306,646	493,929	187,283
Penalties and interest	18,000	20,225	2,225
Tap connection and inspection	439,160	547,399	108,239
Surface water fees	425,000	600,555	175,555
Fire protection fees	373,713	410,507	36,794
Miscellaneous	2,000	3,337	1,337
Investment earnings	7,800	18,877	11,077
Total Revenues	2,522,319	3,383,070	860,751
Expenditures			
Current service operations			
Professional fees	120,500	140,612	(20,112)
Contracted services	455,900	655,832	(199,932)
Repairs and maintenance	209,350	258,308	(48,958)
Utilities	1,200	620	580
Surface water	425,000	606,877	(181,877)
Administrative	59,133	54,294	4,839
Other	30,450	28,746	1,704
Intergovernmental			
Master District connection charges	496,316	571,544	(75,228)
Facilities renewal and replacement	33,018	41,061	(8,043)
Fire protection services	373,713	412,220	(38,507)
Total Expenditures	2,204,580	2,770,114	(565,534)
Revenues Over Expenditures	317,739	612,956	295,217
Fund Balance			
Beginning of the year	1,201,149	1,201,149	
End of the year	\$ 1,518,888	\$ 1,814,105	\$ 295,217

Sienna Plantation Municipal Utility District No. 4
Notes to Required Supplementary Information
April 30, 2020

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Sienna Plantation Municipal Utility District No. 4
TSI-1. Services and Rates
April 30, 2020

1. Services provided by the District During the Fiscal Year:

- | | | | |
|--|---|--|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input checked="" type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input type="checkbox"/> Other (Specify): _____ | | | |

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y/N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 24.60	1,000	N	\$ 2.25	10,000 to 20,000
				\$ 2.75	20,001 to no limit
Wastewater:	\$ 45.94		Y		to
Surface water	\$ 2.42	1,000	N	\$ 2.42	1,001 to no limit

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 48.80 Wastewater \$ 45.94

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	811	809	x 1.0	809
1"	798	795	x 2.5	1,988
1.5"			x 5.0	
2"	46	46	x 8.0	368
3"	1	1	x 15.0	15
4"	1	1	x 25.0	25
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water	1,658	1,653		3,255
Total Wastewater	1,572	1,567	x 1.0	1,567

See accompanying auditor's report.

Sienna Plantation Municipal Utility District No. 4
TSI-1. Services and Rates
April 30, 2020

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
 (You may omit this information if your district does not provide water)

Gallons pumped into system:	<u>251,139,400</u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>251,139,400</u>	<u>100.00%</u>

4. Standby Fees (authorized only under TWC Section 49.231):
 (You may omit this information if your district does not levy standby fees)

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes No

If yes, Date of the most recent commission Order: _____

5. Location of District (required for first audit year or when information changes,
 otherwise this information may be omitted):

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Fort Bend County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: _____

Is the District located within a city's extra territorial jurisdiction (ET)?

Entirely Partly Not at all

ETJs in which the District is located: City of Missouri City

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditors' report.

*Sienna Plantation Municipal Utility District No. 4
TSI-2 General Fund Expenditures
For the Year Ended April 30, 2020*

Professional fees		
Legal		\$ 81,358
Audit		10,500
Engineering		48,754
		<u>140,612</u>
Contracted services		
Bookkeeping		33,699
Operator		41,588
Garbage collection		230,957
Tap connection and inspection		349,588
		<u>655,832</u>
Repairs and maintenance		<u>258,308</u>
Utilities		<u>620</u>
Surface water		<u>606,877</u>
Administrative		
Directors fees		9,900
Printing and office supplies		21,854
Insurance		5,071
Other		17,469
		<u>54,294</u>
Other		<u>28,746</u>
Intergovernmental		
Monthly connection charges		571,544
Master District replacement fund		41,061
Fire protection services		412,220
		<u>1,024,825</u>
Total expenditures		<u>\$ 2,770,114</u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	3,264 kWh	\$ 620
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-3. Investments
April 30, 2020

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	\$ 725,990	\$ -
Certificates of deposit	2.30%	07/16/20	100,000	1,593
Certificates of deposit	1.80%	11/16/20	50,000	173
Certificates of deposit	1.85%	08/14/20	50,000	492
Certificates of deposit	2.10%	09/14/20	50,000	469
Certificates of deposit	0.95%	01/11/21	50,000	18
Certificates of deposit	2.50%	05/17/20	50,000	1,075
Certificates of deposit	2.50%	06/18/20	50,000	966
Certificates of deposit	2.10%	10/13/20	100,000	771
Certificates of deposit	1.35%	12/15/20	100,000	152
			<u>1,325,990</u>	<u>5,709</u>
Debt Service				
TexPool	Variable	N/A	1,599,948	
TexPool	Variable	N/A	1,264,563	
TexPool	Variable	N/A	14,164	
			<u>2,878,675</u>	
Capital Projects				
TexPool	Variable	N/A	144,126	
TexPool	Variable	N/A	541,717	
TexPool	Variable	N/A	2,756	
			<u>688,599</u>	
Total - All Funds			<u>\$ 4,893,264</u>	<u>\$ 5,709</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-4. Taxes Levied and Receivable
April 30, 2020

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Contract Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 5,980	\$ 29,898	\$ 9,567	\$ 17,341	\$ 62,786
Adjustments to Prior Year Tax Levy	(360)	(1,798)	(575)	(1,043)	(3,776)
Adjusted Receivable	5,620	28,100	8,992	16,298	59,010
2019 Original Tax Levy	492,705	1,542,380	878,300	1,585,224	4,498,609
Adjustments	5,721	17,910	10,199	18,407	52,237
Adjusted Tax Levy	498,426	1,560,290	888,499	1,603,631	4,550,846
Total to be accounted for	504,046	1,588,390	897,491	1,619,929	4,609,856
Tax collections:					
Current year	488,309	1,528,619	870,463	1,571,080	4,458,471
Prior years	5,620	28,100	8,992	16,298	59,010
Total Collections	493,929	1,556,719	879,455	1,587,378	4,517,481
Taxes Receivable, End of Year	\$ 10,117	\$ 31,671	\$ 18,036	\$ 32,551	\$ 92,375
Taxes Receivable, By Years					
2019	\$ 10,117	\$ 31,671	\$ 18,036	\$ 32,551	\$ 92,375
		2019	2018	2017	2016
Property Valuations:					
Land		\$ 125,395,686	\$ 106,062,491	\$ 83,362,170	\$ 67,859,240
Improvements		352,306,642	248,282,102	185,259,516	86,909,430
Personal Property		2,588,210	2,270,600	1,308,280	1,088,800
Exemptions		(46,876,763)	(43,604,106)	(41,384,241)	(39,306,639)
Total Property Valuations		\$ 433,413,775	\$ 313,011,087	\$ 228,545,725	\$ 116,550,831
Tax Rates per \$100 Valuation:					
Maintenance tax rates		\$ 0.115	\$ 0.10	\$ 0.22	\$ 0.43
W-S-D debt service tax rates		0.360	0.50	0.39	0.19
Road debt service tax rates		0.205	0.16	0.20	0.35
Contract tax rate		0.370	0.29	0.24	0.08
Total Tax Rates per \$100 Valuation		\$ 1.050	\$ 1.05	\$ 1.05	\$ 1.05
Adjusted Tax Levy:		\$ 4,550,846	\$ 3,286,616	\$ 2,399,730	\$ 1,223,784
Percentage of Taxes Collected to Taxes Levied **		97.97%	100.0%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on December 14, 2009

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
April 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 255,000	\$ 264,555	\$ 519,555
2022	265,000	258,962	523,962
2023	275,000	252,885	527,885
2024	285,000	246,303	531,303
2025	300,000	239,132	539,132
2026	310,000	231,353	541,353
2027	320,000	223,002	543,002
2028	335,000	213,992	548,992
2029	345,000	204,300	549,300
2030	360,000	193,898	553,898
2031	370,000	182,762	552,762
2032	385,000	170,868	555,868
2033	400,000	158,108	558,108
2034	415,000	144,556	559,556
2035	430,000	130,403	560,403
2036	445,000	115,635	560,635
2037	465,000	100,165	565,165
2038	480,000	83,860	563,860
2039	500,000	66,710	566,710
2040	520,000	48,600	568,600
2041	535,000	29,610	564,610
2042	555,000	9,990	564,990
	<u>\$ 8,550,000</u>	<u>\$ 3,569,649</u>	<u>\$ 12,119,649</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016A Road--by Years
April 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 265,000	\$ 275,543	\$ 540,543
2022	275,000	269,735	544,735
2023	290,000	263,375	553,375
2024	300,000	256,440	556,440
2025	310,000	248,965	558,965
2026	320,000	240,930	560,930
2027	335,000	232,247	567,247
2028	345,000	222,895	567,895
2029	360,000	212,845	572,845
2030	370,000	202,075	572,075
2031	385,000	190,558	575,558
2032	400,000	178,190	578,190
2033	415,000	164,943	579,943
2034	430,000	150,893	580,893
2035	445,000	136,236	581,236
2036	465,000	120,760	585,760
2037	480,000	104,460	584,460
2038	500,000	87,430	587,430
2039	520,000	69,580	589,580
2040	540,000	50,760	590,760
2041	560,000	30,960	590,960
2042	580,000	10,440	590,440
	<u>\$ 8,890,000</u>	<u>\$ 3,720,260</u>	<u>\$ 12,610,260</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
April 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 260,000	\$ 316,550	\$ 576,550
2022	275,000	304,513	579,513
2023	285,000	291,913	576,913
2024	295,000	278,863	573,863
2025	305,000	265,363	570,363
2026	320,000	253,700	573,700
2027	330,000	245,188	575,188
2028	345,000	237,163	582,163
2029	360,000	227,900	587,900
2030	375,000	217,794	592,794
2031	390,000	206,788	596,788
2032	405,000	194,863	599,863
2033	420,000	182,488	602,488
2034	435,000	169,391	604,391
2035	455,000	155,484	610,484
2036	470,000	140,738	610,738
2037	490,000	125,138	615,138
2038	510,000	108,569	618,569
2039	530,000	91,019	621,019
2040	550,000	72,450	622,450
2041	575,000	52,763	627,763
2042	600,000	32,200	632,200
2043	620,000	10,850	630,850
	<u>\$ 9,600,000</u>	<u>\$ 4,181,688</u>	<u>\$ 13,781,688</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
April 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 210,000	\$ 315,519	\$ 525,519
2022	215,000	304,894	519,894
2023	225,000	293,894	518,894
2024	235,000	282,394	517,394
2025	245,000	271,619	516,619
2026	255,000	261,619	516,619
2027	265,000	251,219	516,219
2028	275,000	240,419	515,419
2029	290,000	230,206	520,206
2030	300,000	220,619	520,619
2031	315,000	210,428	525,428
2032	325,000	199,425	524,425
2033	340,000	187,788	527,788
2034	355,000	175,625	530,625
2035	365,000	163,025	528,025
2036	385,000	149,900	534,900
2037	400,000	135,663	535,663
2038	415,000	120,381	535,381
2039	430,000	104,538	534,538
2040	450,000	88,038	538,038
2041	470,000	70,200	540,200
2042	485,000	51,100	536,100
2043	505,000	31,300	536,300
2044	530,000	10,600	540,600
	<u>\$ 8,285,000</u>	<u>\$ 4,370,413</u>	<u>\$ 12,655,413</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
April 30, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 215,000	\$ 176,025	\$ 391,025
2022	200,000	171,875	371,875
2023	205,000	167,825	372,825
2024	215,000	163,625	378,625
2025	225,000	159,225	384,225
2026	235,000	154,625	389,625
2027	240,000	149,875	389,875
2028	250,000	144,975	394,975
2029	260,000	139,875	399,875
2030	270,000	134,575	404,575
2031	285,000	129,025	414,025
2032	295,000	123,041	418,041
2033	305,000	116,475	421,475
2034	320,000	109,244	429,244
2035	330,000	101,319	431,319
2036	345,000	92,881	437,881
2037	360,000	84,069	444,069
2038	375,000	74,881	449,881
2039	385,000	65,141	450,141
2040	405,000	54,519	459,519
2041	420,000	43,175	463,175
2042	435,000	31,419	466,419
2043	455,000	19,181	474,181
2044	470,000	6,463	476,463
	<u>\$ 7,500,000</u>	<u>\$ 2,613,333</u>	<u>\$ 10,113,333</u>

See accompanying auditors' report.

Sienna Plantation Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
April 30, 2018

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2021	\$ 1,205,000	\$ 1,348,192	\$ 2,553,192
2022	1,230,000	1,309,979	2,539,979
2023	1,280,000	1,269,892	2,549,892
2024	1,330,000	1,227,625	2,557,625
2025	1,385,000	1,184,304	2,569,304
2026	1,440,000	1,142,227	2,582,227
2027	1,490,000	1,101,531	2,591,531
2028	1,550,000	1,059,444	2,609,444
2029	1,615,000	1,015,126	2,630,126
2030	1,675,000	968,961	2,643,961
2031	1,745,000	919,561	2,664,561
2032	1,810,000	866,387	2,676,387
2033	1,880,000	809,802	2,689,802
2034	1,955,000	749,709	2,704,709
2035	2,025,000	686,467	2,711,467
2036	2,110,000	619,914	2,729,914
2037	2,195,000	549,495	2,744,495
2038	2,280,000	475,121	2,755,121
2039	2,365,000	396,988	2,761,988
2040	2,465,000	314,367	2,779,367
2041	2,560,000	226,708	2,786,708
2042	2,655,000	135,149	2,790,149
2043	1,580,000	61,331	1,641,331
2044	1,000,000	17,063	1,017,063
	<u>\$ 42,825,000</u>	<u>\$ 18,455,343</u>	<u>\$ 61,280,343</u>

See accompanying auditors' report.

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Sienna Plantation Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt
April 30, 2018

	Bond Issue			
	Series 2016	Series 2016A Road	Series 2017	Series 2018
Interest rate	2.00% - 3.60%	1.75% - 3.60%	2.25% - 4.50%	3.25% - 5.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/19 - 9/1/41	9/1/18 - 9/1/41	9/1/18 - 9/1/42	9/1/19 - 9/1/43
Beginning bonds outstanding	\$ 8,800,000	\$ 9,150,000	\$ 9,850,000	\$ 8,530,000
Bonds issued				
Bonds retired	(250,000)	(260,000)	(250,000)	(245,000)
Ending bonds outstanding	<u>\$ 8,550,000</u>	<u>\$ 8,890,000</u>	<u>\$ 9,600,000</u>	<u>\$ 8,285,000</u>
Interest paid during fiscal year	<u>\$ 269,733</u>	<u>\$ 280,925</u>	<u>\$ 328,025</u>	<u>\$ 326,894</u>
Paying agent's name and city	<u>Regions Bank, an Alabama State Banking Corporation, Houston, Texas</u>			
	Water, Sewer and Drainage			
Bond Authority:	Bonds	Road Bonds	Park Bonds	
Amount Authorized by Voters	\$ 265,300,000	\$ 166,300,000	\$ 68,200,000	
Amount Issued	(27,465,000)	(16,900,000)		
Remaining To Be Issued	<u>\$ 237,835,000</u>	<u>\$ 149,400,000</u>	<u>\$ 68,200,000</u>	

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investment balances as of April 30, 2020: \$ 2,986,524

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,553,348

See accompanying auditors' report.

<u>Bond Issue</u>	
Series 2019	
<u>Road</u>	<u>Totals</u>
2.00% - 2.75%	
9/1; 3/1	
9/1/20 -	
9/1/43	
\$ -	\$ 36,330,000
7,500,000	7,500,000
	<u>(1,005,000)</u>
<u>\$ 7,500,000</u>	<u>\$ 42,825,000</u>
<u>\$ 74,240</u>	<u>\$ 1,279,817</u>

Sienna Plantation Municipal Utility District No. 4
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Water service	\$ 571,675	\$ 437,228	\$ 292,311	\$ 225,685	\$ 104,649
Sewer service	716,566	539,295	362,137	248,257	92,941
Property taxes	493,929	317,664	507,406	486,288	138,759
Penalties and interest	20,225	18,335	10,036	7,652	2,630
Tap connection and inspection	547,399	586,070	378,723	430,822	525,313
Surface water	600,555	400,460	300,699	187,554	69,256
Fire protection fees	410,507	322,834	228,320	181,164	95,231
Miscellaneous	3,337	9,600	10,266	17,517	14,830
Investment earnings	18,877	15,295	4,246	617	144
Total Revenues	3,383,070	2,646,781	2,094,144	1,785,556	1,043,753
Expenditures					
Current service operations					
Professional fees	140,612	110,630	115,273	109,714	118,669
Contracted services	655,832	572,603	389,774	360,596	432,242
Repairs and maintenance	258,308	203,647	137,873	119,866	82,719
Utilities	620	806	628	716	634
Surface water	606,877	403,654	300,699	187,554	69,256
Administrative	54,294	56,040	44,742	36,535	26,596
Other	28,746	29,141	17,132	21,220	15,418
Intergovernmental					
Master District connection charges	571,544	585,442	483,892	395,443	161,947
Master District lease payments			190,000	190,000	190,000
Facilities renewal and replacement	41,061	28,483	20,513	13,104	4,895
Fire protection services	412,220	323,059	231,233	180,407	96,024
Total Expenditures	2,770,114	2,313,505	1,931,759	1,615,155	1,198,400
Revenues Over (Under) Expenditures	\$ 612,956	\$ 333,276	\$ 162,385	\$ 170,401	\$ (154,647)
Total Active Retail Water Connections	1,653	1,260	915	644	422
Total Active Retail Wastewater Connections	1,567	1,188	855	597	390

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
16%	17%	16%	13%	11%
21%	20%	17%	14%	9%
15%	12%	24%	27%	13%
1%	1%	*	*	*
16%	22%	18%	24%	50%
18%	15%	14%	11%	7%
12%	12%	11%	10%	9%
*	*	*	1%	1%
1%	1%	*	*	*
100%	100%	100%	100%	100%
4%	4%	6%	6%	11%
19%	22%	19%	20%	41%
8%	8%	7%	7%	8%
*	*	*	*	*
18%	15%	14%	11%	7%
2%	2%	2%	2%	3%
1%	1%	1%	1%	1%
17%	22%	23%	22%	16%
		9%	11%	18%
1%	1%	1%	1%	*
12%	12%	11%	10%	9%
82%	87%	93%	91%	114%
18%	13%	7%	9%	(14%)

Sienna Plantation Municipal Utility District No. 4

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Four Fiscal Years

	Amounts			
	2020	2019	2018	2017
Revenues				
Property taxes	\$ 4,023,552	\$ 2,958,970	\$ 1,879,626	\$ 701,162
Penalties and interest	13,876	12,459	11,143	2,679
Miscellaneous	1,223	3,205	5,737	
Investment earnings	41,437	45,874	18,218	3,484
Total Revenues	<u>4,080,088</u>	<u>3,020,508</u>	<u>1,914,724</u>	<u>707,325</u>
Expenditures				
Tax collection services	66,157	56,270	29,723	9,430
Other	50			
Debt service				
Principal	1,005,000	535,000		
Interest and fees	1,269,183	1,025,308	682,049	192,935
Intergovernmental				
Contractual obligations	1,573,853	900,733	547,313	80,683
Total Expenditures	<u>3,914,243</u>	<u>2,517,311</u>	<u>1,259,085</u>	<u>283,048</u>
Revenues Over Expenditures	<u>\$ 165,845</u>	<u>\$ 503,197</u>	<u>\$ 655,639</u>	<u>\$ 424,277</u>

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues			
2020	2019	2018	2017
99%	98%	98%	100%
*	*	1%	*
*	*	*	
1%	2%	1%	*
100%	100%	100%	100%
2%	2%	2%	1%
*			
25%	18%		
31%	34%	36%	27%
39%	30%	29%	11%
97%	84%	67%	39%
3%	16%	33%	61%

***Sienna Plantation Municipal Utility District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2020***

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
 District Business Telephone Number: (713) 860-6400
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): October 1, 2018
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Ray Sick	5/18 to 5/22	\$ 1,650	\$ 150	President
Bryan D. Ives	5/16 to 5/20	1,500	31	Vice President
Mary Berna	6/16 to 5/20	3,600	2,360	Secretary
Robert Vacek	5/18 to 5/22	1,650	206	Assistant Secretary
Maris Reynolds	5/16 to 5/20	1,500	293	Assistant Vice President
Consultants				
		<u>Amounts Paid</u>		
Allen Boone Humphries Robinson LLP <i>General legal</i> <i>Bond counsel</i>	2004	\$ 89,317 190,415		Attorney
SI Environmental, LLC	2013	769,637		Operator
Municipal Accounts & Consulting	2017	42,057		Bookkeeper
Tax Tech, Inc.	2006	29,334		Tax Collector
Fort Bend Central Appraisal District	Legislation	34,159		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	2006	946		Delinquent Tax Attorney
LJA Engineering and Surveying	2000	41,519		Engineer
McGrath & Co., PLLC	2010	22,000		Auditor
Robert W. Baird & Co.	2015	152,380		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
 See accompanying auditors' report.

APPENDIX C

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100