OFFICIAL STATEMENT DATED SEPTEMBER 11, 2023

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; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. 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 (BAM Insured) ...."AA"**

SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

(A political subdivision of the State of Texas, located within Fort Bend County, Texas)

\$9,420,000 Contract Revenue Bonds Series 2023	**\$8,760,000 Contract Revenue Road Bonds Series 2023**

Dated: October 1, 2023 **Due: November 1, as shown on the inside cover**

The \$9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023 (the "System Bonds") and the \$8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023 (the "Road Bonds," and together with the System Bonds, the "Bonds") are special obligations of Sienna Municipal Utility District No. 5 (the "Master District") payable solely from and to the extent of payments contractually required of the municipal utility districts (the "Participants") within the Service Area (herein defined) from 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 "Contract Payments"). Payment of Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contract for Financing, Operation, and Maintenance of Regional Facilities (the "Master District Contract") as described more fully under "MASTER DISTRICT CONTRACT." The Bonds are special obligations of the Master District payable solely from the Contract Payments and are not obligations of the State of Texas; the City of Missouri City, Texas; Fort Bend County, Texas; any of the Participants (except the Master District); or any entity other than the Master District.

The Bonds are dated October 1, 2023, and mature on November 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about October 12, 2023), at the rates set forth on the inside cover, and is payable May 1, 2024, and each November 1 and May 1 thereafter (the "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the "Registered Owners") at BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds, when issued, will constitute valid and binding obligations of the Master District and will be payable from Contract Payments, as further described herein. See "THE BONDS – Source of Payment."

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, 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 discussed under "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 separate municipal bond insurance policies to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").**

The System Bonds constitute the seventh series of contract revenue bonds issued by the Master District from the \$441,800,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Master District System Facilities"). The Road Bonds constitute the sixth series of contract revenue bonds issued by the Master District from the \$249,500,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring a regional road system to serve the Service Area (the "Master District Road Facilities").

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS AS DISCUSSED UNDER "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as, and if issued by the Master District and accepted by the Initial Purchasers, subject to the approval of the Attorney General of Texas and Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Master District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about October 12, 2023

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

$9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023

$5,620,000 Serial Bonds

Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622K (b)	Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622K (b)
2024	$ 180,000	7.000%	3.800%	EC1	***	***	***	***	***
2025	215,000	7.000%	3.800%	ED9	2042 (c)	$ 470,000	4.500%	4.650%	EW7
2026	225,000	7.000%	3.800%	EE7	2043 (c)	495,000	4.500%	4.700%	EX5
2027	235,000	7.000%	3.800%	EF4	2044 (c)	520,000	4.500%	4.710%	EY3
2028	245,000	7.000%	3.800%	EG2	2045 (c)	545,000	4.500%	4.720%	EZ0
***	***	***	***	***	2046 (c)	570,000	4.500%	4.730%	FA4
2035 (c)	340,000	4.500%	4.200%	EP2	2047 (c)	595,000	4.500%	4.740%	FB2
2036 (c)	360,000	4.500%	4.300%	EQ0	2048 (c)	625,000	4.500%	4.750%	FC0

$3,800,000 Term Bonds

$530,000 Term Bond Due November 1, 2030 (c)(d), Interest Rate: 7.000% (Price: $116.860) (a), CUSIP No. 82622K EJ6 (b)

$580,000 Term Bond Due November 1, 2032 (c)(d), Interest Rate: 6.500% (Price: $113.894) (a), CUSIP No. 82622K EL1 (b)

$635,000 Term Bond Due November 1, 2034 (c)(d), Interest Rate: 5.000% (Price: $105.326) (a), CUSIP No. 82622K EN7 (b)

$1,175,000 Term Bond Due November 1, 2039 (c)(d), Interest Rate: 4.500% (Price: $100.000) (a), CUSIP No. 82622K ET4 (b)

$880,000 Term Bond Due November 1, 2041 (c)(d), Interest Rate: 4.500% (Price: $98.780) (a), CUSIP No. 82622K EV9 (b)

$8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023

$5,225,000 Serial Bonds

Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622K (b)	Maturity November 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622K (b)
2024	$ 170,000	7.000%	3.800%	FD8	***	***	***	***	***
2025	200,000	7.000%	3.800%	FE6	2042 (c)	$ 440,000	4.500%	4.650%	FX4
2026	210,000	7.000%	3.800%	FF3	2043 (c)	460,000	4.500%	4.700%	FY2
2027	220,000	7.000%	3.800%	FG1	2044 (c)	480,000	4.500%	4.710%	FZ9
2028	230,000	7.000%	3.800%	FH9	2045 (c)	505,000	4.500%	4.720%	GA3
***	***	***	***	***	2046 (c)	530,000	4.500%	4.730%	GB1
2035 (c)	315,000	4.500%	4.200%	FQ9	2047 (c)	555,000	4.500%	4.740%	GC9
2036 (c)	330,000	4.500%	4.300%	FR7	2048 (c)	580,000	4.500%	4.750%	GD7

$3,535,000 Term Bonds

$490,000 Term Bond Due November 1, 2030 (c)(d), Interest Rate: 7.000% (Price: $116.860) (a), CUSIP No. 82622K FK2 (b)

$540,000 Term Bond Due November 1, 2032 (c)(d), Interest Rate: 6.500% (Price: $113.894) (a), CUSIP No. 82622K FM8 (b)

$595,000 Term Bond Due November 1, 2034 (c)(d), Interest Rate: 5.000% (Price: $105.326) (a), CUSIP No. 82622K FP1 (b)

$1,090,000 Term Bond Due November 1, 2039 (c)(d), Interest Rate: 4.500% (Price: $100.000) (a), CUSIP No. 82622K FU0 (b)

$820,000 Term Bond Due November 1, 2041 (c)(d), Interest Rate: 4.500% (Price: $98.780) (a), CUSIP No. 82622K FW6 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. 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.

(b) CUSIP numbers have been assigned to this issue by the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on November 1, 2030, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

(d) Subject to mandatory redemption by lot or other customary method of random selection on November 1 in the years and in the amounts set forth under "THE BONDS – Redemption of the Bonds – *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 herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Master District or the Initial Purchasers.

All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE" and "APPENDIX D."

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 Master District or other matters discussed herein since the date hereof. The Master District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the Master District and to the extent such information actually comes to its attention, the other matters discussed herein, until delivery of the Bonds to the Initial Purchasers and thereafter only as discussed under "OFFICIAL STATEMENT – Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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 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 System Bonds, the Master District has accepted the bid resulting in the lowest net effective interest rate to the Master District, which was tendered by SAMCO Capital Markets, Inc. (the "System Bond Initial Purchaser") to purchase the System Bonds bearing the interest rates shown on the inside cover under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 97.000000% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.905314%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Road Bonds, the Master District has accepted the bid resulting in the lowest net effective interest rate to the Master District, which was tendered by SAMCO Capital Markets, Inc. (the "Road Bond Initial Purchaser," and together with the System Bond Initial Purchaser, the "Initial Purchasers") to purchase the Road Bonds bearing the interest rates shown on the inside cover under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 97.000000% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.905896%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The Master 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 Master District of a certificate executed and delivered by the Initial Purchasers 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 Master District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchasers.

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 Purchasers 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 PURCHASERS 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 SEC under the Securities Act of 1933 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 Master 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.

Delivery of Official Statements

The Master District shall furnish to the Initial Purchasers (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the Master District and the Initial Purchasers. The Master District also shall furnish to the Initial Purchasers a like number of any supplements or amendments approved and authorized for distribution by the Master District for dissemination to potential underwriters of the Bonds, as well as such additional copies of this Official Statement or any such supplements or amendments as the Initial Purchasers may reasonably request prior to the 90th day after the end of the underwriting period described in the Rule. The Master District shall pay the expense of preparing the number of copies of this Official Statement agreed upon between the Master District and the Initial Purchasers and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchasers shall pay for all other copies of this Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue a separate Municipal Bond Insurance Policy for each series of the Bonds (each a "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 D."

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2023, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486.0 million, $204.5 million, and $281.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATING

The Bonds will receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM 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.

Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. The Master District is not aware of any ratings assigned the Bonds other than the rating of S&P.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere herein. 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 discussed herein.

THE BONDS

Issuer	Sienna Municipal Utility District No. 5 (the "Master District" or, in its capacity as a Participant (herein defined), "SMUD5"), a political subdivision of the State of Texas ("Texas"), is located in Fort Bend County, Texas (the "County"). See "THE MASTER DISTRICT."
Issues	The $9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023 (the "System Bonds") and the $8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023 (the "Road Bonds," and together with the System Bonds, the "Bonds") are dated October 1, 2023, and mature on November 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about October 12, 2023), at the rates set forth on the inside cover, and is payable May 1, 2024, and each November 1 and May 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on November 1, 2030, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The System Bonds mature serially on November 1, in each year 2024 through 2028, both inclusive, 2035 through 2036, both inclusive, and 2042 through 2048, both inclusive. The System Bonds maturing on November 1 in the years 2030, 2032, 2034, 2039, and 2041 are term bonds that are also subject to mandatory redemption provisions set out under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*." The Road Bonds mature serially on November 1, in each year 2024 through 2028, both inclusive, 2035 through 2036, both inclusive, and 2042 through 2048, both inclusive. The Road Bonds maturing on November 1 in the years 2030, 2032, 2034, 2039, and 2041 are term bonds that are also subject to mandatory redemption provisions set out under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
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 discussed herein. 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 of the Bonds. Principal of and interest on the Bonds will be payable by the office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, 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	Principal of and interest on the Bonds are payable from and secured by payments required of the Participants within the Service Area (herein defined) from 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 has established a debt service fund to pay the principal of and interest on the Contract Revenue System Bonds (herein defined), such as the System Bonds (the "Contract Revenue System Debt Service Fund"). The Master District has also established a debt service fund to pay the principal of and interest on the Contract Revenue Road Bonds (herein defined), such as the Road Bonds (the

"Contract Revenue Road Debt Service Fund"). Contract Payments by Participants and use of such proceeds by the Master District to pay debt service on the 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 (herein defined), including the Bonds, which share is based upon the appraised valuation 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 the 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 systems, 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 Participants would have to replenish its respective coverage in the Master District debt service fund. The Bonds are special obligations of the Master District and are not obligations of Texas; the County; the City of Missouri City, Texas (the "City"); any of the Participants (except the Master District); or any entity other than the Master District. See "THE BONDS – Source of Payment," "THE BONDS – Unconditional Obligation to Pay," and "MASTER DISTRICT CONTRACT."

Use and Distribution of Bond Proceeds .... Proceeds from the sale of the System Bonds will be used to reimburse the Developer (herein defined) for the costs associated with the construction of the Master District System Facilities (herein defined) shown under "THE BONDS – Use and Distribution of Bond Proceeds – *The System Bonds.*" In addition, proceeds from the sale of the System Bonds will be used to pay developer interest, 12 months of capitalized interest, operating costs, and certain other costs associated with the issuance of the System Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds – *The System Bonds.*"

Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for the costs associated with the construction of the Master District Road Facilities (herein defined) shown under "THE BONDS – Use and Distribution of Bond Proceeds – *The Road Bonds*." In addition, proceeds from the sale of the Road Bonds will be used to pay developer interest, $416,100 of capitalized interest, and certain other costs associated with the issuance of the Road Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds – *The Road Bonds.*"

Outstanding Bonds.. The Master District has previously issued the following Contract Revenue Bonds: $1,100,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2015; $2,170,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2016; $6,645,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2017; $8,415,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2019; $7,050,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2019; $6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2020; $6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2020; $6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2021; $9,725,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2021; $5,680,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2022; and $3,650,000 Sienna Municipal Utility

District No. 5 Contract Revenue Bonds, Series 2022. At the delivery of the Bonds, $60,215,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "MASTER DISTRICT DEBT."

NOT Qualified Tax-Exempt Obligations .... The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Insurance.. Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."

Rating.. S&P Global Ratings (BAM Insured): "AA." See "RATING."

Payment Record .... The Master District has never defaulted in payment of its bonded indebtedness. See "THE BONDS – Source of Payment."

Contract Revenue Bonds .... The Master District is issuing the System Bonds for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Master District System Facilities") and the Road Bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the "Master District Road Facilities"), and the Master District is expected to issue, in the future, additional contract revenue bonds for the Master District System Facilities and the Master District Road Facilities. The System Bonds and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District System Facilities are referred to herein as the "Contract Revenue System Bonds," and the Road Bonds and any contract revenue bonds issued for the purpose of constructing or acquiring the Master District Road Facilities are referred to herein as "Contract Revenue Road Bonds." The Master District is also expected to issue, in the future, contract revenue bonds for the purpose of constructing or acquiring the Master District Fire Facilities (herein defined) (the "Contract Revenue Fire Bonds"). The Contract Revenue System Bonds, the Contract Revenue Road Bonds, and the Contract Revenue Fire Bonds are collectively referred to herein as the "Contract Revenue Bonds." SMUD5 does not anticipate levying a tax rate for the 2023 tax year, so it will rely on developer advances.

In addition, the Master District Contract authorized the Contract Revenue Park Bonds (herein defined). See "RISK FACTORS – General," "MASTER DISTRICT DEBT – Tax Rates of the Participants," and "THE BONDS – Authority for Issuance."

Financing Park and Recreational Facilities .... In addition to the improvements to be made through the issuance of the Outstanding Bonds, the Bonds, and any future Contract Revenue Bonds, and pursuant to the Master District Contract, the Master District owns or will own, construct, and/or acquire regional park and recreational facilities to serve the Service Area (the "Master District Park Facilities"). The Master District may finance the capital costs of the 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 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 water and sewer connections to be constructed within the Service Area. The Master District Park Facilities may be financed by the Master District through the issuance of contract revenue bonds, or the Park Construction Charges, and may be paid by the Participants through the issuance of ad valorem tax bonds issued by the individual Participants.

If Park Construction Charges are received by the Master District, they shall be deposited into a separate fund for the benefit of the Participants (the "Park Construction Fund") 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. See "THE BONDS – Financing Park and Recreational Facilities."

Authority for Issuance .... The System Bonds constitute the seventh series of contract revenue bonds issued by the Master District from the $441,800,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring the Master District System Facilities. The Road Bonds constitute the sixth series of contract revenue bonds issued by the Master District from the $249,500,000 principal amount of contract revenue bonds approved by voters of the Master District for the purpose of constructing or acquiring the Master District Road Facilities. Any additional Contract Revenue Bonds issued by the Master District will be on parity with the Bonds. Additionally, the Master District Contract authorized the issuance of $32,800,000 principal amount of contract revenue bonds for the purpose of constructing or acquiring the Master District Fire Facilities.

In addition, the Master District Contract authorized $218,300,000 principal amount of contract revenue bonds for the purpose of constructing or acquiring the Master District Park Facilities (the "Contract Revenue Park Bonds").

After the issuance of the Bonds, $397,140,000 principal amount of Contract Revenue System Bonds, $212,745,000 principal amount of Contract Revenue Road Bonds, $32,800,000 principal amount of Contract Revenue Fire Bonds, and $218,300,000 principal amount of Contract Revenue Park Bonds will remain authorized but unissued. The Contract Revenue Bonds are secured by the collection of the Contract Payments through the levy of the Contract Tax.

The System Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the bond resolution (the "System Bond Resolution") adopted by the Board of Directors of the Master District (the "Board") on the date of sale of the Bonds, and pursuant to Chapters 49 and 54 of the Texas Water Code, an order of the Texas Commission on Environmental Quality (the "TCEQ"), an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

The Road Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the bond resolution (the "Road Bond Resolution") adopted by the Board on the date of sale of the Bonds, and pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, Chapter 8321 of the Texas Special District Local Laws Code, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas. See "THE BONDS – Authority for Issuance," "THE BONDS – "Issuance of Additional Debt," "MASTER DISTRICT CONTRACT," and "RISK FACTORS – Future Debt."

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.

Master District Engineer .... Costello, Inc., Houston, Texas.

Paying Agent/Registrar .... BOKF, NA, Dallas, Texas.

THE MASTER DISTRICT

Description .... The Master District is a political subdivision of Texas, created by an order of the TCEQ dated March 10, 1997, and operates pursuant to chapters 49 and 54 of the Texas Water Code. Road powers were added in 2009 to the Master District's powers by special legislation codified as Chapter 8321 of the Texas Special District Local Laws Code. The District was originally named "Sienna Plantation Municipal Utility District No. 5" and was officially renamed "Sienna Municipal Utility District No. 5" by order of the TCEQ, dated October 7, 2020. The Service Area is located within the extra-territorial jurisdiction of the City and lies wholly within the County. The Service Area is located in the northeast portion of the County, approximately 23 miles from the central downtown business district of the City of Houston, Texas. The Master District also serves as a provider of regional water, wastewater, drainage, firefighting, road, and park and recreational facilities to the approximate 3,424-acre service area (the "Service Area") comprised of the Master District, Sienna Municipal Utility District No. 4 ("SMUD4"), Sienna Municipal Utility District No. 6 ("SMUD6"), and Sienna Municipal Utility District No. 7 ("SMUD7"). SMUD5, SMUD4, SMUD6, and SMUD7 have entered into the Master District Contract with the Master District and are referred to herein collectively as the "Participants." See "MASTER DISTRICT CONTRACT" and "APPENDIX C – MASTER DISTRICT CONTRACT."

Status of Development Within the Service Area .... To date, development within the Service Area has occurred within the boundaries of SMUD4, SMUD6, and SMUD7. Within the Service Area, approximately 893.6 acres (2,160 lots) have been developed into the single-family residential subdivision of Sienna, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, 19, 20-26, 45A, and 45B within SMUD4, and approximately 700.6 acres (1,940 lots) have been developed into the single-family residential subdivision of Sienna, Sections 14, 27, 28, 29A, 29B, 30, 31, 32A/32B, 33A, 33B, 33C, 33D, 34A, 34B, 35A, 36, 37, 38, 39A, 39B, 40A, 40B, 41, 42, 43, 44, 46, 48, 49, 52, 53, 55, 57, 64, and 66 within SMUD6. Approximately 74.6 acres (108 lots) are currently under development as the single-family residential subdivision of Sienna, Sections 62 and 67 within SMUD6. Approximately 16.7 acres (29 lots) are currently under development as the single-family residential subdivision of Sienna, Section 50B within SMUD7. As of August 1, 2023, 3,193 homes were complete (3,109 occupied, 53 unoccupied, and 31 models), 335 homes were under construction, and 572 lots were developed and vacant.

In addition, a daycare, multiple grade schools, a CVS Pharmacy, and a church have been constructed within the Service Area.

Description of the Developer .... The primary developer of land within the Service Area is Toll-GTIS Property Owner, LLC (the "Developer"). Johnson SS Management LLC, an affiliate of Johnson Development Corp. ("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 Service Area .... Homebuilders active within the Service Area include Toll Brothers; Jamestown Estate Homes; Westin Homes; Shea Homes; Weekley Homes; Tri Pointe Homes; Highland Homes; Perry Homes; Newmark Homes; HistoryMaker Homes; Chesmar Homes; J. Patrick Homes; Beazer Homes; and MHI. Homebuilding began in SMUD4 in early 2015 and in SMUD6 in early 2019. Prices of new homes being constructed within the Service Area range in price from approximately $300,000 to over $1,000,000, and in size from approximately 1,500 square feet to over 7,000 square feet.

Sienna .... In December 2013, the Developer purchased approximately 3,800 acres within the southern region of the approximately 10,230-acre master planned community known as "Sienna." The Developer's property (the "Toll Brothers Development") encompasses the Service Area. An affiliate of JDC has been hired as fee developer for the Developer. Development and homebuilding are currently underway in the Toll Brothers Development.

In addition to the Toll Brothers Development, JDC, through several partnerships, has acquired and developed approximately 4,500 acres within the northern region of Sienna. This area includes four (4) internal municipal utility districts and a management district, as well as an approximate 214-acre rural estate subdivision known as The Woods at Sienna.

Only the payments by the Participants within the Service Area (SMUD5, SMUD4, SMUD6, and SMUD7) are pledged as security for the Bonds. See "SIENNA – Description of the Project."

Master District Facilities .... The Master District, in its capacity as the provider of the Master District System Facilities, the Master District Road Facilities, the Master District Fire Facilities, and the Master District Park Facilities (collectively referred to herein as the "Master District Facilities"), will construct the Master District Facilities and provide services from such facilities. See "RISK FACTORS – Maximum Impact on Contract Tax Rate" and "MASTER DISTRICT FACILITIES."

Flood Protection Facilities and Overlapping Districts and Taxes .... Sienna Parks & Levee Improvement District of Fort Bend County, Texas ("SPLID"), is the levee improvement district created to provide the levee, detention ponds, external drainage channel, and various interior drainage channels necessary to serve Sienna. SPLID comprises approximately 9,832 acres, of which approximately 8,520 acres are within Sienna (including the Service Area). SPLID intends to finance facilities to accomplish flood protection and accommodate stormwater drainage within SPLID. SPLID currently levies a tax on property located within its boundaries, which is in addition to the tax levied by the Participants. For the 2023 tax year, SPLID anticipates to levy a total tax rate of $0.4125 per $100 of assessed valuation. As of August 1, 2023, SPLID had $177,240,000 principal amount of unlimited tax bonds outstanding. See "TAX DATA – Estimated Overlapping Taxes," "THE FLOOD PROTECTION SYSTEM," and "RISK FACTORS – Possible Flooding Events."

Development Agreement .... The Developer has entered into a Sienna Plantation Joint Development Agreement with the City, as amended by the Eighth Amendment (herein defined) (collectively, the "Development Agreement"), pursuant to which the City stipulates its regulatory authority over the development of the Service Area, establishes certain restrictions and commitments related to the development of the Service Area, sets forth a formula for determining the timing of annexation of land within the Service Area by the City, and identifies and establishes a master plan for the development of the Service Area. The development of all land within the Service Area is governed by the provisions of the Development Agreement. See "SIENNA – Development Agreement."

Strategic Partnership Agreement .... The Master District and the other Participants have entered into an agreement with the City (the "Strategic Partnership Agreement"). The Strategic Partnership Agreement provides, among other things, the terms under which the City can annex or dissolve the Master District. The City may also maintain the Master District for limited purposes, such as payment of the Contract Tax. Once the Master District is dissolved, the Bonds and the Outstanding Bonds become obligations of the City. See "THE PARTICIPANTS – Annexation – Strategic Partnership Agreements."

THE MASTER DISTRICT CONTRACT

Participants... The Participants (SMUD5, SMUD4, SMUD6, and SMUD7) have entered into the Master District Contract with the Master District. Each Participant is a municipal utility district organized and operating pursuant to Article XVI, Section 59 and Article III, Section 52 of the Constitution of Texas and Chapters 49 and 54, Texas Water Code, to provide water, wastewater, drainage, road, and park and recreation services to the area within their boundaries. In 2009, each of the Participants acquired road powers through special legislation, codified as Chapters 8320, 8321, 8322, and 8323 of the Texas Special District Local Laws Code. See "THE PARTICIPANTS."

Operational Revenues .... In addition to obligating each Participant to pay its Contract Payments, the Master District Contract also obligates each Participant to pay monthly charges to the Master District for water and sewer services facilities. The monthly charges paid by each Participant to the Master District will be used to pay operations and maintenance expenses and to provide an operation and maintenance reserve equivalent to three (3) months of operations and maintenance expenses. The Master District Contract provides that each Participant will establish, maintain, and from time to time adjust its rates, fees, and charges for use of its water distribution and wastewater collection services, or for the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source will be sufficient at all times to pay all operation and maintenance expenses of the Participant's water distribution and wastewater collection systems and its obligation to the Master District under the Master District Contract, including its obligation to pay its Contract Payment. See "MASTER DISTRICT CONTRACT."

SIENNA REGIONAL MUNICIPAL UTILITY DISTRICT

Description.. Sienna Regional Municipal Utility District ("SRMUD") is the municipal utility district created to provide the water supply and wastewater treatment facilities for the adjacent developments of the Service Area. SRMUD and the Master District (on behalf of the Participants) have entered into a utility contract (the "Utility Contract") whereby the Master District will construct and finance the Master District Facilities and convey them to SRMUD for ownership, operation, and maintenance. Pursuant to the Utility Contract, the Master District will be responsible, subject to the terms of the Master District Contract, for all payments to SRMUD and its pro rata share of any bonds sold by SRMUD. In May 2018, SRMUD 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, pursuant to the Master District Contract, 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 SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. As of August 1, 2023, $12,695,000 principal amount of the Master District's obligation remained outstanding. See "MASTER DISTRICT CONTRACT WITH SRMUD" and "MASTER DISTRICT FACILITIES."

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, PARTICULARLY "RISK FACTORS."

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

Contract Revenue Bonds of the Master District

2023 Gross Certified Assessed Valuation of the Participants (100% of the market valuation as of January 1, 2023)	$	1,619,002,324	(a)
Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 (100% of the estimated market valuation as of August 1, 2023)	$	1,663,816,828	(b)
Direct Debt:			
The Outstanding Bonds (at the Delivery of the Bonds)	$	60,215,000	
The System Bonds		9,420,000	
The Road Bonds		8,760,000	
Total Direct Debt	$	78,395,000	
Estimated Overlapping Debt		267,203,732	(c)
Total Direct and Estimated Overlapping Debt	$	345,598,732	
Direct Debt Ratios:			
As a Percentage of the 2023 Gross Certified Assessed Valuation of the Participants ($1,619,002,324)		4.84	%
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 ($1,663,816,828)		4.71	%
Direct and Estimated Overlapping Debt Ratios:			
As a Percentage of the 2023 Gross Certified Assessed Valuation of the Participants ($1,619,002,324)		21.35	%
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 ($1,663,816,828)		20.77	%

Master District Debt Service Funds Available as of the Issuance of the Bonds

Contract Revenue System Debt Service Fund Balance (as of August 21, 2023)	$	2,402,399	(d)(f)(g)
Contract Revenue Road Debt Service Fund Balance (as of August 21, 2023)	$	2,204,488	(e)(f)(g)
Contract Revenue System Capital Projects Fund Balance (as of August 21, 2023)	$	193,846	
Contract Revenue Road Capital Projects Fund Balance (as of August 21, 2023)	$	238,800	
General Fund Balance (as of August 21, 2023)	$	503,810	

(a) Represents the assessed valuation of all taxable property located within all Participants as of January 1, 2023, as provided by the Fort Bend Central Appraisal District (the "Appraisal District"). Each Participant's tax roll is certified by the Fort Bend Central Appraisal Review Board (the "Appraisal Review Board"). Such amount includes $38,144,002 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. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within all Participants as of August 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2023, through August 1, 2023. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "MASTER DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(d) Neither Texas law nor the System Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue System Debt Service Fund. Money deposited into the Contract Revenue System Debt Service Fund can only be used to pay debt service on the Contract Revenue System Bonds, such as the System Bonds.

(e) Neither Texas law nor the Road Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue Road Debt Service Fund. Money deposited into the Contract Revenue Road Debt Service Fund can only be used to pay debt service on the Contract Revenue Road Bonds, such as the Road Bonds.

(f) Funds deposited into the Contract Revenue System Debt Service Fund are not pledged to the Contract Revenue Road Bonds, such as the Road Bonds, nor are funds deposited into the Contract Revenue Road Debt Service Fund pledged to the Contract Revenue System Bonds, such as the System Bonds.

(g) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds by the dates specified by the Master District. See "THE BONDS – Contract Payments by the Participants," "THE BONDS – Unconditional Obligation to Pay," and "MASTER DISTRICT CONTRACT."

Debt Service Requirements on the Bonds

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	$	4,493,478 (a)
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024)	$	5,037,503 (a)
Contract Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections:		
Based Upon the 2023 Gross Certified Assessed Valuation of the Participants ($1,619,002,324)	$	0.30
Based upon the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 ($1,663,816,828)	$	0.29
Contract Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024) at 95% Tax Collections:		
Based Upon the 2023 Gross Certified Assessed Valuation of the Participants ($1,619,002,324)	$	0.33
Based upon the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 ($1,663,816,828)	$	0.32

(a) See "SELECTED FINANCIAL INFORMATION – Debt Service Requirement Schedule."

Assessed Valuations of the Participants

Participant	2023 Gross Certified Assessed Valuation (a)	Percent of Total	Estimated Gross Assessed Valuation as of August 1, 2023 (b)	Percent of Total
SMUD4 (c)	$ 1,063,515,510	65.69%	$ 1,071,865,703	64.42%
SMUD5	474,488	0.03%	474,488	0.03%
SMUD6 (d)	541,681,009	33.46%	576,922,111	34.67%
SMUD7 (e)	13,331,316	0.82%	14,554,526	0.87%
Total	$ 1,619,002,324	100.00%	$ 1,663,816,828	100.00%

(a) Represents the assessed valuation of all taxable property located within the Participant as of January 1, 2023, as provided by the Appraisal District. The Participant's tax roll is certified by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within the Participant as of August 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2023, through August 1, 2023. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

(c) Such amount includes $12,444,739 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.

(d) Such amount includes $19,175,474 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.

(e) Such amount includes $6,523,788 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.

Status of Development as of August 1, 2023

District	Total Acreage	Completed Lots	Occupied Completed Homes	Unoccupied Completed Homes	Homes Under Construction	Vacant Developed Lots	Lots Under Development
SMUD4	1,063.54	2,160	2,059	18	25	58	–
SMUD5	31.71	–	–	–	–	–	–
SMUD6	1,300.35	1,940	1,050	66 (a)	310	514	108
SMUD7	1,028.84	–	–	–	–	–	29
Total	3,424.44	4,100	3,109	84 (a)	335	572	137

Estimated Population of the Service Area: 10,882 (b)

(a) Includes 31 model homes.
(b) Based upon 3.5 average residents per occupied completed home.

Selected Tax Data

Participant	2022 Debt Service Tax Rate	2022 Maintenance Tax Rate	2022 Contract Tax Rate	Total 2022 Tax Rate
SMUD4	$ 0.570	$ 0.125	$ 0.325	$ 1.020
SMUD5 (a)(b)	0.000	0.000	0.000	0.000
SMUD6	0.680	0.040	0.330	1.050
SMUD7 (b)(c)	0.000	1.050	0.000	1.050

(a) SMUD5 has not levied a tax rate to date, but may levy a tax rate at a future date.
(b) Until such time as SMUD5 and SMUD7 levy a Contract Tax, Contract Payments will be paid from operating funds advanced by the Developer. See "RISK FACTORS – Dependence on Major Taxpayers and the Developer."
(c) Represents the levied 2023 tax rate.

Debt Service Requirement Schedule

The following schedule sets forth the total debt service requirements of the Master District as of the delivery of the Bonds, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

		The System Bonds			The Road Bonds			
Year	Outstanding Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service
2023	$ 2,666,314	$ –	$ –	$ –	$ –	$ –	$ –	$ 2,666,314
2024	3,713,263	180,000	504,728	684,728	170,000	469,513	639,513	5,037,503
2025	3,689,278	215,000	466,825	681,825	200,000	434,075	634,075	5,005,178
2026	3,667,650	225,000	451,775	676,775	210,000	420,075	630,075	4,974,500
2027	3,653,000	235,000	436,025	671,025	220,000	405,375	625,375	4,949,400
2028	3,626,445	245,000	419,575	664,575	230,000	389,975	619,975	4,910,995
2029	3,628,431	260,000	402,425	662,425	240,000	373,875	613,875	4,904,731
2030	3,632,104	270,000	384,225	654,225	250,000	357,075	607,075	4,893,404
2031	3,625,073	285,000	365,325	650,325	265,000	339,575	604,575	4,879,973
2032	3,636,408	295,000	346,800	641,800	275,000	322,350	597,350	4,875,558
2033	3,649,546	310,000	327,625	637,625	290,000	304,475	594,475	4,881,646
2034	3,674,265	325,000	312,125	637,125	305,000	289,975	594,975	4,906,365
2035	3,686,125	340,000	295,875	635,875	315,000	274,725	589,725	4,911,725
2036	3,709,614	360,000	280,575	640,575	330,000	260,550	590,550	4,940,739
2037	3,713,910	375,000	264,375	639,375	345,000	245,700	590,700	4,943,985
2038	3,749,494	390,000	247,500	637,500	365,000	230,175	595,175	4,982,169
2039	3,749,388	410,000	229,950	639,950	380,000	213,750	593,750	4,983,088
2040	3,763,900	430,000	211,500	641,500	400,000	196,650	596,650	5,002,050
2041	3,771,913	450,000	192,150	642,150	420,000	178,650	598,650	5,012,713
2042	3,647,375	470,000	171,900	641,900	440,000	159,750	599,750	4,889,025
2043	3,229,369	495,000	150,750	645,750	460,000	139,950	599,950	4,475,069
2044	3,232,888	520,000	128,475	648,475	480,000	119,250	599,250	4,480,613
2045	2,269,694	545,000	105,075	650,075	505,000	97,650	602,650	3,522,419
2046	1,571,200	570,000	80,550	650,550	530,000	74,925	604,925	2,826,675
2047	632,225	595,000	54,900	649,900	555,000	51,075	606,075	1,888,200
2048	–	625,000	28,125	653,125	580,000	26,100	606,100	1,259,225
Total	$ 83,588,868	$ 9,420,000	$ 6,859,153	$ 16,279,153	$ 8,760,000	$ 6,375,238	$ 15,135,238	$ 115,003,258

Average Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2024-2048) .... $ 4,493,478

Maximum Annual Debt Service Requirement
on the Outstanding Bonds and the Bonds (2024) .... $ 5,037,503

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SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

(A political subdivision of the State of Texas, located within Fort Bend County, Texas)

$9,420,000	**$8,760,000**
Contract Revenue Bonds	**Contract Revenue Road Bonds**
Series 2023	**Series 2023**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Sienna Municipal Utility District No. 5 (the "Master District" or, in its capacity as a Participant (herein defined), "SMUD5") of the $9,420,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2023 (the "System Bonds") and the $8,760,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2023 (the "Road Bonds," and together with the System Bonds, the "Bonds").

The System Bonds are issued by the Master District pursuant to the Master District Contract (herein defined), the terms and conditions of the bond resolution (the "System Bond Resolution") adopted by the Board of Directors of the Master District (the "Board") on the date of sale of the Bonds, and pursuant to Chapters 49 and 54 of the Texas Water Code, an order of the Texas Commission on Environmental Quality (the "TCEQ"), an election held within the Master District and passed by a majority of the participating voters, and the general laws of the State of Texas ("Texas") relating to the issuance of bonds by political subdivisions in Texas.

The Road Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the bond resolution (the "Road Bond Resolution," and together with the System Bond Resolution, the "Bond Resolutions") adopted by the Board on the date of sale of the Bonds, and pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, Chapter 8321 of the Texas Special District Local Laws Code, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

This Official Statement includes descriptions, among others, of the Bonds, the Bond Resolutions, and certain other information about the "Participants" (currently, SMUD5, Sienna Municipal Utility District No. 4 ("SMUD4"), Sienna Municipal Utility District No. 6 ("SMUD6"), and Sienna Municipal Utility District No. 7 ("SMUD7")), certain other information about the Master District, in both its capacity as the Master District and as a Participant, the approximate 3,424 acre area (the "Service Area") to be provided with the Master District Facilities (herein defined), and the Contracts for the Financing, Operation and Maintenance of Regional Facilities entered into by the Participants and the Master District (the "Master District Contract").

There follows herein descriptions of the Bonds, the Developer (herein defined), the Bond Resolutions, and certain information about the Master District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel (herein defined) at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication thereof. Certain capitalized terms used herein have the same meanings assigned to such terms in the Bond Resolutions, except as otherwise indicated herein.

RISK FACTORS

General

The Master District is issuing the System Bonds for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Master District System Facilities") and the Road Bonds for the purpose of constructing or acquiring a regional road system to serve the Service Area (the "Master District Road Facilities"). In addition to the contract revenue bonds issued for the purpose of constructing or acquiring the Master District System Facilities (the "Contract Revenue System Bonds") and the contract revenue bonds issued for the purpose of constructing or acquiring the Master District Road Facilities (the "Contract Revenue Road Bonds"), the Master District is expected to issue, in the future, contract revenue bonds for the purpose of constructing or acquiring the Master District Fire Facilities (herein defined) (the "Contract Revenue Fire Bonds"). The Contract Revenue System Bonds, the Contract Revenue Road Bonds, and the Contract Revenue Fire Bonds are collectively referred to herein as the "Contract Revenue Bonds." The Master District may also, in the future, issue contract revenue bonds for the purpose of constructing or acquiring regional park and recreational facilities to serve the Service Area (the "Master District Park Facilities"). The Master District System Facilities, the Master District Road Facilities, the Master District Fire Facilities, and the Master District Park Facilities are collectively referred to herein as the "Master District Facilities." The Bonds are special obligations of the Master District and are not obligations of Texas; Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); any of the Participants (except the Master District); or any entity other than the Master District, and are payable solely from the revenues pledged thereto. The Contract Revenue Bonds, including the Bonds, are payable solely from and to the extent of certain contract payments received by the Master District from the Participants pursuant to the Master District Contract, with each Participant's annual contract payment being equal to its pro rata share of annual debt service on the Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds, established under the Bond Resolutions based upon the appraised valuation 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 such Participant as a percentage of the total Gross Certified Assessed Valuation of all Participants (the "Contract Payments"). Each Participant is contractually obligated to make the 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 systems, or from any other lawful sources of such Participant's income. **The obligations of the Participants to make Contract Payments are several, not joint, obligations prorated among the Participants based upon the proportion of the Gross Certified Assessed Valuation of property within their respective boundaries to the total Gross Certified Assessed Valuation of property within all Participants, as described herein.** No Participant is obligated to pay the Contract Payments allocated to 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 during the time that such Participant's payment is delinquent as the Master District may include a reserve amount in the Contract Payment due from each Participant. The security for payment of the principal of and interest on the Bonds by the Master District, therefor, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Contract Payments. The collection by each Participant of delinquent taxes owed to it may be a costly and lengthy process. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy" and "THE BONDS – Source of Payment."

Possible Flooding Events

The Service Area lies within SPLID (herein defined), which provides flood protection for Sienna (herein defined). The Service Area is subject to the following flood risks:

Overtopping, Levee Failure and Excessive Rainfall: SPLID's levee and drainage system have been designed and constructed to meet all current regulatory standards. See "MASTER DISTRICT FACILITIES" and "THE FLOOD PROTECTION SYSTEM." However, the levee system does not protect against all flooding scenarios. There are three (3) instances in which flooding could occur in the Service Area: (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 1% chance of occurring in any given year. Current FEMA regulations require an earthen levee to be constructed a minimum of three (3) 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 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 "RISK FACTORS – Extreme Weather Events."

During significant high river events in 2016, 2017, and 2018 the Brazos River eroded a portion of the riverbank 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: 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 (2) 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 (3) 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. See "RISK FACTORS – Extreme Weather Events" for a description of the four (4) 100-year flood events experienced by the Service Area since 2015.

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 Service Area 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 Master 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."

Extreme Weather Events

The greater City of Houston, Texas ("Houston"), area has experienced four (4) 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 (4) days.

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

Hurricane Harvey produced an estimated 40 inches of rain in SPLID over a four (4)-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 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 SPLID's levee and drainage system, however, the Service Area experienced street flooding and approximately nine (9) homes within the Service Area 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 Service Area.

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 Master District cannot predict the effect that additional extreme weather events may have upon the Service Area 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 Service Area which could cause tax rates to rise. See "RISK FACTORS – Possible Flooding Events" and "THE FLOOD PROTECTION SYSTEM."

Potential Impact of Natural Disaster

The Service Area 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 Service Area, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the Service Area and an increase in the Participants' 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 Service Area 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 Service Area would be adversely affected. There can be no assurance the Service Area will not sustain damage from meteorological events.

Potential Effects of Oil Price Volatility on the Houston Area

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 within the

Service Area. The Master District cannot predict the impact that negative conditions in the oil industry could have on property values in the Service Area.

Overlapping Debt and Tax Rates

The Master District and each Participant may each independently issue additional debt which may change the projected and actual tax rates in the future.

Landowners are or will be responsible for the payment of ad valorem taxes levied by each Participant for payment of Contract Payments. In addition, owners of property located within the Participants are responsible for the payment of ad valorem taxes levied by each Participant for the payment of debt service on unlimited tax bonds issued by each Participant and ad valorem taxes levied by each Participant for the purpose of paying the Participant's operation and maintenance costs. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for information related to each Participant's indebtedness and taxation requirements.

In addition, property located within the Service Area is subject to taxation by various other governmental entities, including SPLID. See "RISK FACTORS – Debt Burden on Property Within the Service Area" and "TAX DATA – Estimated Overlapping Taxes."

Economic Factors and Interest Rates

The rate of development of the Service Area is directly related to the vitality of the residential and commercial industry in the Houston area. New residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of residential construction activity would restrict the growth of property values within the Service Area. The Master District and Participants cannot predict the pace or magnitude of any future development within the Service Area. See "THE MASTER DISTRICT – Status of Development within the Service Area."

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for developmental costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, the Master District is unable to assess the future availability of such funds for continued construction within the Service Area. In addition, since the Service Area is located approximately 23 miles from the central downtown business district of Houston, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the Houston and regional economies. A downturn in the economic conditions of Houston and the nation could adversely affect development and home-building plans within the Service Area and restrain the growth of the Service Area's property tax base.

Competition

The demand for and construction of single-family homes within the Service Area, which is approximately 23 miles from the central downtown business district of Houston, could be affected by competition from other residential developments including other residential developments located in the southwestern portion of the Houston area. In addition to competition for new home sales from other developments, there are numerous previously owned homes near the Service Area and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of the Developer (herein defined) in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values within the Service Area. The Master District can give no assurance that building and marketing programs within the Service Area by the Developer will be implemented or, if implemented, will be successful.

Dependence on Major Taxpayers and the Developer

The top 10 principal taxpayers within the Service Area represent $57,186,620, or 3.53%, of the 2023 Gross Certified Assessed Valuation of the Participants, which is $1,619,002,324, and represents ownership in the Participants' boundaries as of January 1, 2023. The Developer represents $26,910,372, or 1.66%, of such value. See "TAX DATA – Principal Taxpayers." If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the amount in the debt service fund created to pay debt service on bonds issued for the Master District System Facilities (the "Contract Revenue System Debt Service Fund") or the debt service fund created to pay debt services on bonds issued for the Master District Road Facilities (the "Contract Revenue Road Debt Service Fund"), the ability of the Master District to make timely payment of debt service on the Bonds would be dependent on the ability of Participants to enforce and liquidate their tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in a Participant being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The Master District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its Contract Revenue System Debt Service Fund or Contract Revenue Road Debt Service Fund. See "RISK FACTORS – Tax Collection Limitations," "TAXING PROCEDURES – Levy and Collection of Taxes," and "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS."

The Developer has informed the Board that its current plans are to develop the remaining undeveloped land and to continue marketing the remaining developed lots in the Participants to homebuilders. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The Master District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or any other landowner within the Service Area to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The Master District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer or any other landowner. See "DESCRIPTION OF THE DEVELOPER."

Developer Agreement With the City

A prior owner of the land within the Service Area entered into the Eighth Amendment (herein defined). 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); and clarifies that unless expressly set forth in the Eighth Amendment, none of the terms of the preceding seven (7) amendments are applicable to the development of the Service Area. Thus, the Development Agreement (herein defined) are the only terms that remain in full force and effect as to the Developer's development of land within the Service Area.

The Development Agreement was assigned to the Developer on December 10, 2013. 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. See "SIENNA – Development Agreement."

Undeveloped Acreage and Vacant Lots

To date, there are approximately 1,405 undeveloped but developable acres within the Service Area that have not been provided with water, wastewater, drainage, road, and other facilities necessary for the construction of taxable improvement. In addition, there are 572 vacant developed lots and 137 lots currently under development. The Master District makes no representation as to when or if development of the undeveloped but developable acreage will occur or that the lot sales and building program will be successful. See "THE MASTER DISTRICT – Status of Development Within the Service Area."

Operational Expenses

Each Participant is obligated to pay monthly charges to 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 to be paid by each Participant to the Master District will be used to pay each Participant'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. Each Participant'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." Each Participant'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 ("ESFCs") reserved to each Participant 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 $32.14 for water and wastewater services and $21.50 for firefighting services. See "MASTER DISTRICT FACILITIES."

No Reserve Fund

The Bonds will be issued pursuant to the Bond Resolutions wherein the Contract Payments will be pledged to payment of debt service on the Bonds. The Bond Resolutions confirm the Contract Revenue System Debt Service Contract Revenue Fund and the Contract Revenue Road Debt Service Fund but does not create designated reserve funds. Each Participant's pro rata share of the Contract Payments is calculated by the Master District. The Master District's annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year's annual debt service requirements and, at the option of the Master District, up to 50% of the following year's annual debt service requirements to establish a replenishment amount in the debt service funds, which when paid by the Participants, will be deposited into the respective debt service funds. Delay or failure of any Participant to pay its pro rata share of the debt service requirements may adversely affect payment of the Bonds. There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners (herein defined). Any action in mandamus as a result of a payment or other default under the Bond Resolutions would have to be brought by the

Registered Owners themselves against the Master District, and such an action would not necessarily operate to enforce rights against other Participants. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy."

Maximum Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Participants will be the major determinant of the ability and willingness of property owners to pay their taxes. The 2023 Gross Certified Assessed Valuation of the Participants is $1,619,002,324 and the estimated gross assessed valuation of the Participants as of August 1, 2023, is $1,663,816,828. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (herein defined) and the Bonds will be $5,037,503 (2024) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $4,493,478 (2024-2048). Assuming no increase or decrease from the 2023 Gross Certified Assessed Valuation, a Contract Tax rate of $0.33 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and a Contract Tax rate of $0.30 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Outstanding Bonds and the Bonds. Assuming no increase or decrease from the estimated gross assessed valuation of the Participants as of August 1, 2023, a Contract Tax rate of $0.32 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and a Contract Tax rate of $0.29 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Outstanding Bonds and the Bonds. See "SELECTED FINANCIAL INFORMATION – Debt Service Requirement Schedule," "SELECTED FINANCIAL INFORMATION – Contract Revenue Bonds of the Master District," and "TAX DATA – Tax Rate Calculations."

Debt Burden on Property Within the Service Area

The total tax rate paid by property owners within the Service Area is a major factor in the demand for single-family homes within the Service Area. The Master District Contract requires that the Participants make Contract Payments from the Contract Tax. In addition, other contract tax payments are required of the Participants by the Master District Contract. See "MASTER DISTRICT CONTRACT" and "MASTER DISTRICT CONTRACT WITH SRMUD". Furthermore, each Participant will be required to levy taxes on property within the boundaries (without legal limit as to rate or amount) to pay annual principal and interest on any unlimited tax bonds issued in the future by the Participant to fund internal water, wastewater, drainage, road, and park and recreational facilities within the Participant's boundaries. Each Participant may also levy taxes on property within its boundaries to pay operations and maintenance expenses. For the 2022 tax year, SMUD4 levied a debt service tax rate of $0.570 per $100 of assessed valuation, a maintenance and operations tax rate of $0.125 per $100 of assessed valuation, and contract tax rate of $0.325 per $100 of assessed valuation, for a total tax rate of $1.020 per $100 of assessed valuation. For the 2022 tax year, SMUD6 levied a debt service tax rate of $0.680 per $100 of assessed valuation, a maintenance and operations tax rate of $0.040 per $100 of assessed valuation, and contract tax rate of $0.330 per $100 of assessed valuation, for a total tax rate of $1.050 per $100 of assessed valuation. For the 2023 tax year, SMUD7 levied a maintenance and operations tax rate of $1.050 per $100 of assessed valuation, for a total tax rate of $1.050 per $100 of assessed valuation. To date, SMUD5 has not levied a tax rate.

The entirety of the Service Area is located within SPLID, which covers approximately 9,832 acres. SPLID 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 acres that make up the Service Area are located within SPLID. SPLID intends to finance facilities to accomplish flood protection and accommodate stormwater drainage and regional park facilities within SPLID, including the Service Area. SPLID currently levies a tax on property located within its boundaries, including the Service Area, which is in addition to any tax levied by the Master District. For the 2023 tax year, SPLID anticipates to levy a total tax rate of $0.4125 per $100 of assessed valuation. As of August 1, 2023, SPLID had $177,240,000 principal amount of unlimited tax bonds outstanding.

As discussed in this Official Statement under "MASTER DISTRICT CONTRACT WITH SRMUD" in May 2013, the Participants executed a Contract for Financing Operation and Maintenance of Regional Water, Sanitary Sewer and Storm Sewer Facilities (the "SRMUD Agreement") with Sienna Regional Municipal Utility District ("SRMUD"). The SRMUD Agreement obligates the Participants (and the five (5) other participating districts) to pay their respective pro rata share for any contract revenue bonds issued by SRMUD for regional facilities. SRMUD is only able to issue contract revenue bonds for certain limited purposes, including bonds for a wastewater treatment plant. In May 2018, SRMUD 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, pursuant to the Master District Contract, 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 SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. As of August 1, 2023, $12,695,000 principal amount of the Master District's obligation remained outstanding.

The tax rate that may be required to service debt on any bonds issued by the Master District, a Participant, SPLID, or SRMUD 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 Sienna 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 Service Area and the investment quality or security of the Bonds could be adversely affected.

In addition, the Participants are within the taxing jurisdiction of other taxing entities, including the County and Fort Bend Independent School District. Each of these entities currently levies various taxes on property within the boundaries of the Participants in addition to the other taxes listed above.

While the Master District makes no representation regarding the likelihood of adverse economic conditions requiring the levy of a higher tax rate, it is expected that the combined tax rate of a Participant (including any Contract Tax) and SPLID, but excluding other taxing entities, will not exceed $1.50 per $100 of assessed valuation. See "TAX DATA."

Tax Collection Limitations

The Master District's ability to make debt service payments may be adversely affected by each Participant's inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a Participant constitutes a lien in favor of such Participant on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. A Participant'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 affecting the marketability of taxable property within the Participant's boundaries and limiting the proceeds from a foreclosure sale of such property, or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential property and all other property after the purchaser's deed issued at the foreclosure is filed in the county records. While the Participant has a lien on taxable property within the Participant's boundaries 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 Participant from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Participant's boundaries pursuant to Federal Bankruptcy Code could stay any attempt by such Participant to collect delinquent ad valorem taxes assessed 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. See "TAXING PROCEDURES – Participant's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS – No Reserve Fund."

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners" and each a "Registered Owner") have a right to seek a writ of mandamus requiring the Master District to levy adequate taxes each year to make such payments. Except for the mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce such 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 Master District, such a judgment could not be enforced by a direct levy and execution against the Master District's property. Further, the Registered Owners themselves cannot foreclose on property within the Service Area or sell property within the Service Area 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 Master District. In this regard, should the Master District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the Master 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 – Registered Owners' Remedies."

Marketability

The Master District has no understanding (other than the initial reoffering yields) with the winning bidder for the System Bonds or the winning bidder for the Road Bonds (collectively the "Initial Purchasers") regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Pursuant to the Master District Contract and in connection with the development of the Service Area, the Master District may issue Contract Revenue Bonds in an amount necessary to provide the Master District Facilities. The Master District

Contract also authorizes the Master District to refund any outstanding Contract Revenue Bonds. Any future Contract Revenue Bonds will be on a parity with the Bonds. The Master District is expected to issue additional Contract Revenue Bonds. The Master District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of Contract Revenue Bonds which it may issue. The issuance of additional Contract Revenue Bonds is subject to approval by the TCEQ pursuant to its rules and regarding issuance and feasibility of bonds, except that no TCEQ approval is currently required for the issuance of Contract Revenue Road Bonds to fund road projects. See "RISK FACTORS – Maximum Impact on Contract Tax Rate" and "THE BONDS – Issuance of Additional Debt."

In addition to the Contract Revenue System Bonds and the Contract Revenue Road Bonds, the Master District is expected to issue, in the future, Contract Revenue Fire Bonds. The Master District Contract obligates each Participant to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon 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 obligated to make such 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, or also known as the "Contract Tax," from revenues derived from the operations of such Participant's water distribution and wastewater collection systems, or from any other lawful source of such Participant's income.

In addition, the Master District has authorized $218,300,000 principal amount of contract revenue bonds for the purpose of constructing or acquiring the Master District Park Facilities (the "Contract Revenue Park Bonds").

Pursuant to the Master District Contract and after the issuance of the Bonds, the Master District will have $397,140,000 principal amount of Contract Revenue System Bonds, $212,745,000 principal amount of Contract Revenue Road Bonds, $32,800,000 principal amount of Contract Revenue Fire Bonds, and $218,300,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued, and such additional bonds as may hereafter be approved by both the Board and voters of the Participants. See "THE BONDS – Issuance of Additional Debt." The Outstanding Bonds, the Bonds, and all additional Contract Revenue Bonds issued by the Master District, will be payable from the Contract Tax.

SMUD5 and each other Participant is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the Master District or such other Participant is limited to 1% of the their respective taxable assessed valuation, however, effective June 14, 2021, if the Master District or such other Participant meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the Master District or such other Participant may exceed an amount equal to 1% but not 3% of their respective taxable assessed valuation. Before the Master District or such other Participant could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

SMUD5 and each of the other Participant have voted bonds for purposes of providing internal water, wastewater, drainage, road, and park and recreational facilities within their respective boundaries. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for a description of the voter authorized bonds, principal amount of bonds issued (if any), and principal amount of bonds outstanding for each Participant.

Continuing Compliance with Certain Covenants

The Bond Resolutions contain covenants by the Master District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the Master 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."

Environmental Regulations

Wastewater treatment, water supply, storm sewer facilities and construction activities within the Master 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 Master District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the Master District.

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and 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 (8)-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 (3) separate federal ozone standards: the one (1)-hour (124 parts per billion ("ppb")) and eight (8)-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight (8)-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 (8)-hour ozone standard in 2015 (the "2015 Ozone Standard"). While 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" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. 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 "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. 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 Participants, 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) stormwater 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 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) ("CGP"), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP 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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") 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. While SRMUD, Sienna Municipal Utility District No. 2 ("SMUD2" – which was annexed into the City on August 21, 2023), Sienna Municipal Utility District No. 3 ("SMUD3"), SMUD4, SMUD6, Sienna Municipal Utility District No. 10 ("SMUD10"), Sienna Municipal Utility District No. 12 ("SMUD12"), and Sienna Management District ("SMD") are subject to the MS4 Permit, the Master District, as a Participant, is currently not subject to the MS4 Permit as it does not meet the population thresholds. If the Master District's inclusion as a Participant were required at a future date, the Master

District could incur substantial costs to develop, implement, and maintain the necessary 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 in order to comply with the MS4 Permit.

Operations of utility districts, including the Participants, 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 Participants must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the Participants require that wetlands be filled, dredged, or otherwise altered.

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the Participants, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained herein.

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.

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 Insurer at such time and in such amounts as would have been due absence such prepayment by the Master 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."

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 Master District or the Initial Purchasers 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 Master District to pay principal of 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" for further information provided by the bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the bond insurer.

THE BONDS

General

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

The Bonds will mature on November 1 of the years and in principal amounts, and will bear interest from the initial date of delivery (on or about October 12, 2023), at the rates per annum, set forth on the inside cover. Interest on the Bonds will be payable May 1, 2024, and semiannually thereafter on November 1 and May 1 until maturity or redemption. Interest calculations are based on a 360-day year comprised of 12 30-day months. The Bonds are subject to redemption as described below.

The Bonds will be issued only in fully registered form in principal denominations of $5,000 for any one (1) maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC") in its nominee name of Cede & Co., pursuant to the Book-Entry-Only System (herein defined). No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to Cede & Co., as registered owner. DTC will make distribution of the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only-System."

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the Registered Owners as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how 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 Master 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 Master 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 discussed herein. 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 (1) 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-Only System 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 Master 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 Participant and not of DTC, Paying Agent/Registrar or the Master 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 Master 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 Master 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 Master 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 the Book-Entry-Only System has been obtained from sources that the Master District believes to be reliable, but the Master 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 herein 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-Only 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.

Successor Paying Agent/Registrar

Provisions are made in the Bond Resolutions for replacing the Paying Agent/Registrar. If the Master District replaces the Paying Agent/Registrar, such 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 previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the Master 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.

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th calendar day of the month next preceding such interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Master District. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice.

Registration, Transfer and Exchange

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolutions. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferable. See "THE BONDS – Book-Entry-Only-System."

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 offices 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 (1) 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 Master 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 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 30 calendar days. No service charge will be made for any transfer or exchange, but the Master District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

The Bonds maturing on November 1, 2030, and thereafter shall be subject to redemption and payment at the option of the Master District, in whole or from time to time in part, on November 1, 2029, 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 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 Master 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 (1) 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 System Bonds maturing on November 1 in the years 2030, 2032, 2034, 2039, and 2041 are term bonds (the "System 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 System 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 schedule:

$530,000 System Term Bond Maturing on November 1, 2030

Mandatory Redemption Date	Principal Amount
November 1, 2029	$ 260,000
November 1, 2030 (Maturity)	$ 270,000

$580,000 System Term Bond Maturing on November 1, 2032

Mandatory Redemption Date	Principal Amount
November 1, 2031	$ 285,000
November 1, 2032 (Maturity)	$ 295,000

$635,000 System Term Bond Maturing on November 1, 2034

Mandatory Redemption Date	Principal Amount
November 1, 2033	$ 310,000
November 1, 2034 (Maturity)	$ 325,000

$1,175,000 System Term Bond Maturing on November 1, 2039

Mandatory Redemption Date	Principal Amount
November 1, 2037	$ 375,000
November 1, 2038	$ 390,000
November 1, 2039 (Maturity)	$ 410,000

$880,000 System Term Bond Maturing on November 1, 2041

Mandatory Redemption Date	Principal Amount
November 1, 2040	$ 430,000
November 1, 2041 (Maturity)	$ 450,000

The Road Bonds maturing on November 1 in the years 2030, 2032, 2034, 2039, and 2041 are term bonds (the "Road Term Bonds," and together with the System 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 Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amount set forth in the following schedule:

$490,000 Road Term Bond Maturing on November 1, 2030

Mandatory Redemption Date	Principal Amount
November 1, 2029	$ 240,000
November 1, 2030 (Maturity)	$ 250,000

$540,000 Road Term Bond Maturing on November 1, 2032

Mandatory Redemption Date	Principal Amount
November 1, 2031	$ 265,000
November 1, 2032 (Maturity)	$ 275,000

$595,000 Road Term Bond Maturing on November 1, 2034

Mandatory Redemption Date	Principal Amount
November 1, 2033	$ 290,000
November 1, 2034 (Maturity)	$ 305,000

$1,090,000 Road Term Bond Maturing on November 1, 2039

Mandatory Redemption Date	Principal Amount
November 1, 2037	$ 345,000
November 1, 2038	$ 365,000
November 1, 2039 (Maturity)	$ 380,000

$820,000 Road Term Bond Maturing on November 1, 2041

Mandatory Redemption Date	Principal Amount
November 1, 2040	$ 400,000
November 1, 2041 (Maturity)	$ 420,000

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

Authority for Issuance

At separate elections held within the boundaries of each Participant, the voters of each Participant approved the Master District Contract. Under the Master District Contract, the Master District is to serve as the provider of the Master District Facilities. The Master District Contract authorizes the Master District to issue $441,800,000 principal amount of Contract Revenue System Bonds, $249,500,000 principal amount of Contract Revenue Road Bonds, and $32,800,000 principal amount of Contract Revenue Fire Bonds. See "THE BONDS - Issuance of Additional Debt." The Master District Contract also authorizes the Master District to refund any outstanding Contract Revenue Bonds.

In addition, the Master District has authorized $218,300,000 principal amount of Contract Revenue Park Bonds.

The System Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the System Bond Resolution adopted by the Board on the date of sale of the Bonds, and pursuant to Chapters 49 and 54 of the Texas Water Code, an order of the TCEQ, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

The Road Bonds are issued by the Master District pursuant to the Master District Contract, the terms and conditions of the Road Bond Resolution adopted by the Board on the date of sale of the Bonds, and pursuant to Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, Chapter 8321 of the Texas Special District Local Laws Code, an election held within the Master District and passed by a majority of the participating voters, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

Before the Bonds can be 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, the sufficiency of the Contract Payments to pay principal of and interest on the Bonds or upon the adequacy of the information contained in this Official Statement.

Source of Payment

The Bonds are payable solely from payments the Participants make to the Paying Agent/Registrar for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Master District Contract. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on any Contract Revenue Bonds issued by the Master District, including the Bonds, based upon each Participant's Gross Certified Assessed Valuation as a percentage of the Gross Certified Assessed Valuation of all Participants. The debt service requirements shall be calculated to include the charges and expenses of paying agents and registrars utilized in connection with 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 Bond Resolutions. Each Participant is obligated to pay its pro rata share of the Contract Payments, from the Contract Tax, revenues derived from the operation of its water distribution and wastewater collection systems or from any other legally available funds of such Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however the levy of a Contract Tax for the purpose of paying debt service on the Contract Revenue Bonds is the sole responsibility of each Participant. The Bonds are special obligations of the Master District and are not obligations of Texas; the County; the City; any of the Participants (except the Master District); or any entity other than the Master District.

Payment Record

The Master District has never defaulted in payment of its bonded indebtedness. See "THE BONDS – Source of Payment."

The Outstanding Bonds

The Master District has previously issued the following Contract Revenue Bonds: $1,100,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2015; $2,170,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2016; $6,645,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2017; $8,415,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2019; $7,050,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2019; $6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2020; $6,000,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2020; $6,800,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2021; $9,725,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2021; $5,680,000 Sienna Municipal Utility District No. 5 Contract Revenue Road Bonds, Series 2022; and $3,650,000 Sienna Municipal Utility District No. 5 Contract Revenue Bonds, Series 2022. At the delivery of the Bonds, $60,215,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "MASTER DISTRICT DEBT."

Contract Payments by the Participants

Principal of and interest on the Bonds are payable from and secured by each Participant's unconditional obligation to make Contract Payments. By execution of the Master District Contract, each Participant has agreed to make a Contract Payment in an amount equal to its pro rata share of the annual debt service on the Contract Revenue Bonds plus all the charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds established under the Bond Resolutions based upon its Gross Certified Assessed Valuation as a percentage of the total Gross Certified Assessed Valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of the Contract Tax levied by such Participant on property within its boundaries for such purpose, revenues, if any derived from the operation of its water distribution and wastewater collection systems or from any other lawful source of funds. See "Source of Payment." No Participant is liable for the payments due by any other Participant. See "MASTER DISTRICT CONTRACT." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Master District on or before September 1 of the year prior to the year in which such Contract Payments become due, or as soon thereafter as practical. Such Contract Payments shall be due and payable from each Participant to the Paying Agent/Registrar semiannually by the dates specified by the Master District. The Master District specified March 1 and September 1 of each year as the dates by which Contract Payments are due to the Paying Agent/Registrar. The Bond Resolutions provide that the Contract Payments will be paid directly to the Paying Agent/Registrar semiannually on or before March 1 and September 1 of each year.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension, or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the appropriate Participant will receive credit for its over-payments. See "THE MASTER DISTRICT."

Funds

The Contract Revenue System Debt Service Fund is confirmed in the System Bond Resolution and the Contract Revenue Road Debt Service Fund is confirmed in the Road Bond Resolution, of which the proceeds from the Contract Payments collected for and on account of the System Bonds shall be deposited into the Contract Revenue System Debt Service Fund and the proceeds from the Contract Payments collected for and on account of the Road Bonds shall be deposited into the

Contract Revenue Road Debt Service Fund (which includes each Participant's pro rate share of the respective debt service requirements). The Bond Resolutions do not provide for segregated reserve funds. The Master District's annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year's annual debt service requirements and, at the option of the Master District, an amount up to 50% of the following year's annual debt service requirements, which when paid by the Participants, will be deposited into the respective debt service fund.

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy."

Issuance of Additional Debt

Pursuant to the Master District Contract, the Master District is authorized to issue $441,800,000 principal amount of Contract Revenue System Bonds, $249,500,000 principal amount of Contract Revenue Road Bonds, and $32,800,000 principal amount of Contract Revenue Fire Bonds. The Master District Contract also authorizes the Master District to refund any outstanding Contract Revenue Bonds. Pursuant to the Master District Contract, approval by each Participant and approval by the voters at an election held by each Participant is required prior to any amendment to the Master District Contract that would increase such authorized amounts. By execution of the Master District Contract between the Master District and each Participant, each Participant is obligated to pay its pro rata share of debt service on the Contract Revenue Bonds issued by the Master District to finance the Master District Facilities, including the Bonds. The Outstanding Bonds, the Bonds, and all additional Contract Revenue Bonds issued by the Master District, will be payable from the Contract Tax.

In addition, the Master District has authorized $218,300,000 principal amount of Contract Revenue Park Bonds. The Master District Park Facilities may be financed by the Master District through the issuance of contract revenue bonds, or the Park Construction Charges (herein defined) may be paid by the Participants through the issuance of ad valorem tax bonds issued by the individual Participants. See "THE BONDS – Financing Park and Recreational Facilities."

SMUD5 and each other Participant is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the Master District or such other Participant is limited to 1% of the their respective taxable assessed valuation, however, effective June 14, 2021, if the Master District or such other Participant meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the Master District or such other Participant may exceed an amount equal to 1% but not 3% of their respective taxable assessed valuation. Before the Master District or such other Participant could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

Pursuant to the Master District Contract and after the issuance of the Bonds, the Master District will have $397,140,000 principal amount of Contract Revenue System Bonds, $212,745,000 principal amount of Contract Revenue Road Bonds, $32,800,000 principal amount of Contract Revenue Fire Bonds, and $218,300,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued. The Master District Contract (except as described above) and the Bond Resolutions impose no limitation on the amount of Contract Revenue Bonds the Master District may issue payable from the Contract Tax. See "RISK FACTORS – Future Debt."

SMUD5 and each other Participant may issue unlimited tax bonds for water, wastewater, drainage, road, and park and recreational services, with any required approval of the TCEQ, necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which SMUD5 or such other Participant was created. TCEQ approval is not currently required for the Master District or any Participant to issue bonds for the purpose of constructing or acquiring road facilities. See "THE PARTICIPANTS" and "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS."

Financing Park and Recreational Facilities

In addition to the improvements to be made through the issuance of the Contract Revenue Bonds and 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 may finance the capital costs of the 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 water and sewer connections to be constructed within the Service Area. The Park Construction Charges may be financed through the issuance of ad valorem tax bonds issued by the individual Participants. The Master District Park Facilities may be financed by the Master District through the issuance of contract revenue bonds, or the Park Construction Charges may be paid by the Participants through the issuance of ad valorem tax bonds issued by the individual Participants.

If Park Construction Charges are received by the Master District, they shall be deposited into the Park Construction Fund 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.

SMUD5 and each other Participant is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The Master District has conducted a park election authorizing issuance of park bonds and has approved a park plan; however, no park bonds have been issued to date. See "THE BONDS – Issuance of Additional Debt."

No Arbitrage

The Master 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 Master 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 (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the Master District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the Master District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the Master District are authorized to certify to the facts and circumstances and reasonable expectations of the Master District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the Master 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.

Defeasance

The Bond Resolutions provide that the Master District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and the 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 Texas a sum of money equal to 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 Master 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 non-callable obligations of the United States, (b) non-callable 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 Master 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) non-callable 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 Master 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.

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 Master 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 Master 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 quoted from Section 49.186 of the Texas Water Code, and is applicable to the Master 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 un-matured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the Master 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.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolutions provide that, in the event the Master District defaults in the payment of principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolutions into the applicable debt service fund, or defaults in the observance or performance of any of the other covenants, conditions, or obligations set forth in the Bond Resolutions, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the Master 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 Participants to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolutions do not specifically provide for remedies to a Registered Owner in the event of a Master 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 Master District, such a judgment could not be enforced by direct levy and execution against the property within the Service Area. Further, the Registered Owners cannot themselves foreclose on the property within the Service Area or sell property within the Service Area in order to pay principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Participants. For example, a Chapter 9 bankruptcy proceeding by a Participant could delay or eliminate payment of principal or interest to the Registered Owners.

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Use and Distribution of Bond Proceeds

The System Bonds

Proceeds from the sale of the System Bonds will be used to reimburse the Developer for the costs associated with the construction of the Master District System Facilities shown below. In addition, proceeds from the sale of the System Bonds will be used to pay developer interest, 12 months of capitalized interest, operating costs, and certain other costs associated with the issuance of the System Bonds, as shown below.

Non-construction costs are based upon either contract amounts or various cost estimates by the Master District Engineer (herein defined) and the Financial Advisor. The actual amounts to be reimbursed by the Master 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).

CONSTRUCTION COSTS	Total Costs
A. Developer Contribution Items	
None	$ –
B. District Items	
1. Sienna Parkway Phase 5	$ 3,431,768
2. Waters Lake Boulevard Phase 5	868,475
3. Heritage Park Drive Phase 4 and Waters Lake Phase 4	583,362
4. Lift Station No. 6	1,506,974
5. Sienna Section 19	56,313
6. Clearing and grubbing for Sienna Sections 44, 46, 49, 52, 53, 39B, Crescent Spring Drive, Waters Lake Phase 5, Heritage Park Phase 4 and Waters Lake Phase 4	58,000
7. Engineering and Testing (for Item Nos. 1-4)	645,413
8. SWPPP	76,406
Total District Items	$ 7,226,711
TOTAL CONSTRUCTION COSTS	$ 7,226,711
NON-CONSTRUCTION COSTS	
A. Legal Fees	$ 228,400
B. Fiscal Agent Fees	188,400
C. Interest	
1. Developer Interest	500,966
2. Capitalized Interest (12 Months)	479,425
D. Bond Discount	282,600
E. Bond Issuance Expenses	45,968
F. Bond Application Report Costs	50,000
G. Operating Costs	369,435
H. Attorney General's Fee (0.10% or $9,500 max)	9,420
I. TCEQ Bond Issue Fee (0.25%)	23,550
J. Contingency (a)	15,125
TOTAL NON-CONSTRUCTION COSTS	$ 2,193,289
TOTAL BOND ISSUE REQUIREMENT	$ 9,420,000

(a) Represents the difference between the estimated and actual amounts of Capitalized Interest.

The Master District Engineer has advised the Master District that the proceeds of the sale of the System Bonds should be sufficient to reimburse the Developer for 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 Master District cannot and does not guarantee the sufficiency of such funds for such purposes.

The Road Bonds

Proceeds from the sale of the Road Bonds will be used to reimburse the Developer for the costs associated with the construction of the Master District Road Facilities shown below. In addition, proceeds from the sale of the Road Bonds will be used to pay developer interest, $416,100 of capitalized interest, and certain other costs associated with the issuance of the Road Bonds, as shown below.

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

CONSTRUCTION COSTS		Total Costs
A.	Sienna Section 45A Paving	$ 102,705
B.	Waters Lake Boulevard from Phase 4	1,140,657
C.	Paving - Engineering Only (LJA)	368,790
D.	Sienna Parkway Phase 5	2,342,113
E.	Sienna Parkway Signal at Plantation River	498,283
F.	Sienna Parkway Signal at Waters Lake	667,458
G.	Sienna Parkway Left Turn Lane at Steep Bank Trace	263,567
H.	Sienna Parkway Right Turn Lane and Signal at Sienna Oaks	611,016
I.	Sienna Parkway Signal at FM 521 (Partial Reimbursement in Road BIR 5)	305,823
J.	Traffic Impact Analysis	50,000
K.	Sienna Parkway / Waters Lake Boulevard Intersection Improvements	324,828
L.	Sienna Parkway Phase 3 Medians	235,436
	TOTAL CONSTRUCTION COSTS	$ 6,910,676
NON-CONSTRUCTION COSTS		
A.	Legal Fees	$ 215,200
B.	Fiscal Agent Fees	175,200
C.	Interest	
	1. Developer Interest	720,831
	2. Capitalized Interest	416,100
D.	Bond Discount	262,800
E.	Bond Issuance Expenses	25,433
F.	Attorney General's Fee (0.10% or $9,500 max)	8,760
G.	Engineering Report Costs	25,000
	TOTAL NON-CONSTRUCTION COSTS	$ 1,849,324
	TOTAL BOND ISSUE REQUIREMENT	$ 8,760,000

The Master District Engineer has advised the Master District that the proceeds of the sale of the Road Bonds should be sufficient to reimburse the Developer for 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 Master District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE PARTICIPANTS

Creation, Authority, and Description

All Participants operate as municipal utility districts pursuant to Chapter 49 and Chapter 54 of the Texas Water Code and are located within Sienna. To serve the property within their boundaries, the Participants have the powers to construct, acquire, operate, maintain, and finance water, wastewater, drainage, road, and park and recreational facilities. The Participants were created by orders of the TCEQ. The power to construct regional road facilities was added by special legislation.

The Participants are empowered to exercise all the powers and functions which will permit accomplishment of the purposes for which they were created. Each Participant may also establish, operate, and maintain a fire department or contract for firefighting services, and the TCEQ and its voters have approved a plan for that purpose.

Authorized Bonds and Debt Service Tax

The Participants have the statutory authority to issue unlimited tax bonds for the purpose of providing internal water distribution, wastewater collection, storm drainage, road, and park and recreational facilities to the land within their boundaries. Such bonds are secured by a direct continuing annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Contract Tax. See "THE PARTICIPANTS – Contract Taxes."

SMUD5 and each of the other Participants have voted bonds for purposes of providing internal water, wastewater, drainage, road, and park and recreational facilities within their respective boundaries.

See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for a description of the voter authorized bonds, principal amount of bonds issued (if any) and principal amount of bonds outstanding for each Participant.

Operations

Each Participant has or will construct internal water, wastewater, and drainage facilities, and may also construct internal road and park and recreational facilities, within its respective boundaries. Pursuant to the Master District Contract, each Participant is required to purchase potable water from the Master District and sell such water to its customers, and collect domestic wastewater from its customers, which the Master District provides for the treatment and discharge of the wastewater. The Master District has a Utility Contract (herein defined) with SRMUD whereby SRMUD owns and operates the regional water and sanitary system systems. See "MASTER DISTRICT FACILITIES – Water Supply" and "MASTER DISTRICT FACILITIES – Wastewater Treatment." Each Participant sets its own retail rates for water distribution and wastewater collection services, and is required by the Master District Contract to do so at a level which will produce sufficient revenue to pay operating and maintenance charges of the Master District, to pay other costs of operating and maintaining its own System (herein defined), and, together with tax revenues, to pay its Contract Payments. The Master District does not expect that revenues from Participants' retail charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds.

Contract Taxes

The Master District has the authority to issue Contract Revenue Bonds, including the Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all Participants' Gross Certified Assessed Valuation, calculated annually. Calculation of Contract Payments, including the Contract Payments, is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemptions granted by the Participant's however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual Contract Taxes without legal limit as to rate or amount, from revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. 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 the Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under a bond resolution. Through its Utility Contract with the Master District, SRMUD has the authority to levy an additional contract tax on the Participants. See "MASTER DISTRICT CONTRACT WITH SRMUD."

The Participants' Internal Facilities Tax (herein defined) may not be less than the City's ad valorem tax rate without City consent. See "THE PARTICIPANTS – Annexation – Strategic Partnership Agreements."

Maintenance and Operations Tax

The Participants have the authority to levy and collect an annual ad valorem tax for the operation and maintenance of facilities. A maintenance and operations tax is in addition to taxes which the Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds and the Contract Tax. See "THE PARTICIPANTS – Contract Taxes."

Annexation – Strategic Partnership Agreements

Under existing Texas law, since the Master District and each of the Participants lie wholly within the extraterritorial jurisdiction of the City, each Participant must conform to a City consent ordinance. The Participants and the City entered into agreements that govern the terms of annexation (the "Strategic Partnership Agreements"). The Master District may not be annexed until all Participants are annexed. Under Texas law, the City cannot annex territory within a district unless it annexes the entire district. Pursuant to the Strategic Partnership Agreement, which sets forth the terms of full purpose annexation, the City will not annex the property in a Participant until (i) at least 95% of the developable acreage within the Participant has been developed with water, wastewater, 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. If a Participant is annexed, the City will assume the Participant's assets and obligations (including the Participant's obligation under the Master District Contract) and dissolve the Participant within 90 days. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the Master District makes no representation that the City will ever annex the Master District or any Participant and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

The Strategic Partnership Agreement between the City and the Master District was amended on October 5, 2020, to allow for the City to annex the Master District for the limited purpose of providing fire protection services.

The Strategic Partnership Agreements allow for full purpose annexation for certain limited purposes, such as the provision of certain municipal services. If such limited purpose annexation were to occur, the Master District would continue to retain all of its rights, powers, and authority, except as to the City's right to provide certain services.

In the Strategic Partnership Agreement, 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 Master District facilities (the "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.

Consolidation

The Master 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 Master District System Facilities) and liabilities (such as the Bonds), with the assets and liabilities of a district with which it is consolidating. Although no consolidation is presently contemplated by the Master District, no representation is made concerning the likelihood of consolidation in the future.

Management

Each Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such Participant. Directors of each Participant are elected by the voters within that Participant to serve four (4)-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants have any employees. Each Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each Participant, and, in addition, operation of each Participant's water, wastewater, and drainage facilities is subject to regulation by other agencies.

Financial Data

See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for financial information for each Participant.

MASTER DISTRICT CONTRACT

SMUD5 and the other Participants have executed the Master District Contract 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 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, including the Bonds, based upon each Participant's Gross Certified Assessed Valuation as a percentage of the Gross Certified Assessed Valuation of all the Participants, calculated annually. Calculation of the Contract Payment 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, 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, including the 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 by SRMUD. See "MASTER DISTRICT CONTRACT WITH SRMUD." 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, SRMUD owns and operates the Master District System Facilities. Each Participant (including SMUD5 in its capacity as provider of internal facilities to serve the acreage within its boundaries) 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 SRMUD 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 SRMUD for its share of operation and maintenance expenses and payments to SRMUD for its pro rata share of debt service on bonds issued for the permanent wastewater treatment plant. See "MASTER DISTRICT CONTRACT WITH SRMUD." 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 SRMUD) 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 $32.14 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, including the 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 may finance the capital costs of Master District Park Facilities either through the issuance of contract revenue bonds or from payments made by each Participant, including the Master District, of its pro rata share of the Master District's then estimated 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.

All Park Construction Charges received by the Master District shall be deposited into the Park Construction Fund 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. At the delivery of the Bonds, the Master District will have $78,395,000 principal amount of contract revenue bonds outstanding (inclusive of the Bonds). In addition, at the delivery of the Bonds, SRMUD will have $23,585,000 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 SRMUD

The Master District, as a Participant, and the other Participants entered into the SRMUD Agreement. The SRMUD Agreement includes other participating districts that are not part of the Service Area. The participants in the SRMUD Agreement pay a connection charge to SRMUD based on its pro rata share of the regional facilities in order to obtain water and wastewater service. The participants in the SRMUD Agreement also pay monthly operation charges to SRMUD for their pro rata share of operation and maintenance expenses. SRMUD has limited authority to issue contract revenue bonds with the consent of all the participating districts: SRMUD 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 SRMUD for the purposes of amending and supplementing the SRMUD 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 to SRMUD 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 SRMUD. The Master District will pay monthly operations charges to SRMUD 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 SRMUD. The Master District currently has purchased capacity in two (2) water plants owned by SRMUD. SRMUD has constructed a regional wastewater treatment plant, which will treat the wastewater of the Service Area. See "MASTER DISTRICT FACILITIES – Wastewater Treatment." In May 2018, SRMUD 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, pursuant to the Master District Contract, 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 SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. As of August 1, 2023, $12,695,000 principal amount of the Master District's obligation remained outstanding. See "MASTER DISTRICT CONTRACT."

THE MASTER DISTRICT

Management of the Master District

The Master District is governed by the Board, consisting of five (5) directors, who have control over and management supervision of all affairs of the Master District. None of the present members of the Board reside within the Master District; however, they each own parcels of land within the Master District, subject to a note and a deed of trust. The directors serve four (4)-year staggered terms. Elections are held in even numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Joe Price	President	2024
Gary Ross	Vice President	2024
Douglas Earle	Secretary	2026
Dennis Parmer	Assistant Secretary	2026
Regina Morales	Assistant Vice President	2024

Consultants

Although the Master District does not have a general manager or any other full-time employees, it has contracted for System operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector

The tax assessor/collector for the Master District is Esther Buentello Flores of Tax Tech, Inc., Houston, Texas (the "Tax Collector/Assessor"). The Fort Bend Central Appraisal District (the "Appraisal District") is responsible for the determination of the assessed valuations throughout the County.

Bookkeeper

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

System Operator

The Master District's operator is Si Environmental, LLC., Houston, Texas.

Auditor

As required by the Texas Water Code, the Master District retains an independent auditor to audit the Master District's financial statements annually, which audit reports are filed with the TCEQ. The Master District's financial statements for the fiscal year ended July 31, 2022, were audited by McGrath & Co., PLLC, Houston, Texas (the "Auditor"), and are attached hereto as "APPENDIX B – Financial Statements of the Participants."

Engineers

The Master District's engineer is Costello, Inc., Houston, Texas (the "Master District Engineer"). The Participants' internal design engineer is LJA, Inc., Houston, Texas.

Bond & General Counsel

The Master District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, 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 issuance and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as general counsel to the Master District on matters other than the issuance of bonds.

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP, Houston, Texas, has been designated as disclosure counsel ("Disclosure Counsel"). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor

Robert W. Baird & Co. Incorporated, Houston, Texas, is employed as financial advisor (the "Financial Advisor") to the Master 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 issuance 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 herein.

The Service Area

The Service Area contains approximately 3,424 acres, including a total of approximately 32 acres in the Master District. This approximate 3,424 acres is comprised of the land within the Master District, SMUD4, SMUD6, and SMUD7. The Participants (SMUD5, SMUD4, SMUD6, and SMUD7) have entered into the Master District Contract with the Master District. Pursuant to the Master District Contract, the Master District is obligated to provide the Master District Facilities to serve the land in the Service Area. The Service Area is located in the County, approximately 23 miles from the central business district of Houston. The Service Area lies within the Fort Bend County Independent School District.

The Service Area is part of Sienna. The Service Area does not include the adjacent Sienna community developed by JDC (herein defined), including SRMUD, SMUD2, SMUD3, SMUD10, SMUD12, and SMD.

Status of Development Within the Service Area

To date, development within the Service Area has occurred within the boundaries of SMUD4, SMUD6, and SMUD7. Within the Service Area, approximately 893.6 acres (2,160 lots) have been developed into the single-family residential subdivision of Sienna, Sections 1-6, 6B, 7, 7B, 7C, 8, 9, 9B, 10-12, 13A, 13B, 14, 15A, 15B, 16, 17A, 17B&C, 18, 19, 20-26, 45A, and 45B within SMUD4, and approximately 700.6 acres (1,940 lots) have been developed into the single-family residential subdivision of Sienna, Sections 14, 27, 28, 29A, 29B, 30, 31, 32A/32B, 33A, 33B, 33C, 33D, 34A, 34B, 35A, 36, 37, 38, 39A, 39B, 40A, 40B, 41, 42, 43, 44, 46, 48, 49, 52, 53, 55, 57, 64, and 66 within SMUD6. Approximately 74.6 acres (108 lots) are currently under development as the single-family residential subdivision of Sienna, Sections 62 and 67 within SMUD6. Approximately 16.7 acres (29 lots) are currently under development as the single-family residential subdivision of Sienna, Section 50B within SMUD7. As of August 1, 2023, 3,193 homes were complete (3,109 occupied, 53 unoccupied, and 31 models), 335 homes were under construction, and 572 lots were developed and vacant.

In addition, a daycare, multiple grade schools, a CVS Pharmacy, and a church have been constructed within the Service Area.

Homebuilders Active Within the Service Area

Homebuilders active within the Service Area include Toll Brothers; Jamestown Estate Homes; Westin Homes; Shea Homes; Weekley Homes; Tri Pointe Homes; Highland Homes; Perry Homes; Newmark Homes; HistoryMaker Homes; Chesmar Homes; J. Patrick Homes; Beazer Homes; and MHI. Homebuilding began in SMUD4 in early 2015 and in SMUD6 in early 2019. Prices of new homes being constructed within the Service Area range in price from approximately $300,000 to over $1,000,000, and in size from approximately 1,500 square feet to over 7,000 square feet.

DESCRIPTION OF THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the Master District include purchasing the land within the Master 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 some instances, the developer will be required to pay up to 30% 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 Service Area 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 in December of 2013. Toll Brothers is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "TOL." Audited financial statements for Toll Brothers can be found online at www.tollbrothers.com/investor_relations. Toll Brothers is subject to the information requirements of the Securities Exchange Act of 1934 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 Service Area, to provide funds to pay taxes on property in the Service Area 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 Master 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 Master District or owners of the Bonds to continue development of the land within the Service Area and the Developer may sell or otherwise dispose of its property within the Service Area, 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.

SIENNA

Description of Project

In December 2013, the Developer purchased approximately 3,800 acres within the southern region of the approximately 10,230-acre master planned community known as “Sienna.” The Developer’s property (the “Toll Brothers Development”) encompasses the Service Area. An affiliate of JDC has been hired as fee developer for the Developer. Development and homebuilding are currently underway in the Toll Brothers Development.

In addition to the Toll Brothers Development, JDC, through several partnerships, has acquired and developed approximately 4,500 acres within the northern region of Sienna (the “JDC Development”). This area includes four (4) internal municipal utility districts and a management district, as well as an approximate 214-acre rural estate subdivision known as “The Woods at Sienna.”

Only the payments by the Participants within the Service Area (SMUD5, SMUD4, SMUD6, and SMUD7) are pledged as security for the Bonds.

SRMUD is the municipal utility district providing the water supply and wastewater treatment facilities, as well as the regional water distribution, regional wastewater treatment plant, regional wastewater collection trunk lines, and regional stormwater collection trunk lines necessary to serve Sienna.

SPLID encompasses approximately 9,832 acres, approximately 8,520 of which are within Sienna (including the Service Area).

According to JDC, which has developed the JDC Development and manages the development of the Toll Brothers Development on behalf of the Developer, the ultimate land use within Sienna is currently projected to consist of: approximately 15,725 single-family residential lots; approximately 2,720 multi-family units; approximately 1,150 retirement residential units; approximately 300 rural estate residential units; and approximately 1,105 acres used for the development of commercial mixed-use projects. The remaining ultimate land use within Sienna is currently projected to consist of: multiple primary and secondary schools; multiple churches; an information center; an 18-hole golf course; a clubhouse; multiple water theme parks; swimming and tennis facilities; an amphitheater; drainage, levee, and utility easements; street rights-of-way; and multiple open spaces, lakes, parks, recreational facilities, and greenbelts.

To date, development within Sienna has occurred primarily within SMUD2; SMUD3; SMUD4; SMUD6; SMUD10; SMUD12; SMD; and The Woods at Sienna. As of May 15, 2023, single-family residential development within Sienna, in aggregate, includes approximately 10,530 completed homes; approximately 177 homes under construction; approximately 349 vacant and developed lots; approximately 307 lots under development; and 104 rural estate lots in The Woods at Sienna.

Only the property located within the Participants is obligated to make Contract Payments to the Master District, and none of the property located in the JDC Development is responsible for paying for bonds issued by the Master District. Therefore, the investment security and quality of the Bonds is dependent upon the successful development of property located within the Service Area, and the payment and collection of taxes levied thereon. Development within the Service Area is discussed under "THE MASTER DISTRICT – Status of Development Within the Service Area." See "RISK FACTORS" and “SIENNA – Development Agreement.”

Development Agreement

A prior owner of land within the Service Area 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); and clarifies that unless expressly set forth in the Eighth Amendment, none of the terms of the preceding seven (7) 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 the Developer 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 the Service Area, 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 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 Participant, or maintaining any facilities not accepted by the City.

MASTER DISTRICT FACILITIES

General – The System

The internal water distribution, wastewater collection, and stormwater facilities are being provided by the Participants. Water supply and wastewater treatment, and associated wastewater reuse facilities, are being provided and financed by the Master District but owned and operated by SRMUD through contractual agreement. All of such water, wastewater, and drainage facilities are referred to herein as the "System." The Master District will finance, own, and operate all of the Master District Road Facilities, Master District Fire Facilities, and Master District Park Facilities (except those conveyed to SPLID). The Master District, pursuant to the Master District Contract, has the responsibility to finance such regional facilities necessary to serve the Service Area, and will convey such facilities to SRMUD upon completion. See "MASTER DISTRICT CONTRACT WITH SRMUD." SRMUD owns and operates all regional facilities that serve Sienna. Flood protection and certain stormwater drainage facilities are being provided by SPLID.

Regulation

Sienna Parks & Levee Improvement District of Fort Bend County, Texas ("SPLID"), provides flood protection to Sienna with levees, flood plain reclamation (fill), detention, internal and outfall drainage facilities, and pump stations (the "Flood Protection System"). Construction and operation of the 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, state, and local authorities. The TCEQ exercises continuing supervisory authority over the Master 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 System.

Water Supply

The Service Area's source of water supply is surface water from the City through SRMUD. Pursuant to the Groundwater Reduction Plan, of which SRMUD is a participant, the City is the permitted entity for water supply. The City owns and operates a 20,000,000 gallons per day ("gpd") surface water plant located within Sienna. In addition, the SRMUD has an emergency interconnect with the City.

SRMUD owns and operates Sienna Water Plant Nos. 1, 2, and 3, which currently consist of five (5) wells totaling 5,900 gallons per minute ("gpm"), 4,412,000 gallons of ground water storage tank capacity, 320,000 gallons of hydropneumatic tank capacity, 30,257 gpm of booster pump capacity, an auxiliary diesel-powered generator at each site, and related appurtenances. Currently, such plants are rated to serve 18,286 equivalent single-family residential connections ("ESFCs"). As of July 2023, SRMUD was serving approximately 12,123 active ESFCs, which is sufficient to serve the Service Area. However, future expansions to the water supply system will be necessary to serve the ultimate build-out of Sienna. SRMUD also provides water supply to The Woods at Sienna.

Wastewater Treatment

Currently, Sienna is split into two (2) wastewater treatment regions, the North and South regions. SRMUD provides wastewater treatment to both regions. The Service Area is located in the South region.

To serve the South region, SRMUD owns and operates a 1,800,000 gpd wastewater treatment plant ("WWTP"). The plant is currently treating flows of approximately 1,506,000 gpd, approximately 84% of its permitted flow. There is approximately 300,000 gpd of available permitted treatment capacity at the plant, which represents more than 18 months of development at the current pace.

In May 2018, SRMUD 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, pursuant to the Master District Contract, 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 SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. As of August 1, 2023, $12,695,000 principal amount of the Master District's obligation remained outstanding. SRMUD has begun construction on a 600,000 gpd expansion to the plant, which is expected to be completed in the second quarter of 2024. See "MASTER DISTRICT CONTRACT."

In addition, SRMUD leases and operates a 902,000 gpd WWTP located in the North region ("WWTP No. 3") (sufficient to serve 4,100 ESFCs at 220 gpd/ESFC). As of July 2023, SRMUD was serving approximately 3,962 active ESFCs in the North region. In October 2019, approximately 450,000 gpd of flow in the North region was diverted from WWTP No. 3 to the City's Steep Bank/Flat Bank WWTP. Once an expansion is completed to the City's Steep Bank/Flat Bank WWTP, the balance of the flow will be diverted from WWTP No. 3 and it will be decommissioned. The project is expected to be completed in the first quarter of 2024. Currently, there is approximately 500,000 gpd of available permitted treatment capacity at WWTP No. 3, which represents more than 18 months of development at the current pace in the North Region. WWTP No. 3 does not serve the Service Area.

Operation of the System

SRMUD funds the operations of its system through monthly charges to its participants ("Monthly Connection Charge"). The Monthly Connection Charge is currently $19.60 per active ESFC per month. If SRMUD experiences an increase in operating costs, the Monthly Connection Charge may be increased.

Further, SRMUD has adopted a long-term capital improvement plan, which is funded through a renewal and replacement fee of $0.25 per 1,000 gallons pumped. If SRMUD experiences an unforeseen equipment failure in its system, and the renewal and replacement fund is not sufficient to cover the cost, SRMUD may be require that its participants, including SMUD5, fund the repairs.

Master District 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 thoroughfare and collectors consist of stabilized curb and gutter with seven (7) and eight (8)-inch concrete pavement, and bridges.

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 Master District 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 Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by the Participants in accordance with the Master District Contract, and such cost could be significant.

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

Fire Protection

Pursuant to a contract between the Master District and the City, fire protection to residents of the Master District is provided by the Missouri City Fire Department from an 8,400 square foot fire station located on Sienna Parkway. A second 7,700 square foot fire station has been constructed and is located along Waters Lake Boulevard. Residents of the Master District currently pay $21.50 per month for fire protection from the City.

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 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 1% chance of occurring in any particular year. The County and FBCDD design standards require homes to be built with foundational slabs at least two (2) 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 Service Area that comprises the 100-year flood plain, are based on various historical rainfall and river hydrological data sources. In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area 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 (1) 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 Service Area (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 (3) 500-year flooding events since 2015 (i.e. a flooding event that has a 0.2% 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 could occur for a variety of reasons, SPLID's engineer has identified the three (3) 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 "RISK FACTORS – Possible Flooding Events."

Flood Protection, Reclamation and Drainage Facilities

Approximately 8,520 of Sienna's approximate 10,230 acres are located within SPLID. The system consists of two (2) 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 (the "South Levee System"), which includes the Service Area. 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 (1) foot above the designated flood plain.

As discussed under "RISK FACTORS – 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 SPLIDs 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 area, 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 (the "North Levee System"). The original construction of the levee and related outfall structures and channels were completed in 2004. The North Levee System does not include the Service Area.

According to SPLID's engineer, as a result of the construction of the facilities financed by SPLID, all land located within the North Levee System 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 (1) 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 the North Levee System area, including the lots under development. See "THE FLOOD PROTECTION SYSTEM – Design Standards and Atlas 14."

As discussed under "RISK FACTORS – Extreme Weather Events," the area within the North Levee System has experienced unanticipated water infiltration in the past. One (1) confirmed source of infiltration was a reversed flow of flood water through the gates at the North Levee System stormwater 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 (2) 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 discussed 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 Service Area, 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, SPLID 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 $139,000,000 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 (5) to seven (7) years. For a discussion on the effectiveness of SPLID's development plans on the mitigation of future flooding events, see "RISK FACTORS – Possible Flooding Events." While not an exhaustive list, SPLID is currently undertaking the following major projects to protect the land within its boundaries:

Stormwater Pump Station: SPLID is currently constructing the second phase of a second stormwater pump station to serve the South Levee System. Such pump 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 (2) pump stations with a combined pumping capacity of 799,500 gpm. The second phase of the second pump station is anticipated to be completed in 2023.

Additional Control Gates: SPLID has installed 42 additional control gates (11 of which will serve the North Levee System and 31 of which will serve the South Levee System) to protect the Flood Protection System in case of a high river event.

Outfall Structure: SPLID has completed construction of its third major outfall structure, which serves the South Levee System. Such outfall structure allows 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 was completed in November 2022.

Detention Pond Expansion: SPLID has a detention pond to provide additional capacity to serve the South Levee System. Such facility assists SPLID in a high rain event. The second phase of the detention pond was completed in June 2022. An additional phase of the detention pond is anticipated to be completed in 2024.

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

MASTER DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The Master District, the Participants, and various other political subdivisions of government which overlap all or a portion of the Master District and the Participants are empowered to incur debt to be raised by taxation against all or a portion of the property within the Master District and the Participants.

Master Direct Debt:		
The Outstanding Bonds (at the Delivery of the Bonds)	$ 60,215,000	
The System Bonds	9,420,000	
The Road Bonds	8,760,000	
Total Direct Debt	$ 78,395,000	
Estimated Overlapping Debt	267,203,732	(a)
Total Direct and Estimated Overlapping Debt	$ 345,598,732	
Contract Revenue System Debt Service Fund Balance (as of August 21, 2023)	$ 2,402,399	(b)(d)(e)
Contract Revenue Road Debt Service Fund Balance (as of August 21, 2023)	$ 2,204,488	(c)(d)(e)

(a) See "MASTER DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."

(b) Neither Texas law nor the System Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue System Debt Service Fund. Money deposited into the Contract Revenue System Debt Service Fund can only be used to pay debt service on the Contract Revenue System Bonds, such as the System Bonds.

(c) Neither Texas law nor the Road Bond Resolution requires that the Master District maintain any particular sum in the Contract Revenue Road Debt Service Fund. Money deposited into the Contract Revenue Road Debt Service Fund can only be used to pay debt service on the Contract Revenue Road Bonds, such as the Road Bonds.

(d) Funds deposited into the Contract Revenue System Debt Service Fund are not pledged to the Contract Revenue Road Bonds, such as the Road Bonds, nor are funds deposited into the Contract Revenue Road Debt Service Fund pledged to the Contract Revenue System Bonds, such as the System Bonds.

(e) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds by the dates specified by the Master District. See "THE BONDS – Contract Payments by the Participants, "THE BONDS – Unconditional Obligation to Pay," and "MASTER DISTRICT CONTRACT."

Assessed Valuations of the Participants

Participant	2023 Gross Certified Assessed Valuation (a)	Percent of Total	Estimated Gross Assessed Valuation as of August 1, 2023 (b)	Percent of Total
SMUD4 (c)	$ 1,063,515,510	65.69%	$ 1,071,865,703	64.42%
SMUD5	474,488	0.03%	474,488	0.03%
SMUD6 (d)	541,681,009	33.46%	576,922,111	34.67%
SMUD7 (e)	13,331,316	0.82%	14,554,526	0.87%
Total	$ 1,619,002,324	100.00%	$ 1,663,816,828	100.00%

(a) Represents the assessed valuation of all taxable property located within the Participant as of January 1, 2023, as provided by the Appraisal District. The Participant's tax roll is certified by the Appraisal Review Board. See "TAX DATA" and "TAXING PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only. This amount is an estimate of the value of all taxable property located within the Participant as of August 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2023, through August 1, 2023. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."
(c) Such amount includes $12,444,739 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.
(d) Such amount includes $19,175,474 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.
(e) Such amount includes $6,523,788 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.

Tax Rates of the Participants

The Participants pay contract payments to the Master District each March 1 and September 1 in equal amounts. The contract payment calculations for each Participant are based on the Participant's Gross Certified Assessed Valuation, as defined in the Master District Contract, and does not make allowance for any exemptions granted by the Participant. See "MASTER DISTRICT CONTRACT."

Participant	2022 Debt Service Tax Rate	2022 Maintenance Tax Rate	2022 Contract Tax Rate	Total 2022 Tax Rate
SMUD4	$ 0.570	$ 0.125	$ 0.325	$ 1.020
SMUD5 (a)(b)	0.000	0.000	0.000	0.000
SMUD6	0.680	0.040	0.330	1.050
SMUD7 (b)(c)	0.000	1.050	0.000	1.050

(a) SMUD5 has not levied a tax rate to date, but may levy a tax rate at a future date.
(b) Until such time as SMUD5 and SMUD7 levy a Contract Tax, Contract Payments will be paid from operating funds advanced by the Developer. See "RISK FACTORS – Dependence on Major Taxpayers and the Developer."
(c) Represents the levied 2023 tax rate.

Debt Ratios

	2023 Gross Certified Assessed Valuation of the Participants	Estimated Gross Assessed Valuation of the Participants as of August 1, 2023
Direct Debt (a)(b)	4.84%	4.71%
Total Direct and Estimated Overlapping Debt (a)(b)	21.35%	20.77%

(a) Includes the Bonds.
(b) See "MASTER DISTRICT CONTRACT" and "MASTER DISTRICT CONTRACT WITH SRMUD."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the Master 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 Master District, the Master 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 Master 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 as of July 31, 2023	Estimated Overlapping Debt Percent	Estimated Overlapping Debt Amount
The County	$ 956,522,050	1.51%	$ 14,439,267
Fort Bend County Drainage District	23,615,000	1.51%	356,482
Fort Bend Independent School District	1,621,385,000	3.07%	49,716,403
SRMUD (a)	12,695,000	100.00%	12,695,000
SMUD4 (b)	89,450,000	100.00%	89,450,000
SMUD6 (c)	54,755,000	100.00%	54,755,000
SPLID	177,240,000	25.84%	45,791,580
Total Estimated Overlapping Debt			$ 267,203,732
The Master District (Total Direct Debt) (d)			$ 78,395,000
Total Direct and Estimated Overlapping Debt (d)			$ 345,598,732

(a) In May 2018, SRMUD issued $25,010,000 principal amount of contract revenue bonds through the Texas Water Development Board for the construction of a permanent wastewater plant 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 SMUD5 is contractually obligated to pay its pro rata share of the annual debt service. As of August 1, 2023, $12,695,000 principal amount of the Master District's obligation remained outstanding.

(b) SMUD4 plans to issue $9,880,000 principal amount of unlimited tax bonds in October 2023. Such bonds are included in SMUD4's outstanding debt amount.

(c) SMUD6 plans to issue $15,265,000 principal amount of unlimited tax bonds in October 2023. Such bonds are included in SMUD6's outstanding debt amount.

(d) Includes the Bonds.

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(SMUD4 – August 2023)

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(SMUD6 – August 2023)

TAXING PROCEDURES

Authority to Levy Taxes

Each Participant is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in sufficient amount to pay the principal of and interest on any unlimited tax bonds issued by it, Contract Payments on the Contract Revenue Bonds, including the Outstanding Bonds and the Bonds, that the Master District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. Voters within each Participant have also authorized the levy of a maintenance and operations tax not to exceed $1.500 per $100 valuation for the operation and maintenance of water, wastewater, drainage, and park and recreational facilities and a maintenance and operations tax not to exceed $0.250 per $100 valuation for the operation and maintenance of road facilities.

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. 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 Appraisal District has the responsibility of appraising property for all taxing units within the County. 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 Participants in establishing their tax rolls and tax rate. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Property Subject to Taxation by the Participants

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 in each Participant are subject to taxation by that Participant. 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, each Participant 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 Participants may be required to offer such exemptions if a majority of voters approve same at an election. The Participants would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The Participants are authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by the Participant. Furthermore, the Participants 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 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 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.

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 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. To date, only SMUD4 has granted an exemption for persons over 65 years of age and for disabled persons ($10,000).

***Residential Homestead Exemptions*:** The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 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 by July 1. To date, none of the Participants have adopted a homestead exemption.

***Freeport Goods and Goods-in-Transit 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 Participants do 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 2013 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 (1) 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 Participants 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 Participants have 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 Service Area as a reinvestment zone. Thereafter, the County and the Participants, 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 Participants, for a period of up to 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 Service Area as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the Service Area 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 Participants in establishing their tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 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 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 (1) 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 Participants can collect taxes based on the new use, including taxes for the previous three (3) 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 (3) 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 Participants, however, at their expense, have the right to obtain from the Appraisal District a current estimate of appraised values within that Participant or an estimate of any new property or improvements within that Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Service Area, it cannot be used for establishing a tax rate within the Service Area until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the Governor. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the Participants, adopting its tax rate for the tax year. A taxing unit, such as the Participants, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023; however, the provisions described hereinabove will take effect January 1, 2024, but only if the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, is approved by the voters.

Participant and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the Participants, 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 Participants 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 Participants are 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 that Participant, based upon: a) the valuation of property within that Participant 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 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 Participant and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the Participant and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 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 Participant, may be rejected by taxing units. The Participant'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 taxes, 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) 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.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the Participants, if the taxpayer pays at least 1/4th of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction, such as the Participants, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Maintenance and Operations Tax Rate

Chapter 49 of the Texas Water Code classifies districts differently based on the current maintenance and operations tax rate or on the percentage of build-out that the Participants has completed. Districts that have adopted a maintenance and operations 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 is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described 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, may be 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 maintenance and operations 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 Tax Code, may be 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 maintenance and operations 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 of the United States, 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 maintenance and operations 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 maintenance and operations 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 maintenance and operations tax rate.

The District

The Master District has not yet levied a tax, so it has not yet made a determination of its status as a Special Taxing Unit, Developed District or Developing District. The Participants cannot give any assurances as to what its classification will be at any point in time or whether the Participants' future tax rates will result in a total tax rate that will reclassify the Participants into a new classification and new election calculation.

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by the Participants 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 Texas and each taxing unit, including the Participants, having the power to tax the property. The Participants' 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 Participants 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 Participants 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 Participants 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 six (6) months for commercial property and two (2) years for residential and other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

Contract Tax

The Master District has the authority to issue Contract Revenue Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all Participants' Gross Certified Assessed Valuation, calculated annually. Calculation of the Contract Payments is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemption granted by the Participants; however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual unlimited Contract Taxes, from revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amount necessary to establish and maintain funds established under the applicable bond resolution.

Debt Service Tax

Each Participant has the statutory authority to issue its unlimited tax bonds for the purpose of providing facilities to serve the land within its boundaries. Such bonds will be paid by a direct continuing annual ad valorem tax, without legal limit as to rate or amount, adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to Contract Taxes. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for information related to each Participant's historical tax data and authorized but unissued unlimited tax bonds. For the 2023 tax year, SMUD5 does not anticipate to levy a debt service tax rate.

Maintenance and Operations Tax

The Board of Directors of each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing, and operating all necessary land, plants, works facilities, improvements, appliances, and equipment, if such maintenance and operations tax is authorized by a vote of the Participant's electors. Such tax would be in addition to Contract Taxes and taxes levied for paying principal of and interest on any unlimited tax bonds which may be issued by the Participants. For the 2023 tax year, SMUD5 does not anticipate levying a maintenance and operations tax rate. See "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" for the amount of voter authorized maintenance and operations tax for each Participant.

Tax Rate Limitation

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

(a) Pursuant to the Strategic Partnership Agreement, the Participants' Internal Facilities Tax (combined debt service and maintenance and operations tax) will not be lower than the City's ad valorem tax without City consent. See "THE PARTICIPANTS – Annexation – Strategic Partnership Agreements."

Analysis of Tax Base

The following represents the type of property comprising the 2023 tax rolls of each Participant as certified by the Appraisal District.

Type of Property	SMUD4 2023 Gross Certified Assessed Valuation (a)	SMUD5 2023 Gross Certified Assessed Valuation	SMUD6 2023 Gross Certified Assessed Valuation (b)	SMUD7 2023 Gross Certified Assessed Valuation (c)
Land	$ 172,599,758	$ 471,298	$ 98,336,494	$ 6,923,032
Improvements	991,090,137	3,190	556,567,493	–
Personal Property	1,900,044	–	1,455,982	46,159
Exemptions	(114,519,168)	–	(133,854,434)	(161,663)
Total	$ 1,051,070,771	$ 474,488	$ 522,505,535	$ 6,807,528

(a) Such amount does not include $12,444,739 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.
(b) Such amount does not include $19,175,474 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.
(c) Such amount does not include $6,523,788 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.

Principal Taxpayers

The following are the principal taxpayers within the Service Area as shown on each Participant's certified appraisal rolls for the 2023 tax year.

Taxpayer	Assessed Valuation 2023 Tax Roll
Toll-GTIS Property Owner LLC (a)	$ 26,910,372
Toll Houston TX LLC (b)	7,136,672
Spirit Realty LP	3,963,624
2830 MP Investors	3,536,490
Beazer Homes Texas LP (b)	3,457,398
Westin Homes & Properties LP (b)	3,085,057
Upward America Central Property Owner LP	2,671,928
Newmark Homes Houston LLC (b)	2,370,339
Weekley Homes LLC (b)	2,133,663
Perry Homes LLC (b)	1,921,077
Total	$ 57,186,620
Percent of Respective Tax Roll	3.53 %

(a) See "DESCRIPTION OF THE DEVELOPER."
(b) See "THE MASTER DISTRICT – Homebuilders Active Within the Service Area."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the 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 occurs beyond the 2023 Gross Certified Assessed Valuation of the Participants ($1,619,002,324) and the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023 ($1,663,816,828). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the Master District.

Average Annual Debt Service Requirement (2024-2048)	$ 4,493,478
Contract Tax Rate of $0.30 on the 2023 Gross Certified Assessed Valuation Produces	$ 4,614,157
Contract Tax Rate of $0.29 on the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023, Produces	$ 4,583,815
Maximum Annual Debt Service Requirement (2024)	$ 5,037,503
Contract Tax Rate of $0.33 on the 2023 Gross Certified Assessed Valuation Produces	$ 5,075,572
Contract Tax Rate of $0.32 on the Estimated Gross Assessed Valuation of the Participants as of August 1, 2023, Produces	$ 5,058,003

Estimated Overlapping Taxes

Property within the Master District is subject to taxation by several taxing authorities in addition to the Participants. 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 a Participant 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 a Participant and of such other jurisdictions, 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 and the Participants are authorized to levy Contract Taxes. See "MASTER DISTRICT DEBT - Estimated Overlapping Debt Statements."

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. The following chart includes the 2022 taxes per $100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdictions	2022 Tax Rate Per $100 of Assessed Valuation
The Participants (a)	$ 1.050000
The County	0.438300
Fort Bend County Drainage District	0.012900
Fort Bend Independent School District	1.134600
SPLID (b)	0.412500
Total Tax Rate	$ 3.048300

(a) Represents the highest tax rate for all the Participants. For the 2023 tax year, SMUD7 levied a total tax rate of $1.050000 per $100 of assessed valuation (all for maintenance and operations purposes).
(b) Anticipated tax rate for the 2023 tax year.

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 Master District under the Constitution and laws of Texas, payable from Contract Payments, 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 income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

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 PARTICIPANTS," "MASTER DISTRICT CONTRACT," "MASTER DISTRICT CONTRACT WITH SRMUD," "TAXING PROCEDURES" "LEGAL MATTERS (as it relates to the opinion of Bond Counsel)," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except for information under the subheading "Compliance With Prior Undertakings.") 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 Resolutions approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained herein nor has it conducted an investigation of the affairs of the Master 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, Houston, Texas, also serves as general counsel to the Master 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 Master District will furnish the Initial Purchasers a certificate, executed by the Board President and the Board Secretary, 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, the organization or boundaries of the Master District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Initial Purchasers to take and pay for the Bonds, and of the Master 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 Master District subsequent to the date of sale from that set forth or contemplated herein, 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; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations.

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 Master District has covenanted in the Bond Resolutions that is will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolutions 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 Master District, the Financial Advisor, and the Initial Purchasers with respect to matters solely within the knowledge of the Master District, the Financial Advisor, and the Initial Purchasers, respectively, which Bond Counsel has not independently verified. If the Master District should fail to comply with the covenants in the Bond Resolutions or if the foregoing representations 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 Master 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 Bonds

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 "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 this Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchasers have 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 inside cover, 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 Master 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 (6)-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six (6)-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 Resolutions, the Master District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Master 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 Master 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 established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The Master District will provide certain updated financial information and operating data to the MSRB annually.

The information to be updated with respect to the Master District includes all quantitative financial information and operating data of the general type included under "MASTER DISTRICT DEBT," (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," "APPENDIX A – Certain Financial Information Regarding the Participants," and "APPENDIX B – Financial Statements of the Participants." The Master District will update and provide this information within six (6) months after the end of each of its fiscal years. The Master District will provide the updated information to EMMA.

The financial information and operating data which will be provided with respect to the Master District and the Participants is found in "APPENDIX A – CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS" and "APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANTS."

The Master District will provide the updated information to the MSRB through its EMMA system. The Master District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements if an audit is commissioned and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the Master District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six (6) month period, and audited financial statements when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolutions, or such other accounting principles as the Master District and the Participants may be required to employ from time to time pursuant to state law or regulation.

Under Chapter 49, Subchapter G, Texas Water Code, SMUD7 has not previously been required to obtain an audit of its finances. SMUD7 is, however, required to file an Annual Financial Report with the TCEQ, on a form adopted by the TCEQ. A copy of the Annual Financial Reports of SMUD7 for the fiscal year ended July 31, 2022, is provided in "APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANTS." The Master District will update and provide these Annual Financial Reports of SMUD7 in conformity with the requirements of this section regarding the filing of unaudited financial statements within six (6) months after the end of each of its fiscal years ending in or after 2023, and at such time as the Master District, SMUD4, and SMUD6 are required to obtain an audit of their respective finances, the Master District will file such audited financial statements as described above.

The Master District's current fiscal year end is July 31. Accordingly, it must provide updated information by January 31 in each year, unless the Master District changes its fiscal year. If the Master District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The Master 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 10 business days after the occurrence of an event. The Master 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 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 status of the Bonds, or other material events affecting the tax 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 Master District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the Master District or other obligated person or the sale of all or substantially all of the assets of the Master 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 Master 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 Master 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 Master

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 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 Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the Master District will provide timely notice of any failure by the Master District to provide information, data, or financial statements in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – Annual Reports."

Availability of Information from EMMA

The Master 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 Master District has agreed to update information and to provide notices of material events only as described above. The Master District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results, operations, conditions, or prospects or to update any information that is provided, except as described above. The Master 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 Master 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 registered owners and beneficial owners of the Bonds may seek a writ of mandamus to compel the Master District to comply with its agreement.

The Master 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 Master 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 Master 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 Master District may amend or repeal the agreement in the Bond Resolutions 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 Initial Purchasers from lawfully purchasing the Bonds in the initial offering. If the Master District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – 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

To date, the Master District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

General

The information contained herein has been obtained primarily from the Master District’s records, the Master District 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. All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 for further information.

The Master District’s financial statements for the fiscal year ended July 31, 2022, were audited by the Auditor and are attached hereto as "APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANTS.” The Auditor has consented to the publication of such financial statements herein.

Experts

The information contained in the Official Statement relating to engineering and to the description of Master District Facilities, and, in particular, that engineering information included under “THE MASTER DISTRICT – Status of Development” and “MASTER DISTRICT FACILITIES,” has been provided by the Master District 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 this Official Statement relating to development and the status of development within the Master District generally and, in particular, the information under “THE MASTER DISTRICT – Status of Development” and

"DESCRIPTION OF THE DEVELOPER – Principal Landowner/Developer," has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to the Participants' financial statements, in particular the information under "APPENDIX B – FINANCIAL STATEMENTS OF THE PARTICIPANTS," has been provide by the Auditor and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained herein relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations included under "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector'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 Master District, acting by and through its 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 Master 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 Master District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the Master 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 this Official Statement, the Master District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchasers, of any adverse event which causes this Official Statement to be materially misleading, and unless the Initial Purchasers elect to terminate its obligation to purchase the Bonds, the Master District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to this Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the Master District to so amend or supplement this Official Statement will terminate when the Master District delivers the Bonds to the Initial Purchasers, unless the Initial Purchasers notify the Master 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 Master District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the Master 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 Master 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 herein 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 Municipal Utility District No. 5 as of the date shown on the cover of this Official Statement.

/s/ Joe Price
President, Board of Directors
Sienna Municipal Utility District No. 5

ATTEST:

/s/ Douglas Earle
Secretary, Board of Directors
Sienna Municipal Utility District No. 5

APPENDIX A

CERTAIN FINANCIAL INFORMATION REGARDING THE PARTICIPANTS

SIENNA MUNICIPAL UTILITY DISTRICT NO. 4

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	$	265,300,000	
Voter Authorized Unlimited Tax Road Bonds (and Refunding)	$	166,300,000	
Voter Authorized Unlimited Tax Park Bonds (and Refunding)	$	68,200,000	
Total Principal Amount of Unlimited Tax Bonds Issued	$	92,115,000	(a)
Debt Service Tax Limitation (per $100 of Assessed Valuation)		Unlimited	
Maintenance and Operations Tax Limitation (per $100 of Assessed Valuation)		$ 1.500	
Maintenance and Operations Tax for Road Facilities Limitation (per $100 of Assessed Valuation)		$ 0.250	
Contract Tax Limitation		Unlimited	
Gross Outstanding Direct Debt	$	92,115,000	(a)
2023 Gross Certified Assessed Valuation	$	1,619,002,324	
Estimated Gross Assessed Valuation as of August 1, 2023	$	1,663,816,828	
2023 Gross Certified Assessed Valuation as a Percentage of the:			
2023 Gross Certified Assessed Valuation of the Participants		65.69	%
Estimated Gross Assessed Valuation of the Participants as of August 1, 2023		64.42	%
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($4,493,478) (2024-2048):			
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	2,951,746	
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	2,894,793	
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($5,037,503) (2024):			
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	3,309,114	
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	3,245,265	
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2023 Certified Gross Assessed Valuation at 95% Collections:			
Average Annual Debt Service Requirement		$ 0.30	
Maximum Annual Debt Service Requirement		$ 0.33	
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of August 1, 2023, at 95% Collections:			
Average Annual Debt Service Requirement		$ 0.29	
Maximum Annual Debt Service Requirement		$ 0.32	
Status of Single-Family Development as of August 1, 2023:			
Approximate Total Developed Acreage		893.6	
Single-Family Homes		2,059	(b)
Total Developed Lots		2,160	

(a) SMUD4 plans to issue $9,880,000 principal amount of unlimited tax bonds in October 2023. Such bonds are included in SMUD4's issued and outstanding debt amounts (as of August 1, 2023).

(b) Occupied homes only.

Principal Taxpayers

The following represents the principal taxpayers on SMUD4's 2023 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2023 Tax Roll
2830 MP Investors	$ 3,536,490
Homeowner	1,448,262
Homeowner	1,403,638
Homeowner	1,367,419
Homeowner	1,342,704
Homeowner	1,333,115
Private Trust	1,309,675
Homeowner	1,295,740
Homeowner	1,290,072
Homeowner	1,273,759
Total	$ 15,600,874
Percent of Respective Tax Roll (a)	1.47 %

(a) Based on SMUD4's total taxable assessed valuation as of January 1, 2023.

Historical Tax Collections

The following represents the historical tax collections for SMUD4's 2018-2022 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 07/31/2023
2018	$ 312,971,767	$ 1.05	$ 3,286,204	99.86 %	2019	100.00 %
2019	433,418,708	1.05	4,550,896	99.78 %	2020	100.00 %
2020	562,944,713	1.05	5,910,919	99.64 %	2021	100.00 %
2021	709,663,722	1.05	7,451,469	99.48 %	2022	100.00 %
2022	930,848,084	1.02	9,494,650	99.41 % (b)	2023	99.41 % (b)

(a) Total tax rate per $100 of assessed valuation for each respective tax year.
(b) In process of collections.

Tax Rate Distribution

The following represents the components of the tax rate for SMUD4's 2018-2022 tax years.

	2022	2021	2020	2019	2018
Utility System Debt Service	$ 0.310	$ 0.365	$ 0.410	$ 0.360	$ 0.500
Road System Debt Service	0.260	0.165	0.165	0.205	0.160
Maintenance and Operations	0.125	0.135	0.135	0.115	0.100
Contract	0.325	0.385	0.340	0.370	0.290
Total	$ 1.020	$ 1.050	$ 1.050	$ 1.050	$ 1.050

SIENNA MUNICIPAL UTILITY DISTRICT NO. 5

(IN ITS CAPACITY AS A PARTICIPANT)

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	$	12,300,000
Voter Authorized Unlimited Tax Road Bonds	$	9,200,000
Voter Authorized Unlimited Tax Park Bonds	$	2,900,000
Total Principal Amount of Unlimited Tax Bonds Issued	$	–
Debt Service Tax Limitation (per $100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per $100 of Assessed Valuation)		$ 1.500
Maintenance and Operations Tax for Road Facilities Limitation (per $100 of Assessed Valuation)		$ 0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt	$	–
2023 Gross Certified Assessed Valuation	$	474,488
Estimated Gross Assessed Valuation as of August 1, 2023	$	474,488
2023 Gross Certified Assessed Valuation as a Percentage of the:		
2023 Gross Certified Assessed Valuation of the Participants		0.03 %
Estimated Gross Assessed Valuation of the Participants as of August 1, 2023		0.03 %
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($4,493,478) (2024-2048):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	1,317
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	1,281
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($5,037,503) (2024):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	1,476
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	1,437
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2023 Certified Gross Assessed Valuation at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.30 (a)
Maximum Annual Debt Service Requirement		$ 0.33 (a)
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of August 1, 2023, at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.29 (a)
Maximum Annual Debt Service Requirement		$ 0.32 (a)

(a) For the 2023 tax year, SMUD5 does not intend to levy a contract tax and its pro rata share of the Outstanding Bonds and the Bonds will be made from a developer advance to SMUD5's general fund.

Principal Taxpayers

The following represents the principal taxpayers on SMUD5's 2023 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2023 Tax Roll
Toll-GTIS Property Owner LLC	$ 7,558
Homeowner	1,000
Homeowner	1,000
Homeowner	1,000
Homeowner	1,000
Homeowner	1,000
Total	$ 12,558
Percent of Respective Tax Roll (a)	100.00 %

(a) Based on SMUD5's total taxable assessed valuation as of January 1, 2023.

SIENNA MUNICIPAL UTILITY DISTRICT NO. 6

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	$	347,000,000
Voter Authorized Unlimited Tax Road Bonds (and Refunding)	$	199,500,000
Voter Authorized Unlimited Tax Park Bonds (and Refunding)	$	78,800,000
Total Principal Amount of Unlimited Tax Bonds Issued	$	54,400,000 (a)
Debt Service Tax Limitation (Per $100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per $100 of Assessed Valuation)		$ 1.500
Maintenance and Operations Tax for Road Facilities Limitation (per $100 of Assessed Valuation)		$ 0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt	$	54,400,000 (a)
2023 Gross Certified Assessed Valuation	$	541,681,009
Estimated Gross Assessed Valuation as of August 1, 2023	$	576,922,111
2023 Gross Certified Assessed Valuation as a Percentage of the:		
2023 Gross Certified Assessed Valuation of the Participants		33.46 %
Estimated Gross Assessed Valuation of the Participants as of August 1, 2023		34.67 %
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($4,493,478) (2024-2048):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	1,503,415
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	1,558,096
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($5,037,503) (2024):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	1,685,433
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	1,746,735
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2023 Certified Gross Assessed Valuation at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.30
Maximum Annual Debt Service Requirement		$ 0.33
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of August 1, 2023, at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.29
Maximum Annual Debt Service Requirement		$ 0.32
Status of Single-Family Development as of August 1, 2023:		
Approximate Total Developed Acreage		700.6
Single-Family Homes		1,050 (b)
Total Developed Lots		1,940

(a) SMUD6 plans to issue $15,265,000 principal amount of unlimited tax bonds in October 2023. Such bonds are included in SMUD6's issued and outstanding debt amounts (as of August 1, 2023).

(b) Occupied homes only.

Principal Taxpayers

The following represents the principal taxpayers on SMUD6's 2023 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2023 Tax Roll
Toll-GTIS Property Owner LLC	$ 12,100,780
Toll Houston TX LLC	7,136,672
Spirit Realty LP	3,963,624
Beazer Homes Texas LP	3,457,398
Westin Homes & Properties LP	3,085,057
Upward America Central Property Owner LP	2,671,928
Newmark Homes Houston LLC	2,370,339
Weekley Homes LLC	2,133,663
Perry Homes LLC	1,912,407
Homeowner	1,717,625
Total	$ 40,549,493
Percent of Respective Tax Roll	7.49 %

(a) Based on SMUD6's total taxable assessed valuation as of January 1, 2023.

Historical Collections

The following represents the historical tax collections for SMUD6's 2018-2022 tax years.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 07/31/2023
2018	$ 15,777,564	$ 1.05	$ 165,664	100.00 %	2019	100.00 %
2019	16,990,737	1.05	178,403	100.00 %	2020	100.00 %
2020	33,261,823	1.05	349,249	99.70 %	2021	99.87 %
2021	78,627,125	1.05	825,585	99.62 %	2022	99.70 %
2022	278,908,435	1.05	2,928,539	99.34 % (b)	2023	99.34 % (b)

(a) Total tax rate per $100 of assessed valuation for each respective tax year.
(b) In process of collections.

Tax Rate Distribution

The following represents the components of the tax rate for SMUD6's 2018-2022 tax years.

	2022	2021	2020	2019	2018
Utility System Debt Service	$ 0.320	$ 0.185	$ 0.000	$ 0.000	$ 0.000
Road System Debt Service	0.360	0.425	0.600	0.000	0.000
Maintenance and Operations	0.040	0.050	0.100	0.680	0.750
Contract	0.330	0.390	0.350	0.370	0.300
Total	$ 1.050	$ 1.050	$ 1.050	$ 1.050	$ 1.050

SIENNA MUNICIPAL UTILITY DISTRICT NO. 7

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds (and Refunding)	$	271,300,000
Voter Authorized Unlimited Tax Road Bonds	$	156,900,000
Voter Authorized Unlimited Tax Park Bonds	$	68,500,000
Total Principal Amount of Unlimited Tax Bonds Issued	$	–
Debt Service Tax Limitation (per $100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per $100 of Assessed Valuation)		$ 1.500
Maintenance and Operations Tax for Road Facilities Limitation (per $100 of Assessed Valuation)		$ 0.250
Contract Tax Limitation		Unlimited
Gross Outstanding Direct Debt	$	–
2023 Gross Certified Assessed Valuation	$	13,331,316
Estimated Gross Assessed Valuation as of August 1, 2023	$	14,554,526
2023 Gross Certified Assessed Valuation as a Percentage of the:		
2023 Gross Certified Assessed Valuation of the Participants		0.82 %
Estimated Gross Assessed Valuation of the Participants as of August 1, 2023		0.87 %
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($4,493,478) (2024-2048):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	37,001
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	39,307
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds ($5,037,503) (2024):		
Pro Rata Share Based on the 2023 Gross Certified Assessed Valuation	$	41,480
Pro Rata Share Based on the Estimated Gross Valuation as of August 1, 2023	$	44,066
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the 2023 Certified Gross Assessed Valuation at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.30 (a)
Maximum Annual Debt Service Requirement		$ 0.33 (a)
Tax Rate Required to Pay Pro Rata Share of the Outstanding Bonds and the Bonds Based Upon the Estimated Gross Assessed Valuation as of August 1, 2023, at 95% Collections:		
Average Annual Debt Service Requirement		$ 0.29 (a)
Maximum Annual Debt Service Requirement		$ 0.32 (a)

(a) For the 2023 tax year, SMUD7 does not intend to levy a contract tax and its pro rata share of the Outstanding Bonds and the Bonds will be made from a developer advance to SMUD7's general fund.

Principal Taxpayers

The following represents the principal taxpayers on SMUD7's 2023 tax roll, as certified by the Appraisal District.

Taxpayer	Assessed Valuation 2023 Tax Roll
Toll-GTIS Property Owner LLC	$ 14,802,034
Williams Scotsman INC	111,670
Aries Building Systems LLC	35,889
Perry Homes LLC	8,670
Homeowner	1,000
Homeowner	1,000
Homeowner	1,000
Homeowner	1,000
Total	$ 14,962,263
Percent of Respective Tax Roll (a)	100.00 %

(a) Based on SMUD7's total taxable assessed valuation as of January 1, 2023.

APPENDIX B

FINANCIAL STATEMENTS OF THE PARTICIPANTS

- **2022 Audit for Sienna Municipal Utility District No. 4**
- **2022 Audit for Sienna Municipal Utility District No. 5**
- **2022 Audit for Sienna Municipal Utility District No. 6**
- **2022 Annual Financial Report for Sienna Municipal Utility District No. 7**

SIENNA MUNICIPAL UTILITY DISTRICT NO. 4

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2022

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 4 (the "District"), as of and for the fifteen-month period ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Municipal Utility District No. 4, as of July 31, 2022, and the respective changes in financial position thereof for the fifteen-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

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

McGrath & Co, PLLC

Houston, Texas
December 5, 2022

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Management’s Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Sienna 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 fifteen-month period ended July 31, 2022. This current period is for fifteen months because the District's fiscal year end was changed from April 30 to July 31 in August 2021. This analysis should be read in conjunction with the independent auditor's 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.

The *Statement of Activities* reports how the District's net position has changed during the fifteen-month period. 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 fifteen-month period. 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 July 31, 2022, was negative $35,795,069. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Current and other assets	$ 9,693,115	$ 7,708,997
Capital assets	36,929,558	34,205,690
Total assets	46,622,673	41,914,687
Current liabilities	3,196,165	2,109,774
Long-term liabilities	79,221,577	70,513,363
Total liabilities	82,417,742	72,623,137
Net position		
Net investment in capital assets	(9,933,313)	(8,059,297)
Restricted	3,964,395	3,661,651
Unrestricted	(29,826,151)	(26,310,804)
Total net position	$ (35,795,069)	$ (30,708,450)

The total net position of the District decreased during the current fiscal fifteen-month period by $5,086,619. A comparative summary of the District's *Statement of Activities* for the past two periods is as follows:

	2022*	2021
Revenues		
Water and sewer service	$ 2,395,412	$ 1,633,221
Property taxes, penalties and interest	7,539,219	5,947,624
Other	2,075,510	1,951,034
Total revenues	12,010,141	9,531,879
Expenses		
Current service operations	4,769,958	2,651,496
Debt interest and fees	2,163,577	1,549,505
Debt issuance costs	462,235	1,037,346
Developer interest	346,244	567,005
Intergovernmental	4,719,526	3,192,114
Depreciation and amortization	918,833	837,884
Total expenses	13,380,373	9,835,350
Change in net position before other item	(1,370,232)	(303,471)
Other item		
Transfers to other governments	(3,716,387)	(1,058,735)
Change in net position	(5,086,619)	(1,362,206)
Net position, beginning of year	(30,708,450)	(29,346,244)
Net position, end of year	$ (35,795,069)	$ (30,708,450)

* Fifteen-month period

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2022, were $8,862,605, which consists of $3,861,592 in the General Fund, $4,625,006 in the Debt Service Fund and $376,007 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2022 and April 30, 2021 is as follows:

	2022	2021
Total assets	$ 4,605,233	$ 3,435,129
Total liabilities	$ 733,685	$ 580,079
Total deferred inflows	9,956	14,787
Total fund balance	3,861,592	2,840,263
Total liabilities, deferred inflows and fund balance	$ 4,605,233	$ 3,435,129

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

	2022	2021
Total revenues	$ 5,457,836	$ 4,324,347
Total expenditures	(4,436,507)	(3,298,189)
Revenues over expenditures	$ 1,021,329	$ 1,026,158

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, sewer and fire protection 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 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.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2022 and April 30, 2021 is as follows:

	2022	2021
Total assets	$ 4,706,723	$ 3,935,405
Total deferred inflows	$ 81,717	$ 113,041
Total fund balance	4,625,006	3,822,364
Total deferred inflows and fund balance	$ 4,706,723	$ 3,935,405

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

	2022	2021
Total revenues	$ 6,587,033	$ 5,170,518
Total expenditures	(5,784,391)	(4,641,862)
Revenues over expenditures	802,642	528,656
Other changes in fund balance		313,044
Net change in fund balance	$ 802,642	$ 841,700

The District's financial resources in the Debt Service Fund in the current fifteen-month period are from property tax revenues. During the previous fiscal year, financial resources were 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 July 31, 2022 and April 30, 2021 is as follows:

	2022	2021
Total assets	$ 381,159	$ 338,463
Total liabilities	$ 5,152	$ 25,941
Total fund balance	376,007	312,522
Total liabilities and fund balance	$ 381,159	$ 338,463

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

	2022	2021
Total revenues	$ 1,428	$ 11,720
Total expenditures	(6,987,943)	(14,560,447)
Revenues under expenditures	(6,986,515)	(14,548,727)
Other changes in fund balance	7,050,000	14,203,536
Net change in fund balance	$ 63,485	$ (345,191)

The District has had considerable capital asset activity in the last two periods, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds and Series 2021 Unlimited Tax Road Bonds in the current fifteen-month period and the sale of its Series 2020 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 period. The Board amended the budget during the fifteen-month period due to the change in the District's fiscal year end.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $592,029 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers 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.

Capital assets held by the District at July 31, 2022 and April 30, 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	$ 464,349	$ 464,349
Capital assets being depreciated/amortized		
Infrastructure	40,608,345	36,965,644
Master District connection charges	342,760	342,760
	40,951,105	37,308,404
Less accumulated depreciation/amortization		
Infrastructure	(4,364,503)	(3,455,191)
Master District connection charges	(121,393)	(111,872)
	(4,485,896)	(3,567,063)
Subtotal depreciable capital assets, net	36,465,209	33,741,341
Capital assets, net	$ 36,929,558	$ 34,205,690

Capital asset additions during the current year include the water, sewer and drainage facilities to serve Sienna, Sections 19, 26 and 45A.

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 fifteen-month period ended July 31, 2022, capital assets in the amount of $3,716,387 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2022, the District owes approximately $19,395,887 to developers 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 $979,400 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.

At July 31, 2022 and April 30, 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2016	$ 8,030,000	$ 8,295,000
2016A Road	8,350,000	8,625,000
2017	9,065,000	9,340,000
2018	7,860,000	8,075,000
2019 Road	7,085,000	7,285,000
2020	14,570,000	14,570,000
2021	3,190,000	
2021 Road	3,860,000	
	$ 62,010,000	$ 56,190,000

During the current fifteen-month period, the District issued $3,190,000 in unlimited tax bonds and $3,860,000 in unlimited tax road bonds. At July 31, 2022, the District had $220,075,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $68,200,000 for parks and recreational facilities and the refunding of such bonds; $145,540,000 for road improvements and the refunding of such bonds.

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, water/sewer services, the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current fifteen-month actual amounts for the General Fund is as follows:

	2022 Actual	2023 Budget
Total revenues	$ 5,457,836	$ 4,753,819
Total expenditures	(4,436,507)	(3,802,529)
Revenues over expenditures	1,021,329	951,290
Beginning fund balance	2,840,263	3,861,592
Ending fund balance	$ 3,861,592	$ 4,812,882

Property Taxes

The District's property tax base increased approximately $197,483,000 for the 2022 tax year from $710,070,528 to $907,553,536. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of $0.125 per $100 of assessed value, a debt service tax rate of $0.31 per $100 of assessed value, a road debt service tax rate of $0.26 per $100 of assessed value and a contract tax rate of $0.325 per $100 of assessed value for a total combined tax rate of $1.02 per $100. Tax rates for the 2021 tax year were $0.135 per $100 for maintenance and operations, $0.365 per $100 for debt service, $0.165 per $100 for road debt service and $0.385 for contract tax for a combined total of $1.05 per $100 of assessed value.

Basic Financial Statements

Sienna Municipal Utility District No. 4
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 687,188	$ 49,708	$ 1,419	$ 738,315	$ -	$ 738,315
Investments	3,209,621	4,577,634	357,360	8,144,615		8,144,615
Taxes receivable	9,956	81,717		91,673		91,673
Customer service receivables	398,026			398,026		398,026
Internal balances	47,899	(2,336)	(45,563)			
Other receivables	1,575		67,943	69,518		69,518
Operating reserve	244,518			244,518		244,518
Prepaid items	6,450			6,450		6,450
Capital assets not being depreciated					464,349	464,349
Capital assets, net					36,465,209	36,465,209
Total Assets	$ 4,605,233	$ 4,706,723	$ 381,159	$ 9,693,115	36,929,558	46,622,673
Liabilities						
Accounts payable	$ 700,853	$ -	$ -	$ 700,853		700,853
Bank overdraft	298			298		298
Retaiange payable			5,152	5,152		5,152
Other payables	5,909			5,909		5,909
Customer deposits	11,835			11,835		11,835
Unearned revenue	14,790			14,790		14,790
Accrued interest payable					742,328	742,328
Due to developer					19,395,887	19,395,887
Long-term debt						
Due within one year					1,715,000	1,715,000
Due after one year					59,825,690	59,825,690
Total Liabilities	733,685		5,152	738,837	81,678,905	82,417,742
Deferred Inflows of Resources						
Deferred property taxes	9,956	81,717		91,673	(91,673)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	250,968			250,968	(250,968)	
Restricted		4,625,006	376,007	5,001,013	(5,001,013)	
Unassigned	3,610,624			3,610,624	(3,610,624)	
Total Fund Balances	3,861,592	4,625,006	376,007	8,862,605	(8,862,605)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,605,233	$ 4,706,723	$ 381,159	$ 9,693,115		
Net Position						
Net investment in capital assets					(9,933,313)	(9,933,313)
Restricted for debt service					3,964,395	3,964,395
Unrestricted					(29,826,151)	(29,826,151)
Total Net Position					$ (35,795,069)	$ (35,795,069)

See notes to basic financial statements.

Sienna Municipal Utility District No. 4
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Fifteen-Month Period Ended July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 1,010,087	$ -	$ -	$ 1,010,087	$ -	$ 1,010,087
Sewer service	1,385,325			1,385,325		1,385,325
Property taxes	964,086	6,534,360		7,498,446	(37,580)	7,460,866
Penalties and interest	45,357	31,572		76,929	1,424	78,353
Tap connection and inspection	317,855			317,855		317,855
Surface water fees	998,199			998,199		998,199
Fire protection fees	714,600			714,600		714,600
Miscellaneous	9,519	4,743		14,262		14,262
Investment earnings	12,808	16,358	1,428	30,594		30,594
Total Revenues	5,457,836	6,587,033	1,428	12,046,297	(36,156)	12,010,141
Expenditures/Expenses						
Current service operations						
Professional fees	239,237	3,780	192,583	435,600		435,600
Contracted services	798,620	102,084		900,704		900,704
Repairs and maintenance	269,288		103,034	372,322	1,889,199	2,261,521
Utilities	31,213			31,213		31,213
Surface water	1,012,931			1,012,931		1,012,931
Administrative	77,614	11,381		88,995		88,995
Other	38,041	50	903	38,994		38,994
Capital outlay			5,882,944	5,882,944	(5,882,944)	
Debt service						
Principal		1,230,000		1,230,000	(1,230,000)	
Interest and fees		1,687,133		1,687,133	476,444	2,163,577
Debt issuance costs			462,235	462,235		462,235
Developer interest			346,244	346,244		346,244
Intergovernmental						
Master District connection charges	1,156,309			1,156,309		1,156,309
Facilities renewal and replacement	96,551			96,551		96,551
Fire protection services	716,703			716,703		716,703
Contractual obligations		2,749,963		2,749,963		2,749,963
Depreciation and amortization					918,833	918,833
Total Expenditures/Expenses	4,436,507	5,784,391	6,987,943	17,208,841	(3,828,468)	13,380,373
Revenues Over/(Under) Expenditures/Expenses	1,021,329	802,642	(6,986,515)	(5,162,544)	3,792,312	(1,370,232)
Other Financing Sources						
Proceeds from sale of bonds			7,050,000	7,050,000	(7,050,000)	
Other Item						
Transfers to other governments					(3,716,387)	(3,716,387)
Net Change in Fund Balances	1,021,329	802,642	63,485	1,887,456	(1,887,456)	
Change in Net Position					(5,086,619)	(5,086,619)
Fund Balance/Net Position						
Beginning of the year	2,840,263	3,822,364	312,522	6,975,149	(37,683,599)	(30,708,450)
End of the year	$ 3,861,592	$ 4,625,006	$ 376,007	$ 8,862,605	$ (44,657,674)	$ (35,795,069)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna 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 as Sienna Plantation Municipal Utility District No.4 pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to 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. On October 7, 2020, the District obtained approval from the TCEQ to change the District's name to Sienna Municipal Utility District No. 4.

The District's primary activities include construction, maintenance and operation of water, sewer and 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.

Change in Fiscal Year End

On August 2, 2021, the Board of Directors adopted a resolution changing the District's fiscal year end from April 30 to July 31.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.*

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, sewer and fire protection 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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 July 31, 2022, 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 period-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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 $50,000 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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 balances consist of prepaid items and operating reserves paid to Sienna Municipal Utility District No. 5 for joint water and sewer facilities.

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 capitalized interest from the sale of bonds 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 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.

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		$ 8,862,605
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 41,415,454	
Less accumulated depreciation/amortization	(4,485,896)	
Change due to capital assets		36,929,558
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(19,395,887)
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:		
Bonds payable, net	(61,540,690)	
Interest payable on bonds	(742,328)	
Change due to long-term debt		(62,283,018)
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.		91,673
Total net position - governmental activities		$ (35,795,069)

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		$ 1,887,456
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.		(36,156)
The District incurs certain road repairs in the current fiscal period. 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.		(1,889,199)
Governmental funds report capital outlays for developer reimbursements 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	$ 5,882,944	
Depreciation/amortization expense	(918,833)	
		4,964,111
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	(7,050,000)	
Principal payments	1,230,000	
Interest expense accrual	(476,444)	
		(6,296,444)
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.		(3,716,387)
Change in net position of governmental activities		$ (5,086,619)

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.

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of July 31, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 890,000	11%	N/A	N/A
TexPool	General	2,319,621			
	Debt Service	4,577,634			
	Capital Projects	357,360			
		7,254,615	89%	AAAm	24 days
Total		$ 8,144,615	100%		

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 interest rate 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.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 2,336	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	45,563	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 fifteen-month period ended July 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 464,349	$ -	$ 464,349
Capital assets being depreciated/amortized			
Infrastructure	36,965,644	3,642,701	40,608,345
Master District connection charges	342,760		342,760
	37,308,404	3,642,701	40,951,105
Less accumulated depreciation/amortization			
Infrastructure	(3,455,191)	(909,312)	(4,364,503)
Master District connection charges	(111,872)	(9,521)	(121,393)
	(3,567,063)	(918,833)	(4,485,896)
Subtotal depreciable capital assets, net	33,741,341	2,723,868	36,465,209
Capital assets, net	$ 34,205,690	$ 2,723,868	$ 36,929,558

Depreciation/amortization expense for the current fifteen-month period was $918,833.

Note 6 – Due to Developer

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers 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 developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fifteen-month period are as follows:

Due to developer, beginning of year	$ 16,030,544
Developer funded construction and adjustments	9,248,287
Developer reimbursements	(5,882,944)
Due to developer, end of year	$ 19,395,887

In addition, the District will owe the developers approximately $979,400 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.

	Contract Amount	Percentage Completed
Sienna, Section 45B - water, sewer and drainage	$ 479,200	89.6%
Sienna, Section 45B - paving	500,200	84.4%
	$ 979,400	

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 62,010,000
Unamortized discounts	(651,527)
Unamortized premium	182,217
	$ 61,540,690
Due within one year	$ 1,715,000

Note 7 – Long-Term Debt (continued)

The District's bonds payable at July 31, 2022, 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	$ 8,030,000	$ 8,800,000	2.00% - 3.60%	September 1, 2019 - 2041	September 1, March 1	September 1, 2024
2016A Road	8,350,000	9,400,000	1.75% - 3.60%	September 1, 2018 - 2041	September 1, March 1	September 1, 2024
2017	9,065,000	10,135,000	2.50% - 3.375%	September 1, 2018 - 2042	September 1, March 1	September 1, 2025
2018	7,860,000	8,530,000	3.25% - 5.00%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019 Road	7,085,000	7,500,000	2.00% - 2.75%	September 1, 2020 - 2043	September 1, March 1	September 1, 2024
2020	14,570,000	14,570,000	2.00% - 3.00%	September 1, 2022 - 2045	September 1, March 1	September 1, 2025
2021	3,190,000	3,190,000	2.00% - 2.375%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
2021 Road	3,860,000	3,860,000	2.00% - 2.375%	September 1, 2023 - 2046	September 1, March 1	September 1, 2026
	$ 62,010,000					

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 July 31, 2022, the District had authorized, but unissued bonds in the amount of $220,075,000 for water, sewer and drainage facilities and the refunding of such bonds; $68,200,000 for parks and recreational facilities and the refunding of such bonds; $145,540,000 for road improvements and the refunding of such bonds.

On October 13, 2021, the District issued its $3,190,000 Series 2021 Unlimited Tax Bonds at a net effective interest rate of 2.335532%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

Note 7 – Long-Term Debt (continued)

Additionally, on October 13, 2021, the District issued its $3,860,000 Series 2021 Unlimited Tax Road Bonds at a net effective interest rate of 2.336521%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

The change in the District's long-term debt during the fifteen-month period is as follows:

Bonds payable, beginning of year	$ 56,190,000
Bonds issued	7,050,000
Bonds retired	(1,230,000)
Bonds payable, end of year	$ 62,010,000

As of July 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 1,715,000	$ 1,733,211	$ 3,448,211
2024	2,000,000	1,679,894	3,679,894
2025	2,070,000	1,620,723	3,690,723
2026	2,145,000	1,560,071	3,705,071
2027	2,210,000	1,502,750	3,712,750
2028	2,290,000	1,446,063	3,736,063
2029	2,375,000	1,386,745	3,761,745
2030	2,460,000	1,325,130	3,785,130
2031	2,540,000	1,259,930	3,799,930
2032	2,630,000	1,190,606	3,820,606
2033	2,730,000	1,117,321	3,847,321
2034	2,825,000	1,040,028	3,865,028
2035	2,915,000	959,186	3,874,186
2036	3,020,000	874,271	3,894,271
2037	3,135,000	784,613	3,919,613
2038	3,245,000	690,428	3,935,428
2039	3,360,000	591,907	3,951,907
2040	3,480,000	487,751	3,967,751
2041	3,600,000	377,002	3,977,002
2042	3,725,000	261,287	3,986,287
2043	2,680,000	162,626	2,842,626
2044	2,125,000	92,885	2,217,885
2045	1,160,000	49,665	1,209,665
2046	1,190,000	22,766	1,212,766
2047	385,000	4,572	389,572
	$ 62,010,000	$ 22,221,431	$ 84,231,431

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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fifteen-month period was financed through the 2021 tax levy, pursuant to which the District levied property taxes of $1.05 per $100 of assessed value, of which $0.135 was allocated to maintenance and operations, $0.365 was allocated to water, sewer, and drainage debt service, $0.165 was allocated to road debt service and $0.385 was allocated to contract tax. The resulting tax levy was $7,455,742 on the adjusted taxable value of $710,070,528.

Property taxes receivable, at July 31, 2022, consisted of the following:

Current year taxes receivable	$ 76,429
Prior years taxes receivable	1,094
	77,523
Penalty and interest receivable	14,150
Property taxes receivable	$ 91,673

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 fifteen-month period ended July 31, 2022, the District recorded transfers to other governments in the amount of $3,716,387 for road facilities constructed by the developer within the District.

Note 10 – Contracts with Sienna Regional Municipal Utility District

Sienna 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 Regional Municipal Utility District (Sienna RM) in 2006 (the "Sienna RM Regional Contract"). The Sienna RM Regional Contract includes other participation districts that are not part of the Master District service area. Pursuant to this contract, Sienna RM had the authority to construct, acquire and finance regional water, wastewater and park facilities The participants in the Sienna RM Regional Contract pay a connection charge to Sienna RM based on its pro rata share of the regional facilities in order to obtain water and wastewater service. The participants in the Sienna RM Regional Contract also pay monthly operation charges to Sienna RM for their pro rata share of operation and maintenance expenses. Sienna RM has limited authority to issue contract revenues bonds: Sienna RM may only issue contract revenue bonds for acquisition, construction or improvement of (1) surface water facilities; (2) 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 a Utility Contract with Sienna RM for the purposes of amending and supplementing the Sienna RM 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 completed, the Master District will convey the regional water, sewer and drainage facilities (other than interim wastewater treatment facilities) to Sienna RM 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 Sienna RM. The Master District will pay monthly operations charges to Sienna RM on behalf of the participants for their pro-rata share of the monthly operating 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 and wastewater plants owned by Sienna RM and receives surface water from the City of Missouri City.

Sienna RM Debt

Sienna RM is authorized to issue bonds for the purpose of acquiring and constructing facilities needed to provide services to Sienna. The Master District shall be obligated to contribute to the payment of Sienna RM'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, Sienna RM 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.

Note 10 – Contracts with Sienna Regional Municipal Utility District (continued)

Sienna RM Debt (continued)

As of July 31, 2022, Sienna RM has $23,970,000 in contract revenue bonds outstanding and the Master District's share of said bonds is $12,695,000. Principal payments on these bonds will begin in the Master District's 2025 fiscal year. Sienna RM bills the Master District in January of each year for Sienna RM's debt service payments for that calendar year. During the current fiscal fifteen-month period, the Master District paid $287,691 to Sienna RM for Sienna RM's 2022 debt service requirements. The Master District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five-year increments thereafter is as follows:

Year	Total
2023	$ 287,691
2024	677,691
2025	681,295
2026	679,415
2027	677,085
2028-2032	3,396,125
2033-2037	3,393,376
2038-2042	3,397,676
2043-2047	3,389,080
2048	681,559
	$ 17,260,993

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 5, 6 and 7 (Sienna South Districts) received a loan from Sienna Municipal Utility District No. 3 (MUD 3) to fund their pro-rata share. MUD 3 advanced $2,076,000 to Sienna RM for the construction of the fire facilities.

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

Note 10 – Contracts with Sienna Regional Municipal Utility District (continued)

Fire Protection Services

On June 25, 2015, Sienna RM entered into the Operations Agreement for Fire Protection Services for Sienna (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 and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, Sienna RM pays the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City recalculates 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 Sienna RM for its pro-rata share of operating costs and capital costs. As of July 31, 2022, the monthly charge is $21.50 per connection.

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

On May 13, 2013, the District, along with Sienna Municipal Utility District No. 6, Sienna Municipal Utility District No. 7, and Sienna 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 Sienna RM, the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM 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.

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 fifteen-month period, the Master District issued $16,525,000 in Contract Revenue Bonds. As of July 31, 2022, the Master District has $52,135,000 in contract revenue bonds outstanding.

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 July 31, 2022, the District has not paid any such connection charges.

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 Sienna RM, pursuant to the Utility Contract.

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

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 July 31, 2022, the District has paid $244,518 to the Master District for its share of the operating and maintenance reserve.

Summary of Charges

For the fifteen-month period ended July 31, 2022, the District incurred the following costs pursuant to contracts with the Master District and Sienna RM:

- Monthly connection fees in the amount of $1,156,309;
- Monthly charges in the amount of $96,551 for Sienna RM's renewal and replacement fund, which was established by Sienna RM to provide funding to repair and replace aging Sienna RM facilities;
- Monthly charges for fire protection services in the amount of $716,703; and
- Contractual obligations for debt service requirements in the amount of $2,749,963, which consists of $2,462,272 for Master District bonds and $287,691 for the Master District's share of Sienna RM's contract revenue bonds.

Note 12 – Agreements with City of Missouri City

The developer in Sienna South (land included in MUDs 4, 5, 6 and 7) has entered into the Sienna 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 South, establishes certain restrictions and commitments related to the development of Sienna South, sets forth detailed design and construction standards, stipulates a formula for determining the time of annexation of land within Sienna South by the City and identifies and establishes a master plan for the development of Sienna South. The development of all land within Sienna 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.

Note 12 – Agreements with City of Missouri City (continued)

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.

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 – Subsequent Events

On October 12, 2022, the District issued its $1,355,000 Series 2022 Unlimited Tax Bonds at a net effective rate of 4.413708%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District.

Additionally, on October 12, 2022, the District issued its $17,920,000 Series 2022 Unlimited Tax Road Bonds at a net effective rate of 4.310822%. Proceeds from the bonds were used to reimburse the District's developer for infrastructure improvements in the District.

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Required Supplementary Information

Sienna Municipal Utility District No. 4
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Fifteen Month Period Ended July 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 682,215	$ 805,215	$ 1,010,087	$ 204,872
Sewer service	894,417	1,137,173	1,385,325	248,152
Property taxes	744,577	905,075	964,086	59,011
Penalties and interest	20,000	30,000	45,357	15,357
Tap connection and inspection	296,000	335,000	317,855	(17,145)
Surface water fees	720,540	934,654	998,199	63,545
Fire protection fees	553,797	726,270	714,600	(11,670)
Miscellaneous	2,650	2,650	9,519	6,869
Investment earnings	10,500	5,500	12,808	7,308
Total Revenues	3,924,696	4,881,537	5,457,836	576,299
Expenditures				
Current service operations				
Professional fees	260,500	267,000	239,237	27,763
Contracted services	660,081	819,075	798,620	20,455
Repairs and maintenance	323,000	330,000	269,288	60,712
Utilities	1,500	1,500	31,213	(29,713)
Surface water	720,540	934,654	1,012,931	(78,277)
Administrative	78,433	82,433	77,614	4,819
Other	60,700	43,700	38,041	5,659
Intergovernmental				
Master District connection charges	636,329	1,154,512	1,156,309	(1,797)
Facilities renewal and replacement	48,353	93,093	96,551	(3,458)
Fire protection services	553,797	726,270	716,703	9,567
Total Expenditures	3,343,233	4,452,237	4,436,507	15,730
Revenues Over Expenditures	581,463	429,300	1,021,329	592,029
Fund Balance				
Beginning of the year	2,840,263	2,840,263	2,840,263	
End of the year	$ 3,421,726	$ 3,269,563	$ 3,861,592	$ 592,029

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. The budget was amended during the fifteen-month period due to the change in the District's fiscal year end.

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Texas Supplementary Information

Sienna Municipal Utility District No. 4
TSI-1. Services and Rates
July 31, 2022

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

[X] Retail Water	[ ] Wholesale Water	[ ] Solid Waste/Garbage	[X] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[ ] Irrigation
[X] Parks/Recreation	[X] Fire Protection	[X] Roads	[ ] Security

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ______________________

2. Retail Service Providers

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	10,000	N	$ 2.25	10,000	to	20,000
				$ 2.75	20,001	to	no limit
Wastewater:	$ 45.94		Y			to	
Surface water	$ 2.51	1,000	N	$ 2.51	1,001	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 49.70 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"	1,062	1,060	x 1.0	1,060
1"	1,067	1,064	x 2.5	2,660
1.5"			x 5.0	
2"	39	39	x 8.0	312
3"	1	1	x 15.0	15
4"	2	2	x 25.0	50
6"	1	1	x 50.0	50
8"			x 80.0	
10"			x 115.0	
Total Water	2,172	2,167		4,147
Total Wastewater	2,084	2,079	x 1.0	2,079

See accompanying auditor's report.

3. Total Water Consumption during the fiscal period (rounded to the nearest thousand):

*Gallons purchased:	452,810,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	452,810,000	100%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes [ ] No [X]

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

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

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

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

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

Entirely [X] 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 [X]

If Yes, by whom? ______________

*Purchased from Sienna Regional Municipal Utility District.
See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-2. General Fund Expenditures
For the Fifteen-Month Period Ended July 31, 2022

Professional fees	
Legal	$ 89,276
Audit	12,000
Engineering	137,961
	239,237
Contracted services	
Bookkeeping	53,855
Operator	78,913
Garbage collection	520,639
Tap connection and inspection	145,213
	798,620
Repairs and maintenance	269,288
Utilities	31,213
Surface water	1,012,931
Administrative	
Directors fees	10,950
Printing and office supplies	37,050
Insurance	5,643
Other	23,971
	77,614
Other	38,041
Intergovernmental	
Monthly connection charges	1,156,309
Master District replacement fund	96,551
Fire protection services	716,703
	1,969,563
Total expenditures	$ 4,436,507

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-3. Investments
July 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	$ 2,319,621	$ -
Certificates of deposit	0.50%	11/16/22	50,000	176
Certificates of deposit	0.25%	08/14/22	150,000	361
Certificates of deposit	0.25%	03/13/23	50,000	48
Certificates of deposit	0.25%	01/11/23	100,000	138
Certificates of deposit	0.25%	02/12/23	50,000	58
Certificates of deposit	0.15%	09/08/22	50,000	67
Certificates of deposit	0.40%	10/13/22	100,000	319
Certificates of deposit	0.30%	12/15/22	100,000	187
Certificates of deposit	0.29%	04/06/23	240,000	221
			3,209,621	1,575
Debt Service				
TexPool	Variable	N/A	3,053,346	
TexPool	Variable	N/A	1,500,413	
TexPool	Variable	N/A	23,875	
			4,577,634	
Capital Projects				
TexPool	Variable	N/A	132,954	
TexPool	Variable	N/A	86,722	
TexPool	Variable	N/A	137,684	
			357,360	
Total - All Funds			$ 8,144,615	$ 1,575

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-4. Taxes Levied and Receivable
July 31, 2022

	Maintenance Taxes	W-S-D Debt Service Taxes	Road Debt Service Taxes	Contract Taxes	Totals
Beginning Taxes Receivable	$ 14,787	$ 44,916	$ 18,111	$ 37,288	$ 115,102
Adjustments	659	2,002	805	1,660	5,126
Adjusted Receivable	15,446	46,918	18,916	38,948	120,228
2021 Original Tax Levy	956,914	2,587,211	1,169,561	2,728,976	7,442,662
Adjustments	1,682	4,547	2,055	4,796	13,080
Adjusted Tax Levy	958,596	2,591,758	1,171,616	2,733,772	7,455,742
Total to be accounted for	974,042	2,638,676	1,190,532	2,772,720	7,575,970
Tax collections:					
Current year	948,769	2,565,190	1,159,606	2,705,748	7,379,313
Prior years	15,317	46,519	18,721	38,577	119,134
Total Collections	964,086	2,611,709	1,178,327	2,744,325	7,498,447
Taxes Receivable, End of Year	$ 9,956	$ 26,967	$ 12,205	$ 28,395	$ 77,523
Taxes Receivable, By Years					
2021	$ 9,827	$ 26,568	$ 12,010	$ 28,024	$ 76,429
2020	66	200	81	166	513
2019	63	199	114	205	581
Taxes Receivable, End of Year	$ 9,956	$ 26,967	$ 12,205	$ 28,395	$ 77,523

	2021	2020	2019	2018
Property Valuations:				
Land	$ 162,341,366	$ 150,938,176	$ 125,395,686	$ 106,062,491
Improvements	631,207,684	493,399,311	352,306,642	248,265,822
Personal Property	2,353,360	2,198,450	2,588,210	2,270,600
Exemptions	(85,831,882)	(83,571,224)	(46,871,830)	(43,627,146)
Total Property Valuations	$ 710,070,528	$ 562,964,713	$ 433,418,708	$ 312,971,767
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.135	$ 0.135	$ 0.115	$ 0.10
W-S-D debt service tax rates	0.365	0.410	0.360	0.50
Road debt service tax rates	0.165	0.165	0.205	0.16
Contract tax rate	0.385	0.340	0.370	0.29
Total Tax Rates per $100 Valuation	$ 1.050	$ 1.050	$ 1.050	$ 1.05
Adjusted Tax Levy:	$ 7,455,742	$ 5,911,129	$ 4,550,896	$ 3,286,204
Percentage of Taxes Collected to Taxes Levied **	98.97%	99.99%	99.99%	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 auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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
	$ 8,030,000	$ 3,046,132	$ 11,076,132

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2016A Road--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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
	$ 8,350,000	$ 3,174,982	$ 11,524,982

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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
	$ 9,065,000	$ 3,560,625	$ 12,625,625

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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
	$ 7,860,000	$ 3,750,000	$ 11,610,000

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
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
	$ 7,085,000	$ 2,265,433	$ 9,350,433

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 435,000	$ 308,694	$ 743,694
2024	450,000	299,844	749,844
2025	460,000	288,444	748,444
2026	475,000	274,419	749,419
2027	485,000	262,444	747,444
2028	500,000	252,594	752,594
2029	515,000	242,444	757,444
2030	530,000	231,994	761,994
2031	540,000	221,294	761,294
2032	555,000	210,344	765,344
2033	575,000	199,044	774,044
2034	590,000	187,394	777,394
2035	605,000	175,444	780,444
2036	620,000	163,194	783,194
2037	640,000	150,594	790,594
2038	655,000	137,644	792,644
2039	675,000	124,344	799,344
2040	695,000	110,209	805,209
2041	710,000	94,838	804,838
2042	730,000	78,638	808,638
2043	750,000	61,988	811,988
2044	770,000	44,888	814,888
2045	795,000	27,281	822,281
2046	815,000	9,169	824,169
	$ 14,570,000	$ 4,157,184	$ 18,727,184

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ -	$ 69,975	$ 69,975
2024	100,000	68,975	168,975
2025	100,000	66,975	166,975
2026	105,000	64,925	169,925
2027	105,000	62,825	167,825
2028	110,000	60,675	170,675
2029	110,000	58,475	168,475
2030	115,000	56,225	171,225
2031	115,000	53,925	168,925
2032	120,000	51,575	171,575
2033	125,000	49,125	174,125
2034	125,000	46,625	171,625
2035	130,000	44,075	174,075
2036	130,000	41,313	171,313
2037	135,000	38,331	173,331
2038	140,000	35,238	175,238
2039	145,000	32,031	177,031
2040	145,000	28,678	173,678
2041	150,000	25,175	175,175
2042	155,000	21,553	176,553
2043	160,000	17,813	177,813
2044	160,000	14,012	174,012
2045	165,000	10,153	175,153
2046	170,000	6,175	176,175
2047	175,000	2,078	177,078
	$ 3,190,000	$ 1,026,925	$ 4,216,925

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ -	$ 84,650	$ 84,650
2024	120,000	83,450	203,450
2025	125,000	81,000	206,000
2026	125,000	78,500	203,500
2027	130,000	75,950	205,950
2028	130,000	73,350	203,350
2029	135,000	70,700	205,700
2030	140,000	67,950	207,950
2031	140,000	65,150	205,150
2032	145,000	62,300	207,300
2033	150,000	59,350	209,350
2034	155,000	56,300	211,300
2035	155,000	53,200	208,200
2036	160,000	49,850	209,850
2037	165,000	46,193	211,193
2038	170,000	42,425	212,425
2039	175,000	38,544	213,544
2040	175,000	34,497	209,497
2041	180,000	30,281	210,281
2042	185,000	25,947	210,947
2043	190,000	21,494	211,494
2044	195,000	16,922	211,922
2045	200,000	12,231	212,231
2046	205,000	7,422	212,422
2047	210,000	2,494	212,494
	$ 3,860,000	$ 1,240,150	$ 5,100,150

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 1,715,000	$ 1,733,211	$ 3,448,211
2024	2,000,000	1,679,894	3,679,894
2025	2,070,000	1,620,723	3,690,723
2026	2,145,000	1,560,071	3,705,071
2027	2,210,000	1,502,750	3,712,750
2028	2,290,000	1,446,063	3,736,063
2029	2,375,000	1,386,745	3,761,745
2030	2,460,000	1,325,130	3,785,130
2031	2,540,000	1,259,930	3,799,930
2032	2,630,000	1,190,606	3,820,606
2033	2,730,000	1,117,321	3,847,321
2034	2,825,000	1,040,028	3,865,028
2035	2,915,000	959,186	3,874,186
2036	3,020,000	874,271	3,894,271
2037	3,135,000	784,613	3,919,613
2038	3,245,000	690,428	3,935,428
2039	3,360,000	591,907	3,951,907
2040	3,480,000	487,751	3,967,751
2041	3,600,000	377,002	3,977,002
2042	3,725,000	261,287	3,986,287
2043	2,680,000	162,626	2,842,626
2044	2,125,000	92,885	2,217,885
2045	1,160,000	49,665	1,209,665
2046	1,190,000	22,766	1,212,766
2047	385,000	4,572	389,572
	$ 62,010,000	$ 22,221,431	$ 84,231,431

See accompanying auditor's report.

Sienna Municipal Utility District No. 4
TSI-6. Change in Long-Term Bonded Debt
July 31, 2022

	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	$ 8,295,000	$ 8,625,000	$ 9,340,000	$ 8,075,000
Bonds issued				
Bonds retired	(265,000)	(275,000)	(275,000)	(215,000)
Ending bonds outstanding	$ 8,030,000	$ 8,350,000	$ 9,065,000	$ 7,860,000
Interest paid during fiscal year	$ 258,963	$ 269,735	$ 304,513	$ 304,894

Paying agent's name and city
All Series — Regions Bank, an Alabama State Banking Corporation, Houston, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Road Bonds	Park Bonds
Amount Authorized by Voters	$ 265,300,000	$ 166,300,000	$ 68,200,000
Amount Issued	(45,225,000)	(20,760,000)	
Remaining To Be Issued	$ 220,075,000	$ 145,540,000	$ 68,200,000

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 July 31, 2022: $ 4,627,342

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 3,369,257

See accompanying auditor's report.

Bond Issue				
Series 2019 Road	Series 2020	Series 2021	Series 2021 Road	Totals
2.00% - 2.75% 9/1; 3/1 9/1/20 - 9/1/43	2.00% - 3.00% 9/1; 3/1 9/1/22 - 9/1/45	2.00% - 2.375% 9/1; 3/1 9/1/23 - 9/1/46	2.00% - 2.375% 9/1; 3/1 9/1/23 - 9/1/46	
$ 7,285,000	$ 14,570,000	$ -	$ -	$ 56,190,000
		3,190,000	3,860,000	7,050,000
(200,000)				(1,230,000)
$ 7,085,000	$ 14,570,000	$ 3,190,000	$ 3,860,000	$ 62,010,000
$ 171,875	$ 313,044	$ 29,156	$ 35,271	$ 1,687,451

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

	Amounts				
	2022**	2021	2020	2019	2018
Revenues					
Water service	$ 1,010,087	$ 709,882	$ 571,675	$ 437,228	$ 292,311
Sewer service	1,385,325	923,339	716,566	539,295	362,137
Property taxes	964,086	754,679	493,929	317,664	507,406
Penalties and interest	45,357	15,367	20,225	18,335	10,036
Tap connection and inspection	317,855	743,747	547,399	586,070	378,723
Surface water fees	998,199	653,101	600,555	400,460	300,699
Fire protection fees	714,600	510,879	410,507	322,834	228,320
Miscellaneous	9,519	4,557	3,337	9,600	10,266
Investment earnings	12,808	8,796	18,877	15,295	4,246
Total Revenues	5,457,836	4,324,347	3,383,070	2,646,781	2,094,144
Expenditures					
Current service operations					
Professional fees	239,237	238,437	140,612	110,630	115,273
Contracted services	798,620	723,480	655,832	572,603	389,774
Repairs and maintenance	269,288	287,007	258,308	203,647	137,873
Utilities	31,213	765	620	806	628
Surface water	1,012,931	656,967	606,877	403,654	300,699
Administrative	77,614	67,429	54,294	56,040	44,742
Other	38,041	34,663	28,746	29,141	17,132
Intergovernmental					
Master District connection charges	1,156,309	734,055	571,544	585,442	483,892
Master District lease payments					190,000
Facilities renewal and replacement	96,551	43,729	41,061	28,483	20,513
Fire protection services	716,703	511,657	412,220	323,059	231,233
Total Expenditures	4,436,507	3,298,189	2,770,114	2,313,505	1,931,759
Revenues Over Expenditures	$ 1,021,329	$ 1,026,158	$ 612,956	$ 333,276	$ 162,385
Total Active Retail Water Connections	2,167	2,027	1,653	1,260	915
Total Active Retail Wastewater Connections	2,079	1,939	1,567	1,188	855

*Percentage is negligible
** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022**	2021	2020	2019	2018
19%	18%	16%	17%	16%
25%	21%	21%	20%	17%
18%	17%	15%	12%	24%
1%	*	1%	1%	*
6%	17%	16%	22%	18%
18%	15%	18%	15%	14%
13%	12%	12%	12%	11%
*	*	*	*	*
*	*	1%	1%	*
100%	100%	100%	100%	100%
4%	6%	4%	4%	6%
15%	17%	19%	22%	19%
5%	7%	8%	8%	7%
1%	*	*	*	*
19%	15%	18%	15%	14%
1%	2%	2%	2%	2%
1%	1%	1%	1%	1%
21%	17%	17%	22%	23%
				9%
2%	1%	1%	1%	1%
13%	12%	12%	12%	11%
82%	78%	82%	87%	93%
18%	22%	18%	13%	7%

Sienna Municipal Utility District No. 4
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Periods

	Amounts				
	2022**	2021	2020	2019	2018
Revenues					
Property taxes	$ 6,534,360	$ 5,128,239	$ 4,023,552	$ 2,958,970	$ 1,879,626
Penalties and interest	31,572	24,045	13,876	12,459	11,143
Miscellaneous	4,743	13,500	1,223	3,205	5,737
Investment earnings	16,358	4,734	41,437	45,874	18,218
Total Revenues	6,587,033	5,170,518	4,080,088	3,020,508	1,914,724
Expenditures					
Tax collection services	117,245	68,810	66,157	56,270	29,723
Other	50	50	50		
Debt service					
Principal	1,230,000	1,205,000	1,005,000	535,000	
Interest and fees	1,687,133	1,465,329	1,269,183	1,025,308	682,049
Intergovernmental					
Contractual obligations	2,749,963	1,902,673	1,573,853	900,733	547,313
Total Expenditures	5,784,391	4,641,862	3,914,243	2,517,311	1,259,085
Revenues Over Expenditures	$ 802,642	$ 528,656	$ 165,845	$ 503,197	$ 655,639

*Percentage is negligible
** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022**	2021	2020	2019	2018
100%	100%	99%	98%	98%
*	*	*	*	1%
*	*	*	*	*
*	*	1%	2%	1%
100%	100%	100%	100%	100%
2%	1%	2%	2%	2%
*	*	*		
19%	23%	25%	18%	
26%	28%	31%	34%	36%
42%	37%	39%	30%	29%
89%	89%	97%	84%	67%
11%	11%	3%	16%	33%

Sienna Municipal Utility District No. 4
TSI-8. Board Members, Key Personnel and Consultants
For the Fifteen-Month Period Ended July 31, 2022

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):	June 6, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Ray Sick	5/22 to 5/26	$ 1,950	$ 106	President
Maris Reynolds	5/20 to 5/24	2,250	187	Vice President
Robert Vacek	5/22 to 5/26	1,800	122	Secretary
Bryan D. Ives	5/20 to 5/24	1,950	203	Assistant Secretary
Mary Berna	5/20 to 5/24	3,000	96	Assistant Vice President
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2004			Attorney
General legal		$ 108,876		
Bond counsel		213,306		
Si Environmental, LLC	2013	562,745		Operator
Municipal Accounts & Consulting	2017	66,748		Bookkeeper
Tax Tech, Inc.	2006	47,177		Tax Collector
Fort Bend Central Appraisal District	Legislation	59,236		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	2006	3,780		Delinquent Tax Attorney
LJA Engineering and Surveying	2000	205,868		Engineer
McGrath & Co., PLLC	2010	25,350		Auditor
Robert W. Baird & Co.	2015	143,353		Financial Advisor

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

SIENNA MUNICIPAL
UTILITY DISTRICT NO. 5

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2022

Table of Contents

McGRATH & CO., PLLC

Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Sienna Municipal Utility District No. 5
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 5 (the "District"), as of and for the fifteen-month period ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Municipal Utility District No. 5, as of July 31, 2022, and the respective changes in financial position thereof for the fifteen-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, beginning net position has been restated to correct misstatements from prior periods. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

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

McGrath & Co, PLLC

Houston, Texas
December 5, 2022

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Sienna Municipal Utility District No. 5 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fifteen-month period ended July 31, 2022. This current period is for fifteen months because the District's fiscal year end was changed from April 30 to July 31 in August 2021. This analysis should be read in conjunction with the independent auditor's 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.

The *Statement of Activities* reports how the District's net position has changed during the fiscal fifteen-month period. 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 fifteen-month fiscal period. 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 July 31, 2022, was negative $39,398,815. The District's net position is negative because the District incurs debt to construct road facilities that are conveyed to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Current and other assets	$ 6,341,820	$ 3,847,081
Capital assets	48,938,532	45,246,111
Total assets	55,280,352	49,093,192
Current liabilities	2,766,848	1,313,814
Long-term liabilities	91,912,319	82,858,324
Total liabilities	94,679,167	84,172,138
Net position		
Net investment in capital assets	(18,603,521)	(7,422,842)
Restricted	2,934,959	2,151,020
Unrestricted	(23,730,253)	(29,807,124)
Total net position	$ (39,398,815)	$ (35,078,946)

As further discussed in Note 3, during the current fiscal period, it was determined that capital assets and long- term liabilities were understated as a result of errors in previous years related to recording the District's capacity in regional facilities. Accordingly, a prior period adjustment was recorded to correct capital assets, long-term liabilities, and net position. Amounts reported for 2021 have been adjusted accordingly.

The total net position of the District decreased during the current fiscal fifteen-month period by $4,319,869. A comparative summary of the District's *Statement of Activities* for the past two periods is as follows:

	2022	2021
Revenues		
Monthly connections	$ 1,550,538	$ 806,877
Fire connections	998,460	594,518
Surface water fees	1,273,696	710,267
Renewal and replacement charges	121,611	47,212
Contract taxes	3,114,076	2,065,435
Capital recovery fees	323,454	170,820
Other	19,786	4,192
Total revenues	7,401,621	4,399,321
Expenses		
Current service operations	748,999	963,913
Debt interest and fees	1,879,434	1,071,092
Developer interest	1,302,691	669,566
Debt issuance costs	1,343,203	1,378,418
Intergovernmental	3,568,660	1,850,116
Depreciation/amortization	1,640,971	1,477,068
Total expenses	10,483,958	7,410,173
Change in net position before other item	(3,082,337)	(3,010,852)
Other items		
Transfers to other governments	(366,562)	(1,829,528)
Loss on disposition of asset	(870,970)	
	(1,237,532)	(1,829,528)
Change in net position	(4,319,869)	(4,840,380)
Net position, beginning	(35,078,946)	(30,238,566)
Net position, ending	$ (39,398,815)	$ (35,078,946)

Amounts reported for the 2021 fiscal year for depreciation and amortization expense, beginning net position, ending net position, and the amount reported for beginning net position for the 2022 fiscal period have been restated as a result of the correction of errors in previous periods related to capital assets and long-term liabilities (See Note 3).

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2022, were $5,313,172, which consists of $1,023,406 in the General Fund, $3,423,159 in the Debt Service Fund and $866,607 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Total assets	$ 2,052,054	$ 1,277,816
Total liabilities	$ 1,028,648	$ 584,912
Total fund balance	1,023,406	692,904
Total liabilities and fund balance	$ 2,052,054	$ 1,277,816

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

	2022	2021
Total revenues	$ 4,271,504	$ 2,330,846
Total expenditures	(4,068,981)	(2,446,500)
Revenues under expenditures	202,523	(115,654)
Other changes in fund balance	127,979	124,560
Net change in fund balance	$ 330,502	$ 8,906

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 charges to participating districts within the Master District service area for monthly operating costs, fire connection costs, surface water fees and the renewal and replacement of District facilities. These charges are based on the number of connections or water consumption in the participating districts.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2022 and April 30, 202,1 is as follows:

	2022	2021
Total assets	$ 3,423,159	$ 2,151,020
Total fund balance	$ 3,423,159	$ 2,151,020

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

	2022	2021
Total revenues	$ 3,126,560	$ 2,067,869
Total expenditures	(2,286,940)	(1,830,371)
Revenues over expenditures	839,620	237,498
Other changes in fund balance	432,519	347,119
Net change in fund balance	$ 1,272,139	$ 584,617

The District's financial resources in the Debt Service Fund in both the current fifteen-month period and prior year are from contract tax revenues collected from participants in the Master District service area 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 period.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Total assets	$ 866,607	$ 418,245
Total liabilities	$ -	$ 7,475
Total fund balance	866,607	410,770
Total liabilities and fund balance	$ 866,607	$ 418,245

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

	2022	2021
Total revenues	$ 3,557	$ 606
Total expenditures	(15,254,026)	(11,727,917)
Revenues under expenditures	(15,250,469)	(11,727,311)
Other changes in fund balance	15,706,306	11,804,330
Net change in fund balance	$ 455,837	$ 77,019

The District has had considerable capital asset activity in the last two fiscal periods, which was financed with proceeds from the issuance of its Series 2021 Contract Revenue Bonds and Series 2021 Contract Revenue Road Bonds in the current fifteen-month period and the sale of its Series 2020 Contract Revenue Bonds and Series 2020 Contract Revenue Road 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 period. The Board amended the budget during the fifteen-month period due to the change in the District's fiscal year end.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $330,502 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers 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.

Capital assets held by the District at July 31, 2022 and April 30, 2021, are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	$ 1,633,268	$ 59,149
Capital assets being depreciated/amortized		
Infrastructure	18,856,944	18,278,867
Landscaping improvements	16,492,941	13,514,330
Capacity in regional facilities	18,364,583	18,268,934
	53,714,468	50,062,131
Less accumulated depreciation/amortization		
Infrastructure	(1,880,873)	(1,579,587)
Landscaping improvements	(2,624,843)	(1,800,196)
Capacity in regional facilities	(1,903,488)	(1,495,386)
	(6,409,204)	(4,875,169)
Depreciable capital assets, net	47,305,264	45,186,962
Capital assets, net	$ 48,938,532	$ 45,246,111

Capital asset values and accumulated amortization for the previous fiscal year have been restated to include the District's capacity in regional water supply and wastewater facilities as previously discussed (See Note 3).

Capital asset additions during the current fifteen-month period include the following:

- Landscaping to serve Sienna, sections 29A, 29B, 30 Park, 32A, 32B, 33B, 33D, 34A, 34b, 37, 38, 40B and 41
- Landscaping to serve Sienna Oaks entry

- Force Main reroute for lift stations 2 & 4
- Channel 4 permanent weir, drainage channel and amenity lake south of Sienna Parkway

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 fifteen-month period ended July 31, 2022, capital assets in the amount of $366,562 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2022, the District owes approximately $25,972,400 to developers 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 $20,472,042 for projects under construction by the developers. 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.

At July 31, 2022 and April 30, 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2015 Road	$ 985,000	$ 1,015,000
2016 WSD	1,930,000	1,995,000
2017 WSD	5,935,000	6,115,000
2019 WSD	6,730,000	6,905,000
2019 Road	8,030,000	8,240,000
2020 WSD	6,000,000	6,000,000
2020 Road	6,000,000	6,000,000
2021 WSD	9,725,000	
2021 Road	6,800,000	
	$ 52,135,000	$ 36,270,000

During the current fifteen-month period, the District issued $9,725,000 Series 2021 Contract Revenue Bonds and $6,800,000 Series 2021 Contract Revenue Road Bonds.

At July 31, 2022, the District, in its capacity as a Master District, had contract revenue bonds of $410,210,000 authorized, but unissued for the purposes of regional water, sanitary sewer and drainage facilities; $218,300,000 for parks and recreational facilities; $227,185,000 for road improvements and $32,800,000 for refunding purposes.

At July 31, 2022, the District, in its capacity as a participating district, had $12,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $2,900,000 for parks and recreational facilities and the refunding of such bonds and $9,200,000 for road improvements and the refunding of such bonds.

Additionally, as further discussed in Note 12, the District is obligated to pay its pro-rata share of regional wastewater treatment facilities constructed by Sienna Regional Municipal Utility District and elected to finance this obligation by paying its pro-rata share of the bonds issued to construct the facilities. The District's obligation as of July 31, 2022 and 2021, is as follows:

	2022	2021
Principal Amount	$ 12,695,000	$ 12,695,000

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 participating districts and the projected cost of operating the District. A comparison of next year's budget to current fifteen-month period actual amounts for the General Fund is as follows:

	2022 Actual	2023 Budget
Total revenues	$ 4,271,504	$ 3,342,637
Total expenditures	(4,068,981)	(3,467,197)
Revenues under expenditures	202,523	(124,560)
Other changes in fund balance	127,979	124,560
Net change in fund balance	330,502	
Beginning fund balance	692,904	1,023,406
Ending fund balance	$ 1,023,406	$ 1,023,406

Basic Financial Statements

Sienna Municipal Utility District No. 5
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 75,550	$ -	$ 45	$ 75,595	$ -	$ 75,595
Investments	838,171	3,199,512	866,562	4,904,245		4,904,245
Internal balances	75,691	(75,691)				
Due from other governments	1,062,642	299,338		1,361,980		1,361,980
Capital assets not being depreciated					1,633,268	1,633,268
Capital assets, net					47,305,264	47,305,264
Total Assets	$ 2,052,054	$ 3,423,159	$ 866,607	$ 6,341,820	48,938,532	55,280,352
Liabilities						
Accounts payable	$ 719,880	$ -	$ -	$ 719,880		719,880
Operating reserve	302,318			302,318		302,318
Due to other governments	6,450			6,450		6,450
Accrued interest payable					488,200	488,200
Due to developers					25,972,400	25,972,400
Note payable (Note 10)					2,076,000	2,076,000
Contractual obligations					12,695,000	12,695,000
Long-term debt						
Due within one year					1,250,000	1,250,000
Due after one year					51,168,919	51,168,919
Total Liabilities	1,028,648			1,028,648	93,650,519	94,679,167
Fund Balances/Net Position						
Fund Balances						
Restricted		3,423,159	866,607	4,289,766	(4,289,766)	
Unassigned	1,023,406			1,023,406	(1,023,406)	
Total Fund Balances	1,023,406	3,423,159	866,607	5,313,172	(5,313,172)	
Total Liabilities and Fund Balances	$ 2,052,054	$ 3,423,159	$ 866,607	$ 6,341,820		
Net Position						
Net investment in capital assets					(18,603,521)	(18,603,521)
Restricted for debt service					2,934,959	2,934,959
Unrestricted					(23,730,253)	(23,730,253)
Total Net Position					$ (39,398,815)	$ (39,398,815)

See notes to basic financial statements.

Sienna Municipal Utility District No. 5
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Period Ended July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Monthly connections	$ 1,550,538	$ -	$ -	$ 1,550,538	$ -	$ 1,550,538
Fire connection charges	998,460			998,460		998,460
Surface water fees	1,273,696			1,273,696		1,273,696
Renewal and replacement charges	121,611			121,611		121,611
Contract taxes		3,114,076		3,114,076		3,114,076
Capital recovery fees	323,454			323,454		323,454
Investment earnings	3,745	12,484	3,557	19,786		19,786
Total Revenues	4,271,504	3,126,560	3,557	7,401,621		7,401,621
Expenditures/Expenses						
Current service operations						
Professional fees	256,743		85,000	341,743		341,743
Contracted services	130,883			130,883		130,883
Repairs and maintenance	149,269			149,269		149,269
Utilities	32,106			32,106		32,106
Administrative	36,347		500	36,847		36,847
Other	14,104		47	14,151		14,151
Lease	44,000			44,000		44,000
Capital outlay			12,522,585	12,522,585	(12,522,585)	
Debt service						
Principal		660,000		660,000	(660,000)	
Interest and fees	124,560	1,339,249		1,463,809	415,625	1,879,434
Developer interest			1,302,691	1,302,691		1,302,691
Debt issuance costs			1,343,203	1,343,203		1,343,203
Intergovernmental						
Monthly connection charges	3,279,156			3,279,156		3,279,156
Contractual obligations	1,813	287,691		289,504		289,504
Depreciation/amortization					1,640,971	1,640,971
Total Expenditures/Expenses	4,068,981	2,286,940	15,254,026	21,609,947	(11,125,989)	10,483,958
Revenues Over/(Under) Expenditures/Expenses	202,523	839,620	(15,250,469)	(14,208,326)	11,125,989	(3,082,337)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		432,519	16,092,481	16,525,000	(16,525,000)	
Repayment of advances			(386,175)	(386,175)	386,175	
Developer advances	127,979			127,979	(127,979)	
Other Items						
Transfers to other governments					(366,562)	(366,562)
Loss on disposition of asset					(870,970)	(870,970)
Net Change in Fund Balances	330,502	1,272,139	455,837	2,058,478	(2,058,478)	
Change in Net Position					(4,319,869)	(4,319,869)
Fund Balance/Net Position						
Beginning (restated - See Note 3)	692,904	2,151,020	410,770	3,254,694	(38,333,640)	(35,078,946)
Ending	$ 1,023,406	$ 3,423,159	$ 866,607	$ 5,313,172	$ (44,711,987)	$ (39,398,815)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Municipal Utility District No. 5 (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 as Sienna Plantation Municipal Utility District No. 5 pursuant to an order of the Texas Natural Resource Conservation Commission, statutory predecessor to the Texas Commission on Environmental Quality ("TCEQ"), dated March 10, 1999, and operates in accordance with the Texas Water Code, Chapters 49 and 54. Road powers were added to the District by special legislation codified as Chapter 8321, Texas Special District Local Laws Code. The Board of Directors held its first meeting on October 31, 2000, and the first bonds were issued on December 10, 2015. On October 7, 2020, the District received approval from the TCEQ to change the District's name to Sienna Municipal Utility District No. 5.

The District's primary activities include the construction of water, wastewater, drainage, parks and recreational facilities and road improvements for the benefit of land within the boundaries of the District, as well as the construction of regional water, sewer, drainage, road, fire-fighting and park facilities within the Master District service area (see Note 11 for additional information). As further discussed in Note 12, the District transfers the regional water, sewer and drainage facilities upon completion of construction to Sienna Regional Municipal Utility District for operation and maintenance. 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.

Change in Fiscal Year End

On August 2, 2021, the Board of Directors adopted a resolution changing the District's fiscal year end from April 30 to July 31.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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*.

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 facilities and all other financial transactions not reported in other funds. The principal sources of revenue are connection charges, fire connection charges, renewal and replacements charges and surface water charges. 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 contract 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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.

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 $50,000 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Infrastructure	20-45 years
Landscaping improvements	20 years
Contributions for regional facilities	45 years

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 does not have any nonspendable fund balances.

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 capitalized interest from the sale of bonds and contract taxes 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to other governments 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.

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		$ 5,313,172
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 55,347,736	
Less accumulated depreciation	(6,409,204)	
Change due to capital assets		48,938,532
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(25,972,400)
The District's note payable to Sienna Regional Municipal Utility District is not due and payable in the current period and is not reported as a liability in the governmental funds. It is, however, recorded as a liability in the *Statement of Net Position.*		(2,076,000)
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 bonds payable, net.		
Bonds payable, net	(52,418,919)	
Accrued interest payable	(488,200)	
Change due to long-term debt		(52,907,119)
The District's contractual obligations to Sienna Regional Municipal Utility District is not due and payable in the current period and is not reported as a liability in the governmental funds. It is, however, recorded as a liability in the *Statement of Net Position.*		(12,695,000)
Total net position - governmental activities		$ (39,398,815)

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		$ 2,058,478
Governmental funds report capital outlays for developer reimbursements 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 outlay	$ 12,522,585	
Depreciation expense	(1,640,971)	
		10,881,614
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.		
Proceeds from sale of bonds	(16,525,000)	
Principal payments	660,000	
Interest expense accrual	(415,625)	
		(16,280,625)
The District conveys certain infrastructure to other governmental entities upon completion of construction. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities,* these amounts are reported as transfers to other governments.		(366,562)
Amounts advanced by the District's developers for interest payments on the District's note payable provide resources at the fund level, but are recognized as a liability in the *Statement of Net Position.*		(127,979)
Amounts repaid to the District's developers for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position.*		386,175
In the *Statement of Activities*, the disposition of the interim wastewater treatement plant resulted in a loss to the District.		(870,970)
Change in net position of governmental activities		$ (4,319,869)

Note 3 – Prior Period Adjustment

As further discussed in Note 12, the District has certain financial obligations to Sienna Regional Municipal Utility District. During the current fiscal period, the District determined that intangible assets related to regional water supply and wastewater facilities and the District's obligation for its pro-rata share of the costs of constructing those facilities had not been correctly recognized and reported in previous fiscal years. The District's pro-rata share of regional water and wastewater facilities was $18,268,934 which was funded by regional water facilities constructed by the District and conveyed to Sienna Regional Municipal Utility District in the amount of $5,573,934 and the District's allocated share of bond proceeds of $12,695,000 for the construction of regional wastewater facilities.

As of the beginning of the current fiscal year, net capital assets were understated by $16,773,548 and contractual obligations were understated by $12,695,000 for these regional facilities. In order to properly recognize these amounts, a prior period adjustment was recorded to correct capital assets and contractual obligations. The effect of the prior period adjustment on beginning net position is as follows:

Beginning net position, as reported	$ (39,157,494)
Change due to error correction	4,078,548
Beginning net position, restated	$ (35,078,946)

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Note 4 – Deposits and Investments (continued)

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.

As of July 31, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
Texas CLASS	General	$ 838,171		
	Debt Service	3,199,512		
	Capital Projects	866,562		
Total		$ 4,904,245	AAAm	32 days

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administer and UMB Bank N.A., as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs.

Note 4 – Deposits and Investments (continued)

Texas CLASS (continued)

The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Investments in Texas CLASS may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

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 interest rate 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.

Note 5 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 75,691	Bond payments paid by General Fund

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

Note 6 – Capital Assets

A summary of changes in capital assets, for the fifteen-month period ended July 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 59,149	$ 1,574,119	$ -	$ 1,633,268
Capital assets being depreciated/amortized				
Infrastructure	18,278,867	1,555,983	(977,906)	18,856,944
Landscaping improvements	13,514,330	2,978,611		16,492,941
Capacity in regional facilities	18,268,934	95,649		18,364,583
	50,062,131	4,630,243	(977,906)	53,714,468
Less accumulated depreciation/amortization				
Infrastructure	(1,579,587)	(408,222)	106,936	(1,880,873)
Landscaping improvements	(1,800,196)	(824,647)		(2,624,843)
Capacity in regional facilities	(1,495,386)	(408,102)		(1,903,488)
	(4,875,169)	(1,640,971)	106,936	(6,409,204)
Subtotal depreciable capital assets, net	45,186,962	2,989,272	(870,970)	47,305,264
Capital assets, net	$ 45,246,111	$ 4,563,391	$ (870,970)	$ 48,938,532

Depreciation expense for the current fifteen-month period was $1,640,971. As discussed in Note 3, beginning capital asset values and accumulated amortization have been restated to include the District's capacity in regional water supply and wastewater facilities (intangible assets).

During the current fiscal period, the District decommissioned and demolished an interim wastewater treatment plant as part of its long-term capital improvement plan. As a result, the District has recorded a loss on disposition of capital assets in the amount of $870,970 for the net book value of this facility as of the beginning of the fiscal period.

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, fire-fighting, park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers 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 developers have also advanced funds to the District for operating expenses.

Note 7 – Due to Developers (continued)

Changes in the estimated amounts due to developers during the fifteen-month period are as follows:

Due to developers, beginning	$ 32,182,257
Developer reimbursements	(12,522,586)
Developer funded construction and adjustments	6,570,925
Operating advances from developers	127,979
Repayment of operating advances	(386,175)
Due to developers, ending	$ 25,972,400

In addition, the District will owe the developers approximately $20,472,042, 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.

Description	Contract Amount	Remaining Commitment
Lift Station No. 3	$ 1,026,959	85.2%
Signal at Sienna Oaks	516,559	67.1%
Water plant 3, phase 3	1,809,672	93.3%
Water Lakes Blvd, phase 4	1,220,432	15.7%
Water Lakes Blvd, phase 5	869,465	82.3%
Lift Station No. 6	1,484,174	
Sienna Oaks Lakes, phase 2 - clearing and grubbing	120,582	6.9%
Sienna Parkway, phase 5 - paving	2,150,099	
Sienna Parkway, phase 5 - utilities	5,029,191	74.2%
Channel 4 expansion and drainage channel	1,579,402	
Sienna Section 39A - landscaping and irrigation	247,553	94.0%
Sienna Oaks Roundabout - landscaping and irrigation	82,038	99.4%
Sienna Section 42 - landscaping and irrigation	161,613	88.4%
Sienna Section 30 & 33C - landscaping and irrigation	283,423	88.9%
Sienna Section 26 Park - landscaping and irrigation	773,439	72.2%
Sienna Section 34 Park - landscaping and irrigation	665,610	87.3%
Sienna Section 19 - landscaping and irrigation	378,357	13.4%
Sienna Section 36 - landscaping and irrigation	185,615	89.7%
Sienna Section 43 & 45A - landscaping and irrigation	293,769	39.7%
Sienna Parkway Tree Room - landscaping and irrigation	542,496	75.6%
Sienna Section 48 - landscaping and irrigation	388,143	
Sienna Section 44 - landscaping and irrigation	565,766	
Sienna Crescent Spring Drive Monument	97,685	
	$ 20,472,042	

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 52,135,000
Unamortized discounts	(240,297)
Unamortized premium	524,216
	$ 52,418,919
Due within one year	$ 1,250,000

The District's bonds payable at July 31, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2015 Road	$ 985,000	$ 1,100,000	3.10% - 4.00%	November 1, 2018/2040	November 1, May 1	November 1, 2023
2016	1,930,000	2,170,000	1.75% - 3.50%	November 1, 2018/2041	November 1, May 1	November 1, 2024
2017	5,935,000	6,645,000	2.00% - 4.00%	November 1, 2018/2042	November 1, May 1	November 1, 2025
2019	6,730,000	7,050,000	2.00% - 4.50%	November 1, 2020/2044	November 1, May 1	November 1, 2024
2019 Road	8,030,000	8,415,000	2.00% - 4.50%	November 1, 2020/2044	November 1, May 1	November 1, 2024
2020	6,000,000	6,000,000	2.00% - 4.50%	November 1, 2022/2045	November 1, May 1	November 1, 2025
2020 Road	6,000,000	6,000,000	2.00% - 4.50%	November 1, 2022/2045	November 1, May 1	November 1, 2025
2021	9,725,000	9,725,000	2.00% - 4.50%	November 1, 2023/2046	November 1, May 1	November 1, 2026
2021 Road	6,800,000	6,800,000	2.00% - 4.50%	November 1, 2022/2046	November 1, May 1	November 1, 2026
	$ 52,135,000					

Payments of principal and interest on all series of contract revenue bonds are to be provided from the participating districts, including the District in its capacity as a participating district, based on their pro rata share of the total certified assessed valuation of all participating districts. The participating districts are contractually required to levy a contract tax in an amount sufficient to meet their required contribution. 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.

Note 8 – Long-Term Debt (continued)

On October 13, 2021, the District issued its $9,725,000 Series 2021 Contract Revenue Bonds at a net effective interest rate of 2.628185%. Proceeds of the bonds were used to (1) reimburse developers for the cost of regional facilities constructed within the Master District service area and operating advances; (2) to pay developer interest expense at the net effective interest rate of the bonds; and (3) to pay capitalized interest into the Debt Service Fund.

Additionally, on October 13, 2021, the District issued its $6,800,000 Series 2021 Contract Revenue Road Bonds at a net effective interest rate of 2.596218%. Proceeds of the bonds were used to (1) reimburse developers for the cost of regional road facilities constructed within the Master District service area; (2) to pay developer interest expense at the net effective interest rate of the bonds; and (3) to pay capitalized interest into the Debt Service Fund.

At July 31, 2022, the Master District had contract revenue bonds of $410,210,000 authorized, but unissued for the purposes of regional water, sanitary sewer and drainage facilities; $218,300,000 for regional park and recreational facilities; $227,185,000 for road improvements; and $32,800,000 for fire-fighting facilities.

At July 31, 2022, the District, in its capacity as a participating district, had $12,300,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $2,900,000 for parks and recreational facilities for the refunding of such bonds; and $9,200,000 for road improvements and the refunding of such bonds.

The change in the District's long-term debt during the fifteen-month period is as follows:

Bonds payable, beginning	$ 36,270,000
Bonds issued	16,525,000
Bonds retired	(660,000)
Bonds payable, ending	$ 52,135,000

Note 8 – Long-Term Debt (continued)

As of July 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 1,250,000	$ 1,490,784	$ 2,740,784
2024	1,595,000	1,431,525	3,026,525
2025	1,650,000	1,363,401	3,013,401
2026	1,705,000	1,292,881	2,997,881
2027	1,760,000	1,220,018	2,980,018
2028	1,820,000	1,148,004	2,968,004
2029	1,870,000	1,085,117	2,955,117
2030	1,935,000	1,030,497	2,965,497
2031	1,995,000	977,181	2,972,181
2032	2,050,000	926,007	2,976,007
2033	2,115,000	876,795	2,991,795
2034	2,175,000	826,124	3,001,124
2035	2,250,000	772,913	3,022,913
2036	2,320,000	717,089	3,037,089
2037	2,395,000	658,082	3,053,082
2038	2,460,000	596,065	3,056,065
2039	2,550,000	530,666	3,080,666
2040	2,620,000	460,826	3,080,826
2041	2,710,000	385,682	3,095,682
2042	2,795,000	306,757	3,101,757
2043	2,745,000	228,462	2,973,462
2044	2,405,000	158,098	2,563,098
2045	2,475,000	93,766	2,568,766
2046	1,575,000	42,134	1,617,134
2047	915,000	11,438	926,438
	$ 52,135,000	$ 18,630,314	$ 70,765,314

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. The estimated cost of each project is trued-up when the developer is subsequently reimbursed. For the fifteen-month period ended July 31, 2022, the District reported transfers to other governments in the amount of $366,562 for road facilities.

Note 10 – Lease Agreement

On August 14, 2014, the District entered into an operating lease agreement for a wastewater treatment plant. This lease was effective on August 1, 2015, and is for a 60-month term, unless otherwise terminated. Effective August 2020, the District extended the lease on month to month basic at a rate of $22,000. On April 5, 2021, the District notified AUC of its intent to terminate the lease agreement. The District also has the option to purchase the temporary wastewater treatment plant for the residual value of the plant at any time term. Total costs for all such leases for the fiscal fifteen-month period ended July 31, 2022, was $44,000. The final lease payment was made in June 2021.

Note 11 – Master District

On May 13, 2013, the District entered into a contract (the "Mater District Contract") with Sienna Municipal Utility District No. 4 ("MUD 4"), Sienna Municipal Utility District No. 6 ("MUD 6"), Sienna Municipal Utility District No. 7 ("MUD 7") and itself as a participant (the "Participants"), whereby the District will construct and finance all regional water, wastewater, drainage, road, firefighting and park facilities on behalf of the Participants. Pursuant to the Utility Contract with Sienna RM (see Note 12), the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM to own, operate and maintain to serve the Sienna South service area. The District's capacity in these regional facilities is recorded as intangible assets.

Master District Debt

The District, in its capacity as 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 Participating districts. All Participants shall contribute to the payment of debt service requirements based on its pro rata share of the total certified assessed valuation of all participating districts. During the current fifteen-month period, participating districts paid contract taxes in the amount of $3,114,076.

The 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.

Monthly Connection Fees for Operating Expenses

The District will charge each Participant 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 Sienna RM, pursuant to the Utility Contract. For the current fiscal fifteen-month period, the District recorded participant billings in the amount of $3,944,305 from MUDs 4 and 6, which consists of $998,460 in fire connection fees, $1,273,696 in surface water billings, $121,611 in renewal and replacement fees, and $1,550,538 in monthly connection charges. As of July 31, 2022, MUD 7 has no active connections.

Note 11 – Master District (continued)

Operating Reserve

The Master District Contract authorizes the establishment of an operating and maintenance reserve by the District equivalent to three months' operating and maintenance expenses, as set forth in the District's annual budget. As of July 31, 2022, the District has established an operating and maintenance reserve of $330,502. The District shall adjust the reserve as needed, not less than annually.

Note 12 –Contracts with Sienna Regional Municipal Utility District

Utility Contract

In 2006, the District entered into a contract with Sienna Regional Municipal Utility District ("Sienna RM") for financing, operation and maintenance of regional water, sanitary sewer and storm sewer facilities (the "Sienna RM Regional Contract"). The Sienna RM Regional Contract includes other participating districts that are not part of the Master District (Sienna Municipal Utility District No. 5) service area. Pursuant to this contract, Sienna RM has the authority to construct and acquire regional water, wastewater and park facilities to serve the master planned community known as Sienna.

In 2009, the District (on behalf of the participants) entered into a Utility Contract with Sienna RM with for the purposes of amending and supplementing the Sienna RM Regional Contract. The parties agreed that the District will construct and finance the regional water, sewer and drainage facilities that serve the service area. Once constructed, the District will convey these facilities (other than interim wastewater treatment facilities) to Sienna RM for ownership, operation and maintenance. Upon conveyance, the District is not obligated to pay connection charges in order to receive water and sewer service from Sienna RM; however, the District will pay monthly operations charges to Sienna RM on behalf of the participants for their pro-rata share of operation and maintenance expenses.

Sienna RM Debt

Sienna RM has limited authority to issue contract revenue bonds, specifically Sienna RM 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. The District shall be obligated to contribute to the payment of Sienna RM's debt service requirements based on its allocated share of the debt until such time as the bonds have been repaid. The District shall charge each Master District participant its pro rata share of the Sienna RM debt service requirement based on assessed values in each district. On May 29, 2018, Sienna RM 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 some of the participating districts. The District's pro-rata share of the total cost (including financing) of the regional facilities is $12,695,000 which was funded entirely by the District's allocated share of the Sienna RM bond proceeds.

Note 12 – Contracts with Sienna Regional Municipal Utility District (continued)

Sienna RM Debt (continued)

As of July 31, 2022, Sienna RM has $23,970,000 in contract revenue bonds outstanding and the District's share of said bonds is $12,695,000. Sienna RM bills the District in January of each year for Sienna RM's debt service payments due on May 1 and November 1 of that calendar year. During the current fiscal fifteen-month period, the District paid $0 to Sienna RM for its pro rata share of the 2022 debt service requirement. The District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five year increments thereafter is as follows:

Year	Principal	Interest	Total
2023	$ -	$ 287,691	$ 287,691
2024	390,000	287,691	677,691
2025	400,000	281,295	681,295
2026	405,000	274,415	679,415
2027	410,000	267,085	677,085
2028 - 2032	2,185,000	1,211,125	3,396,125
2033 - 2037	2,430,000	963,376	3,393,376
2038 - 2042	2,735,000	662,676	3,397,676
2043 - 2047	3,075,000	314,080	3,389,080
2048	665,000	16,559	681,559
	$ 12,695,000	$ 4,565,993	$ 17,260,993

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 4, 6 and 7 (Sienna South Districts) have received a loan from Sienna Municipal Utility District No. 3 ("MUD 3") in the amount of $2,076,000 to fund their pro-rata share.

Sienna RM and the District entered into an agreement whereby the District will reimburse Sienna RM on behalf of all the Sienna South Districts for the loan from MUD 3. The District pays interest to Sienna RM of 6% annually and will fully reimburse Sienna RM upon the occurrence of a triggering event, as defined by the agreement, or by October 1, 2025, whichever comes first. Sienna RM assigned its obligations in the Joint Construction Agreement, as amended, to MUD 3. As of July 31, 2022, the District's developers have paid $1,121,040 in interest to Sienna RM on behalf of the District.

Note 13 – Strategic Partnership Agreement and Development Agreement with the City of Missouri City

Under existing Texas law, since the District, as the Master District, and each of the participants lie wholly within the extraterritorial jurisdiction of the City of Missouri City (the "City"), each participant must conform to a City consent ordinance. The Participants and the City have entered into Strategic Partnership Agreements that govern the terms of annexation. The District, as 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 without consent; however, under Texas law, the City cannot annex territory within a district unless it annexes the entire district. If a Participant is annexed, the 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 days.

On October 5, 2020, the agreement was amended to authorize the annexation of the District for the sole, and limited purpose of providing fire protection services and to establish the City as the sole provider of such services to the District.

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.

Note 14 – Interlocal Agreement for Transportation Facilities

On September 2, 2020, the District entered into an interlocal agreement with Fort Bend County for the widening and improving of FM 521 from State Highway 6 to Brazoria County to benefit the District and the County. The County is responsible for the design and construction of the project. Pursuant to this agreement, the District agrees to contribute $487,401 for engineering costs of the project by the issuance of District road bonds. As of July 31, 2022, the project is not completed.

Note 15 – 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 fifteen-month period or the three prior years.

Note 16 – Subsequent Events

On October 12, 2022, the District issued its $3,650,000 Series 2022 Contract Revenue Bonds at a net effective rate of 4.701162%. Proceeds from the bonds were used to reimburse the District's developers for operating advances and infrastructure improvements in the District.

Note 16 – Subsequent Events (continued)

Additionally, on October 12, 2022, the District issued its $5,680,000 Series 2022 Contract Revenue Road Bonds at a net effective rate of 4.695905%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District.

Required Supplementary Information

Sienna Municipal Utility District No. 5
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Fifteen-month Period Ended July 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Monthly connections	$ 764,964	$ 1,272,430	$ 1,550,538	$ 278,108
Fire connection charges	695,052	732,763	998,460	265,697
Surface water fees	814,618	847,366	1,273,696	426,330
Renewal and replacement charges	55,277	79,284	121,611	42,327
Capital recovery fees			323,454	323,454
Investment earnings	2,350	2,350	3,745	1,395
Total Revenues	2,332,261	2,934,193	4,271,504	1,337,311
Expenditures				
Current service operations				
Professional fees	207,000	207,000	256,743	(49,743)
Contracted services	87,500	77,000	130,883	(53,883)
Repairs and maintenance	118,000	102,000	149,269	(47,269)
Utilities	65,000	25,000	32,106	(7,106)
Administrative	38,550	38,550	36,347	2,203
Other	16,000	16,000	14,104	1,896
Lease	22,000		44,000	(44,000)
Debt Service				
Interest and fees	124,560	124,560	124,560	
Intergovernmental				
Monthly connection charges	1,805,217	2,466,933	3,279,156	(812,223)
Contractual obligations			1,813	(1,813)
Total Expenditures	2,483,827	3,057,043	4,068,981	(1,011,938)
Revenues Under Expenditures	(151,566)	(122,850)	202,523	325,373
Other Financing Sources/(Uses)				
Internal transfers	(1,710)	(1,710)		1,710
Developer advances	124,560	124,560	127,979	3,419
Net Change in Fund Balance	(28,716)		330,502	330,502
Fund Balance				
Beginning	692,904	692,904	692,904	
Ending	$ 664,188	$ 692,904	$ 1,023,406	$ 330,502

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. The budget was amended during the fifteen-month period due to the change in the District's fiscal year end.

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Texas Supplementary Information

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

[ ] Retail Water	[X] Wholesale Water	[ ] Solid Waste/Garbage	[X] Drainage
[ ] Retail Wastewater	[X] Wholesale Wastewater	[ ] Flood Control	[X] Irrigation
[ ] Parks/Recreation	[X] Fire Protection	[X] Roads	[ ] Security

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ______________________

2. Retail Service Providers
 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:	N/A				to
Wastewater:	N/A				to
Surcharge:	N/A				to

District employs winter averaging for wastewater usage? [ ] Yes [ ] No

Total charges per 10,000 gallons usage: Water ______ Wastewater ______

Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water				
Total Wastewater			x 1.0	

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	N/A	N/A

4. Standby Fees (authorized only under TWC Section 49.231):

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

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 (ETJ)?

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 auditor's report.

Sienna Municipal Utility District No. 5
TSI-2 General Fund Expenditures
For the Fifteen-month Period Ended July 31, 2022

Professional fees	
Legal	$ 145,599
Audit	12,500
Engineering	98,644
	256,743
Contracted services	
Bookkeeping	52,590
Operator	6,795
Sludge removal	71,498
	130,883
Repairs and maintenance	149,269
Utilities	32,106
Administrative	
Directors fees	11,100
Printing and office supplies	3,224
Insurance	7,303
Other	14,720
	36,347
Other	14,104
Lease	44,000
Debt service	
Interest on note payable	124,560
Intergovernmental	
Monthly connection charges	3,279,156
Contactual obligations	1,813
	3,280,969
Total expenditures	$ 4,068,981

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-3. Investments
July 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
Texas CLASS	Variable	N/A	$ 838,171
Debt Service			
Texas CLASS	Variable	N/A	210,141
Texas CLASS	Variable	N/A	1,256
Texas CLASS	Variable	N/A	290,718
Texas CLASS	Variable	N/A	1,402,495
Texas CLASS	Variable	N/A	1,294,902
			3,199,512
Capital Projects			
Texas CLASS	Variable	N/A	1,428
Texas CLASS	Variable	N/A	201,378
Texas CLASS	Variable	N/A	205,701
Texas CLASS	Variable	N/A	435,172
Texas CLASS	Variable	N/A	22,883
			866,562
Total - All Funds			$ 4,904,245

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2015 Contract Revenue Road Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 30,000	$ 36,618	$ 66,618
2024	35,000	35,610	70,610
2025	35,000	34,525	69,525
2026	35,000	33,431	68,431
2027	40,000	32,230	72,230
2028	40,000	30,910	70,910
2029	45,000	29,453	74,453
2030	45,000	27,833	72,833
2031	50,000	26,050	76,050
2032	50,000	24,150	74,150
2033	50,000	22,200	72,200
2034	55,000	20,100	75,100
2035	60,000	17,800	77,800
2036	60,000	15,400	75,400
2037	65,000	12,900	77,900
2038	65,000	10,300	75,300
2039	70,000	7,600	77,600
2040	75,000	4,700	79,700
2041	80,000	1,600	81,600
	$ 985,000	$ 423,410	$ 1,408,410

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2016 Contract Revenue WSD Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 65,000	$ 59,810	$ 124,810
2024	70,000	58,222	128,222
2025	70,000	56,508	126,508
2026	75,000	54,657	129,657
2027	75,000	52,670	127,670
2028	80,000	50,538	130,538
2029	80,000	48,257	128,257
2030	85,000	45,822	130,822
2031	90,000	43,198	133,198
2032	90,000	40,452	130,452
2033	95,000	37,561	132,561
2034	100,000	34,415	134,415
2035	105,000	31,033	136,033
2036	110,000	27,485	137,485
2037	115,000	23,715	138,715
2038	115,000	19,805	134,805
2039	120,000	15,750	135,750
2040	125,000	11,463	136,463
2041	130,000	7,000	137,000
2042	135,000	2,362	137,362
	$ 1,930,000	$ 720,723	$ 2,650,723

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2017 Contract Revenue WSD Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 185,000	$ 211,506	$ 396,506
2024	195,000	205,806	400,806
2025	200,000	199,881	399,881
2026	210,000	193,731	403,731
2027	220,000	187,281	407,281
2028	225,000	180,606	405,606
2029	235,000	173,559	408,559
2030	245,000	165,906	410,906
2031	255,000	157,622	412,622
2032	265,000	148,681	413,681
2033	275,000	139,231	414,231
2034	285,000	129,253	414,253
2035	295,000	118,556	413,556
2036	310,000	107,213	417,213
2037	320,000	95,000	415,000
2038	335,000	81,900	416,900
2039	350,000	68,200	418,200
2040	360,000	54,000	414,000
2041	375,000	39,300	414,300
2042	390,000	24,000	414,000
2043	405,000	8,100	413,100
	$ 5,935,000	$ 2,689,334	$ 8,624,334

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Contract Revenue WSD Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 185,000	$ 187,313	$ 372,313
2024	190,000	178,875	368,875
2025	200,000	170,100	370,100
2026	205,000	160,987	365,987
2027	215,000	151,537	366,537
2028	225,000	141,919	366,919
2029	230,000	134,837	364,837
2030	240,000	130,137	370,137
2031	250,000	125,237	375,237
2032	260,000	120,137	380,137
2033	270,000	114,669	384,669
2034	280,000	108,650	388,650
2035	295,000	102,181	397,181
2036	305,000	95,241	400,241
2037	320,000	87,819	407,819
2038	330,000	79,894	409,894
2039	345,000	71,456	416,456
2040	360,000	62,644	422,644
2041	375,000	52,519	427,519
2042	390,000	41,044	431,044
2043	405,000	29,878	434,878
2044	420,000	18,263	438,263
2045	435,000	5,981	440,981
	$ 6,730,000	$ 2,371,318	$ 9,101,318

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2019 Contract Revenue Road Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 220,000	$ 228,613	$ 448,613
2024	230,000	218,488	448,488
2025	240,000	207,913	447,913
2026	245,000	197,000	442,000
2027	255,000	185,750	440,750
2028	265,000	174,381	439,381
2029	280,000	165,950	445,950
2030	290,000	160,250	450,250
2031	300,000	154,350	454,350
2032	310,000	148,250	458,250
2033	325,000	141,697	466,697
2034	340,000	134,419	474,419
2035	350,000	126,656	476,656
2036	365,000	118,384	483,384
2037	380,000	109,537	489,537
2038	395,000	100,087	495,087
2039	410,000	90,025	500,025
2040	425,000	78,525	503,525
2041	445,000	65,475	510,475
2042	460,000	51,900	511,900
2043	480,000	37,800	517,800
2044	500,000	23,100	523,100
2045	520,000	7,800	527,800
	$ 8,030,000	$ 2,926,350	$ 10,956,350

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Contract Revenue WSD Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 180,000	$ 170,762	$ 350,762
2024	185,000	162,550	347,550
2025	190,000	154,112	344,112
2026	195,000	145,450	340,450
2027	200,000	136,562	336,562
2028	205,000	127,450	332,450
2029	210,000	118,112	328,112
2030	215,000	108,550	323,550
2031	225,000	98,650	323,650
2032	230,000	90,138	320,138
2033	235,000	84,338	319,338
2034	240,000	79,588	319,588
2035	250,000	74,688	324,688
2036	255,000	69,638	324,638
2037	265,000	64,438	329,438
2038	270,000	59,088	329,088
2039	280,000	53,413	333,413
2040	285,000	47,231	332,231
2041	295,000	40,706	335,706
2042	300,000	34,012	334,012
2043	310,000	26,956	336,956
2044	320,000	19,475	339,475
2045	325,000	11,816	336,816
2046	335,000	3,978	338,978
	$ 6,000,000	$ 1,981,701	$ 7,981,701

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2020 Contract Revenue Road Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 200,000	$ 167,806	$ 367,806
2024	200,000	158,806	358,806
2025	210,000	149,581	359,581
2026	220,000	139,906	359,906
2027	225,000	129,894	354,894
2028	235,000	119,544	354,544
2029	230,000	109,081	339,081
2030	235,000	99,206	334,206
2031	235,000	90,981	325,981
2032	240,000	85,056	325,056
2033	240,000	80,256	320,256
2034	235,000	75,506	310,506
2035	235,000	70,806	305,806
2036	235,000	66,106	301,106
2037	235,000	61,406	296,406
2038	235,000	56,706	291,706
2039	235,000	51,860	286,860
2040	235,000	46,719	281,719
2041	235,000	41,431	276,431
2042	320,000	35,188	355,188
2043	325,000	27,728	352,728
2044	325,000	20,009	345,009
2045	330,000	12,231	342,231
2046	350,000	4,156	354,156
	$ 6,000,000	$ 1,899,969	$ 7,899,969

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021 Contract Revenue WSD Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ -	$ 256,625	$ 256,625
2024	290,000	250,100	540,100
2025	300,000	236,825	536,825
2026	310,000	223,100	533,100
2027	315,000	209,038	524,038
2028	325,000	194,638	519,638
2029	335,000	182,300	517,300
2030	345,000	173,825	518,825
2031	350,000	166,875	516,875
2032	360,000	159,775	519,775
2033	370,000	152,475	522,475
2034	380,000	144,975	524,975
2035	395,000	137,225	532,225
2036	405,000	129,225	534,225
2037	415,000	120,766	535,766
2038	425,000	111,841	536,841
2039	440,000	102,375	542,375
2040	450,000	92,363	542,363
2041	460,000	81,838	541,838
2042	475,000	70,438	545,438
2043	490,000	58,374	548,374
2044	500,000	46,000	546,000
2045	515,000	33,312	548,312
2046	530,000	20,249	550,249
2047	545,000	6,812	551,812
	$ 9,725,000	$ 3,361,369	$ 13,086,369

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
Series 2021 Contract Revenue Road Bonds--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 185,000	$ 171,731	$ 356,731
2024	200,000	163,068	363,068
2025	205,000	153,956	358,956
2026	210,000	144,619	354,619
2027	215,000	135,056	350,056
2028	220,000	128,018	348,018
2029	225,000	123,568	348,568
2030	235,000	118,968	353,968
2031	240,000	114,218	354,218
2032	245,000	109,368	354,368
2033	255,000	104,368	359,368
2034	260,000	99,218	359,218
2035	265,000	93,968	358,968
2036	275,000	88,397	363,397
2037	280,000	82,501	362,501
2038	290,000	76,444	366,444
2039	300,000	69,987	369,987
2040	305,000	63,181	368,181
2041	315,000	55,813	370,813
2042	325,000	47,813	372,813
2043	330,000	39,626	369,626
2044	340,000	31,251	371,251
2045	350,000	22,626	372,626
2046	360,000	13,751	373,751
2047	370,000	4,626	374,626
	$ 6,800,000	$ 2,256,140	$ 9,056,140

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due November 1	Interest Due November 1, May 1	Total
2023	$ 1,250,000	$ 1,490,784	$ 2,740,784
2024	1,595,000	1,431,525	3,026,525
2025	1,650,000	1,363,401	3,013,401
2026	1,705,000	1,292,881	2,997,881
2027	1,760,000	1,220,018	2,980,018
2028	1,820,000	1,148,004	2,968,004
2029	1,870,000	1,085,117	2,955,117
2030	1,935,000	1,030,497	2,965,497
2031	1,995,000	977,181	2,972,181
2032	2,050,000	926,007	2,976,007
2033	2,115,000	876,795	2,991,795
2034	2,175,000	826,124	3,001,124
2035	2,250,000	772,913	3,022,913
2036	2,320,000	717,089	3,037,089
2037	2,395,000	658,082	3,053,082
2038	2,460,000	596,065	3,056,065
2039	2,550,000	530,666	3,080,666
2040	2,620,000	460,826	3,080,826
2041	2,710,000	385,682	3,095,682
2042	2,795,000	306,757	3,101,757
2043	2,745,000	228,462	2,973,462
2044	2,405,000	158,098	2,563,098
2045	2,475,000	93,766	2,568,766
2046	1,575,000	42,134	1,617,134
2047	915,000	11,438	926,438
	$ 52,135,000	$ 18,630,314	$ 70,765,314

See accompanying auditor's report.

Sienna Municipal Utility District No. 5
TSI-6. Change in Long-Term Bonded Debt
July 31, 2022

	Bond Issue			
	Series 2015 Road	Series 2016	Series 2017	Series 2019
Interest rate	3.10% - 4.00%	1.75% - 3.50%	2.00% - 4.00%	2.00% - 4.50%
Dates interest payable	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1
Maturity dates	11/1/18 - 11/1/40	11/1/18 - 11/1/41	11/1/18 - 11/1/42	11/1/20 - 11/1/44
Beginning bonds outstanding	$ 1,015,000	$ 1,995,000	$ 6,115,000	$ 6,905,000
Bonds issued				
Bonds retired	(30,000)	(65,000)	(180,000)	(175,000)
Ending bonds outstanding	$ 985,000	$ 1,930,000	$ 5,935,000	$ 6,730,000
Interest paid during fiscal period	$ 37,548	$ 61,273	$ 216,081	$ 195,413
Paying agent's name and city All series	Regions Bank, Houston, Texas			

Master District Contract Revenue Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Fire Bonds
Amount Authorized by Voters	$ 441,800,000	$ 218,300,000	$ 249,500,000	$ 32,800,000
Amount Issued	(31,590,000)		(22,315,000)	
Remaining To Be Issued	$ 410,210,000	$ 218,300,000	$ 227,185,000	$ 32,800,000

All contract revenue bonds are secured with contract tax revenues from participating districts.

Internal District Unlimited Tax Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	$ 12,300,000	$ 2,900,000	$ 9,200,000
Amount Issued			
Remaining To Be Issued	$ 12,300,000	$ 2,900,000	$ 9,200,000

All unlimited tax bonds are secured with tax revenues imposed and collected by the District.

Debt Service Fund cash and investment balances as of July 31, 2022:	$ 3,199,512
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,830,613

See accompanying auditor's report.

Bond Issue					
Series 2019 Road	Series 2020	Series 2020 Road	Series 2021	Series 2021 Road	Totals
2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	2.00% - 4.50%	
11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1	11/1; 5/1	
11/1/20 - 11/1/44	11/1/22 - 11/1/45	11/1/22 - 11/1/45	11/1/23 - 11/1/46	11/1/22 - 11/1/46	
$ 8,240,000	$ 6,000,000	$ 6,000,000	$ -	$ -	$ 36,270,000
			9,725,000	6,800,000	16,525,000
(210,000)					(660,000)
$ 8,030,000	$ 6,000,000	$ 6,000,000	$ 9,725,000	$ 6,800,000	$ 52,135,000
$ 238,287	$ 174,812	$ 172,306	$ 149,698	$ 102,605	$ 1,348,023

Sienna Municipal Utility District No. 5
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Periods

	Amounts				
	2022**	2021	2020	2019	2018
Revenues					
Monthly connection fees	$ 1,550,538	$ 806,877	$ 613,385	$ 607,345	$ 456,903
Fire connection charges	998,460	594,518	464,938	368,983	258,065
Surface water fees	1,273,696	710,267	654,561	438,149	311,528
Renewal and replacement charges	121,611	47,212	44,214	30,692	21,257
Capital recovery fees	323,454	170,820			
Investment earnings	3,745	1,152	5,314	5,562	3,945
Total Revenues	4,271,504	2,330,846	1,782,412	1,450,731	1,051,698
Expenditures					
Current service operations					
Professional fees	256,743	153,988	166,874	172,108	111,769
Contracted services	130,883	111,926	89,683	88,140	87,331
Repairs and maintenance	149,269	118,943	87,849	72,811	58,592
Utilities	32,106	60,185	56,736	39,704	27,778
Administrative	36,347	31,775	43,301	25,308	21,519
Other	14,104	13,448	16,760	12,721	7,700
Lease	44,000	269,250	285,000	285,000	237,500
Debt service					
Interest and fees	124,560	124,560	124,560	124,560	
Intergovernmental					
Monthly connection charges	3,279,156	1,562,425	1,333,691	984,496	735,247
Contractual obligations	1,813				
Total Expenditures	4,068,981	2,446,500	2,204,454	1,804,848	1,287,436
Revenues Over/(Under) Expenditures	$ 202,523	$ (115,654)	$ (422,042)	$ (354,117)	$ (235,738)

*Percentage is negligible
** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022**	2021	2020	2019	2018
36%	35%	35%	43%	43%
23%	26%	26%	25%	25%
30%	30%	37%	30%	30%
3%	2%	2%	2%	2%
8%	7%			
*	*	*	*	*
100%	100%	100%	100%	100%
6%	7%	9%	12%	11%
3%	5%	5%	6%	8%
3%	5%	5%	5%	6%
1%	3%	3%	3%	3%
1%	1%	2%	2%	2%
*	1%	1%	1%	1%
1%	12%	16%	20%	23%
3%	5%	7%	9%	
77%	67%	75%	68%	70%
*				
95%	106%	123%	126%	124%
5%	(6%)	(23%)	(26%)	(24%)

Sienna Municipal Utility District No. 5
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Periods

	Amounts				
	2022**	2021	2020	2019	2018
Revenues					
Contract taxes	$ 3,114,076	$ 2,065,435	$ 1,691,088	$ 993,162	$ 623,906
Investment earnings	12,484	2,434	14,141	12,443	3,167
Total Revenues	3,126,560	2,067,869	1,705,229	1,005,605	627,073
Expenditures					
Administrative					6
Debt service					
Principal	660,000	585,000	255,000	270,000	
Interest and fees	1,339,249	957,680	586,268	334,133	225,028
Contractual obligations	287,691	287,691	287,691	409,161	
Total Expenditures	2,286,940	1,830,371	1,128,959	1,013,294	225,034
Revenues Over/(Under) Expenditures	$ 839,620	$ 237,498	$ 576,270	$ (7,689)	$ 402,039

*Percentage is negligible
** Fifteen-month period

See accompanying auditor's report.

Percent of Fund Total Revenues				
2022**	2021	2020	2019	2018
100%	100%	99%	99%	99%
*	*	1%	1%	1%
100%	100%	100%	100%	100%
				*
21%	28%	15%	27%	
43%	46%	34%	33%	36%
9%	14%	17%	41%	
73%	88%	66%	101%	36%
27%	12%	34%	(1%)	64%

Sienna Municipal Utility District No. 5
TSI-8. Board Members, Key Personnel and Consultants
July 31, 2022

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, Texas 77027	
District Business Telephone Number:	(713) 860-6400	
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 6, 2022	
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)		$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members:				
Mark Kilkenny	11/20 to 05/24	$ 900	$ -	President
Joe Price	11/20 to 05/24	2,100	49	Vice President
Douglas Earle	05/22 to 05/26	2,550	139	Secretary
Gary Ross	11/20 to 05/24	2,100	46	Assistant Vice President
Dennis Parmer	05/22 to 05/26	2,850	225	Assistant Secretary
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2000			Attorney
General legal fees		$ 174,419		
Bond counsel		426,815		
Si Environmental, LLC	2015	210,946		Operator
Municipal Accounts & Consulting, L.P	2017	67,363		Bookkeeper
Tax Tech, Inc.	2016	2,750		Tax Collector
Fort Bend Central Appraisal District	Legislation	730		Property Valuation
Costello, Inc.	2017	175,486		Engineer
McGrath & Co., PLLC	2015	30,925		Auditor
Robert W. Baird & Co.	2015	332,184		Financial Advisor

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

See accompanying auditor's report.

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

December 5, 2022

Board of Directors
Sienna Municipal Utility District No. 5
Fort Bend County, Texas

In planning and performing our audit of the financial statements of governmental activities and each major fund of Sienna Municipal Utility District No. 5 (the "District"), as of and for the year ended July 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal controls exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, detect or correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

The District's management consists of an elected Board of Directors (the "Directors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

Material Weaknesses

We observed the following matters that we consider to be material weaknesses:

- As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. This could result in the District's financial statements and related note disclosures not fully or accurately presenting the District's financial position and changes in financial position during the fiscal year in conformity with accounting principles generally accepted in the United States of America.

- During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on both the fund basis and the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments could result in misstatements in the District's financial statements.

- The District's Management relies on the District's auditor to prepare the capital asset schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function could result in the understatement or overstatement of capital assets and due to developer on the District's *Statement of Net Position* or an error in the amount reported as depreciation/amortization expense in the *Statement of Activities*.

Management's Response

The District's financial statements have been prepared in a manner that is consistent with prior years. The Board engages a bonded bookkeeper who possesses industry knowledge and expertise, including a concentration in special districts accounting. The Board also engages a financial advisor and tax assessor/collector who possess industry knowledge and expertise, as well as legal and professional engineering services. The Board has consulted with its independent auditor concerning this "management letter" and the auditor does not recommend any change in the Board's bookkeeping or audit procedures at this time. To the best of its knowledge, the Board conducts the District's business affairs in the same manner as other similarly situated special districts, and, based on the recommendations of its auditor, does not believe that the addition of an employee to oversee the monthly and annual financial reporting process or to prepare financial statements or that undertaking an additional annual audit is necessary or cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McGrath & Co, PLLC

McGrath & Co., PLLC-CPAs
Houston, Texas

SIENNA MUNICIPAL
UTILITY DISTRICT NO. 6

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

July 31, 2022

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Sienna Municipal Utility District No. 6
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Municipal Utility District No. 6 (the "District"), as of and for the fifteen-month period ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 Municipal Utility District No. 6, as of July 31, 2022, and the respective changes in financial position thereof for the fifteen-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

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

McGrath & Co, PLLC

Houston, Texas
November 15, 2022

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Sienna Municipal Utility District No. 6 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fifteen-month period ended July 31, 2022. This current period is for fifteen months because the District's fiscal year end was changed from April 30 to July 31 in August 2021. This analysis should be read in conjunction with the independent auditor's 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.

The *Statement of Activities* reports how the District's net position has changed during the fifteen-month period. 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 fifteen-month period. 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 July 31, 2022, was negative $21,920,622. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Current and other assets	$ 1,777,010	$ 893,247
Capital assets	26,630,651	11,508,796
Total assets	28,407,661	12,402,043
Current liabilities	701,053	268,454
Long-term liabilities	49,627,230	21,805,957
Total liabilities	50,328,283	22,074,411
Net position		
Net investment in capital assets	(2,092,448)	(791,930)
Restricted	584,256	272,634
Unrestricted	(20,412,430)	(9,153,072)
Total net position	$ (21,920,622)	$ (9,672,368)

The total net position of the District decreased during the current fiscal fifteen-month period by $12,248,254. A comparative summary of the District's *Statement of Activities* for the past two periods is as follows:

	2022*	2021
Revenues		
Property taxes, penalties and interest	$ 851,281	$ 355,197
Water and sewer service	672,612	127,659
Other	1,949,992	713,870
Total revenues	3,473,885	1,196,726
Expenses		
Current service operations	1,803,823	730,129
Debt interest and fees	309,641	78,087
Developer interest	249,482	99,569
Debt issuance costs	563,417	438,213
Intergovernmental	1,000,385	272,282
Depreciation	592,550	255,817
Total expenses	4,519,298	1,874,097
Change in net position before other item	(1,045,413)	(677,371)
Other item		
Transfers to other governments	(11,202,841)	(7,243,038)
Change in net position	(12,248,254)	(7,920,409)
Net position, beginning of year	(9,672,368)	(1,751,959)
Net position, end of year	$ (21,920,622)	$ (9,672,368)

* Fifteen-month period

Financial Analysis of the District's Funds

The District's combined fund balances, as of July 31, 2022, were $1,353,239, which consists of $613,242 in the General Fund, $706,928 in the Debt Service Fund and $33,069 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Total assets	$ 1,029,726	$ 574,856
Total liabilities	$ 416,094	$ 244,550
Total deferred inflows	390	1,466
Total fund balance	613,242	328,840
Total liabilities, deferred inflows and fund balance	$ 1,029,726	$ 574,856

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

	2022	2021
Total revenues	$ 2,671,689	$ 874,679
Total expenditures	(2,387,287)	(816,590)
Net change in fund balance	$ 284,402	$ 58,089

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, fire protection services 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 assessed values in the District increased from the 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.
- Fire protection revenues fluctuate based on the number of connections in the District each month.
- Tap connection fees fluctuate with homebuilding activity within the District

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Total assets	$ 714,215	$ 296,538
Total deferred inflows	$ 7,287	$ 15,624
Total fund balance	706,928	280,914
Total deferred inflows and fund balance	$ 714,215	$ 296,538

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

	2022	2021
Total revenues	$ 811,348	$ 304,789
Total expenditures	(529,718)	(167,298)
Revenues over expenditures	281,630	137,491
Other changes in fund balance	144,384	143,423
Net change in fund balance	$ 426,014	$ 280,914

The District's financial resources in the Debt Service Fund in both the current fifteen-month period 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 period. 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 July 31, 2022 and April 30, 2021, is as follows:

	2022	2021
Total assets	$ 33,069	$ 21,853
Total fund balance	$ 33,069	$ 21,853

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

	2022	2021
Total revenues	$ 262	$ 168
Total expenditures	(6,162,662)	(5,334,892)
Revenues under expenditures	(6,162,400)	(5,334,724)
Other changes in fund balance	6,173,616	5,356,577
Net change in fund balance	$ 11,216	$ 21,853

The District has had considerable capital asset activity in the last two periods, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds and Series 2021 Unlimited Tax Road Bonds in the current fifteen-month period and the sale of its Series 2020 Unlimited Tax Road 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 period. The Board amended the budget during the fifteen-month period to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $253,151 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers 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.

Capital assets held by the District at July 31, 2022 and April 30, 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	$ 918,185	$ 356,663
Capital assets being depreciated		
Infrastructure	26,664,669	11,511,786
Less accumulated depreciation	(952,203)	(359,653)
Depreciable capital assets, net	25,712,466	11,152,133
Capital assets, net	$ 26,630,651	$ 11,508,796

Capital asset additions during the current fifteen-month period include the following:

- Sienna, Sections 29A, 29B, 30, 33C, 33D, 34B, 36, 37, 38, 39A, 40B, 41,42 43 and 48 – utilities
- Heritage Park Bridge over Channel 3 – utilities
- Heritage Park, phase 3 – utilities
- Sienna Oaks, phase 2 – utilities
- Sienna, Sections 29B, 36, 37, 38 and 43 – clearing and grubbing
- Sienna, Sections 44, 46, 49, 52, 53, 39B, Crescent Spring Drive, Waters Lake Blvd, phase 5 and Heritage Park Drive, phase 4 and Waters Lake, phase 4 – clearing and grubbing

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 fifteen-month period ended July 31, 2022, capital assets in the amount of $11,202,841 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of July 31, 2022, the District owes approximately $37,812,230 to developers 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 $26,395,082 for projects under construction by the developers. 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.

At July 31, 2022 and April 30, 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2020 Road	$ 5,500,000	$ 5,500,000
2021	3,800,000	
2021 Road	2,670,000	
	$ 11,970,000	$ 5,500,000

During the current fifteen-month period, the District issued $6,470,000 in unlimited tax bonds. At July 31, 2022, the District had $343,200,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $78,800,000 for parks and recreational facilities and the refunding of such bonds and $191,330,000 for road improvements and the refunding of such bonds.

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 fifteen-month actual amounts for the General Fund is as follows:

	2022 Actual	2023 Budget
Total revenues	$ 2,671,689	$ 3,203,211
Total expenditures	(2,387,287)	(2,688,285)
Revenues over expenditures	284,402	514,926
Beginning fund balance	328,840	613,242
Ending fund balance	$ 613,242	$ 1,128,168

Property Taxes

The District's property tax base increased approximately $174,780,000 for the 2022 tax year from $79,358,115 to $254,138,175. This increase was primarily due to new construction in the District. For the 2022 tax year, the District has levied a maintenance tax rate of $0.04 per $100 of assessed value, a water, sewer and drainage debt service tax rate of $0.32 per $100 of assessed value, a contract tax debt service rate of $0.33 per $100 of assessed value and a road debt service tax rate of $0.36 per $100 of assessed value, for a total combined tax rate of $1.05 per $100. Tax rates for the 2021 tax year were $0.05 per $100 for maintenance and operations, $0.185 per $100 for water, sewer and drainage debt service, $0.39 per $100 for contract tax debt service and $0.425 per $100 for road debt service for a combined total of $1.05 per $100 of assessed value.

Basic Financial Statements

Sienna Municipal Utility District No. 6
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 244,979	$ 12,133	$ 380	$ 257,492	$ -	$ 257,492
Investments	481,670	694,989	78,314	1,254,973		1,254,973
Taxes receivable	390	7,287		7,677		7,677
Customer service receivables	179,763			179,763		179,763
Prepaid items	3,019			3,019		3,019
Internal balances	45,819	(194)	(45,625)			
Builder damages receivable	14,878			14,878		14,878
Other receivables	1,409			1,409		1,409
Operating reserve	57,799			57,799		57,799
Capital assets not being depreciated					918,185	918,185
Capital assets, net					25,712,466	25,712,466
Total Assets	$ 1,029,726	$ 714,215	$ 33,069	$ 1,777,010	26,630,651	28,407,661
Liabilities						
Accounts payable	$ 381,915	$ -	$ -	$ 381,915		381,915
Other payables	1,759			1,759		1,759
Customer deposits	9,875			9,875		9,875
Unearned revenue	22,545			22,545		22,545
Accrued interest payable					129,959	129,959
Due to developers					37,812,230	37,812,230
Long-term debt						
Due within one year					155,000	155,000
Due after one year					11,815,000	11,815,000
Total Liabilities	416,094			416,094	49,912,189	50,328,283
Deferred Inflows of Resources						
Deferred property taxes	390	7,287		7,677	(7,677)	
Fund Balance/Net Position						
Fund Balance						
Nonspendable	60,818			60,818	(60,818)	
Restricted		706,928	33,069	739,997	(739,997)	
Unassigned	552,424			552,424	(552,424)	
Total Fund Balance	613,242	706,928	33,069	1,353,239	(1,353,239)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,029,726	$ 714,215	$ 33,069	$ 1,777,010		
Net Position						
Net investment in capital assets					(2,092,448)	(2,092,448)
Restricted for debt service					584,256	584,256
Unrestricted					(20,412,430)	(20,412,430)
Total Net Position					$ (21,920,622)	$ (21,920,622)

See notes to basic financial statements.

Sienna Municipal Utility District No. 6
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Fifteen-Month Period Ended July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 314,177	$ -	$ -	$ 314,177	$ -	$ 314,177
Sewer service	358,435			358,435		358,435
Property taxes	40,616	799,550		840,166	(8,771)	831,395
Penalties and interest	11,987	8,542		20,529	(643)	19,886
Surface water fees	256,450			256,450		256,450
Tap connection and inspection	1,376,466			1,376,466		1,376,466
Fire protection fees	280,940			280,940		280,940
Miscellaneous	30,642	240		30,882		30,882
Investment earnings	1,976	3,016	262	5,254		5,254
Total Revenues	2,671,689	811,348	262	3,483,299	(9,414)	3,473,885
Expenditures/Expenses						
Current service operations						
Professional fees	152,592		90,295	242,887		242,887
Contracted services	659,939	21,617		681,556		681,556
Repairs and maintenance	504,704			504,704		504,704
Surface water	260,764			260,764		260,764
Administrative	68,217	1,896		70,113		70,113
Other	40,024	3,280	495	43,799		43,799
Capital outlay			5,258,973	5,258,973	(5,258,973)	
Debt service						
Interest and fees		203,587		203,587	106,054	309,641
Developer interest			249,482	249,482		249,482
Debt issuance costs			563,417	563,417		563,417
Intergovernmental						
Master District connection charges	394,229			394,229		394,229
Facilities renewal and replacement	25,060			25,060		25,060
Fire protection services	281,758			281,758		281,758
Contractual obligations		299,338		299,338		299,338
Depreciation					592,550	592,550
Total Expenditures/Expenses	2,387,287	529,718	6,162,662	9,079,667	(4,560,369)	4,519,298
Revenues Over/(Under) Expenditures/Expenses	284,402	281,630	(6,162,400)	(5,596,368)	4,550,955	(1,045,413)
Other Financing Sources/(Uses)						
Proceeds from sale of bonds		144,384	6,325,616	6,470,000	(6,470,000)	
Repayment of developer advances			(152,000)	(152,000)	152,000	
Other Item						
Transfers to other governments					(11,202,841)	(11,202,841)
Net Change in Fund Balance	284,402	426,014	11,216	721,632	(721,632)	
Change in Net Position					(12,248,254)	(12,248,254)
Fund Balance/Net Position						
Beginning of the year	328,840	280,914	21,853	631,607	(10,303,975)	(9,672,368)
End of the year	$ 613,242	$ 706,928	$ 33,069	$ 1,353,239	$ (23,273,861)	$ (21,920,622)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Municipal Utility District No. 6 (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 as Sienna Plantation Municipal Utility District No. 6 pursuant to an order of the Texas Commission on Environmental Quality dated March 10, 1997, under the terms and conditions of Article III, Section 52 and Article XIV, Section 59 of the Texas Constitution 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. On October 7, 2020, the District obtained approval from the TCEQ to change the name of the District to Sienna Municipal Utility District No. 6.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, parks and recreational facilities and road improvements. 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.

Change in Fiscal Year End

On August 17, 2021, the Board of Directors adopted a resolution changing the District's fiscal year end from April 30 to July 31.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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*.

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 and drainage 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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 period 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.

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.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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 July 31, 2022, 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 period-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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 $50,000 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.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years.

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 period 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 prepaid items and operating reserves paid to Sienna Municipal Utility District No. 5 for the joint water and sewer facilities.

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 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.

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		$ 1,353,239
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 27,582,854	
Less accumulated depreciation	(952,203)	
Change due to capital assets		26,630,651
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:		
Bonds payable	(11,970,000)	
Interest payable on bonds	(129,959)	
Change due to long-term debt		(12,099,959)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(37,812,230)
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.		7,677
Total net position - governmental activities		$ (21,920,622)

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		$ 721,632
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.		(9,414)
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	$ 5,258,973	
Depreciation expense	(592,550)	
		4,666,423
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	(6,470,000)	
Interest expense accrual	(106,054)	
		(6,576,054)
The District conveys certain roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities,* these amounts are reported as transfers to other governments.		(11,202,841)
Amounts repaid to the District's developer for operating advances use financial resources at the fund level, but reduce the liability in the *Statement of Net Position.*		152,000
Change in net position of governmental activities		$ (12,248,254)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

Restricted Cash

During the current fifteen-month period, the District used surplus funds in the amount of $202,971 from the Series 2021 Unlimited Tax Bonds to reimburse the developer for capital assets constructed within the District.

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.

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of July 31, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 481,670		
	Debt Service	694,989		
	Capital Projects	78,314		
		$ 1,254,973	AAAm	24 days

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 interest rate 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.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at July 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 194	Debt service tax collections not remitted as of year end
General Fund	Capital Projects Fund	45,625	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 fifteen-month period ended July 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 356,663	$ 561,522	$ 918,185
Capital assets being depreciated			
Infrastructure	11,511,786	15,152,883	26,664,669
Less accumulated depreciation	(359,653)	(592,550)	(952,203)
Subtotal depreciable capital assets, net	11,152,133	14,560,333	25,712,466
Capital assets, net	$ 11,508,796	$ 15,121,855	$ 26,630,651

Depreciation expense for the current fifteen-month period was $592,550.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers 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 developers have also advanced funds to the District for operating expenses.

Note 6 – Due to Developers (continued)

Changes in the estimated amounts due to developers during the fifteen-month period are as follows:

Due to developers, beginning of fifteen-month period	$ 16,305,957
Developer reimbursements	(5,258,973)
Developer funded construction and adjustments	26,917,246
Repayment of operating advances	(152,000)
Due to developers, end of fifteen-month period	$ 37,812,230

In addition, the District will owe the developers approximately $26,395,082, 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.

Project	Contract Amount
Section 39B - utilities	$ 822,480
Section 39B - paving	725,037
Section 44 - utilities	2,266,576
Section 44 - paving	1,153,601
Section 46 - utilities	1,853,780
Section 46 - paving	1,355,283
Section 49 - utilities	1,321,312
Section 49 - paving	1,052,431
Section 52 - utilities	1,468,228
Section 53 - utilities	1,212,984
Section 53 - paving	815,225
Section 55 - utilities	4,601,000
Section 55 - paving	2,859,333
Section 66 - utilities	1,288,936
Sections 55, 57, 60, 63, 64, 66, 69, and Sienna Oaks Lake, phase 2 - clearing and grubbing	497,380
Sections 59, 62 and 68 - clearing and grubbing	603,000
Heritage Park Drive:	
Water Lake Blvd, phase 4 - utilities	1,009,202
Crescent Spring Drive - utilities	760,885
Crescent Spring Drive - paving	728,409
	$ 26,395,082

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 11,970,000
Due within one year	$ 155,000

The District's bonds payable at July 31, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2020 Road	$ 5,500,000	$ 5,500,000	1.60% - 3.00%	September 1, 2022 - 2045	March 1, Sptember 1	September 1, 2026
2021	3,800,000	3,800,000	2.125% - 4.625%	September 1, 2023 - 2046	March 1, Sptember 1	September 1, 2026
2021 Road	2,670,000	2,670,000	2.125% - 4.625%	September 1, 2023 - 2046	March 1, Sptember 1	September 1, 2026
	$ 11,970,000					

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 July 31, 2022, the District had $343,200,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $78,800,000 for parks and recreational facilities and the refunding of such bonds and $191,330,000 for road improvements and the refunding of such bonds.

On October 21, 2021, the District issued its $3,800,000 Series 2021 Unlimited Tax Bonds at a net effective interest rate of 2.542427%. Proceeds of the bonds were used to reimburse developers for the following: the construction of capital assets within the District; engineering, clearing and grubbing, and other costs associated with the construction of capital assets; operating advances; and creation costs, pay developer interest at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

Additionally, on October 21, 2021, the District issued its $2,670,000 Series 2021 Unlimited Tax Road Bonds at a net effective interest rate of 2.562564%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

Note 7 – Long-Term Debt (continued)

The change in the District's long-term debt during the fifteen-month period is as follows:

Bonds payable, beginning of fifteen-month period	$	5,500,000
Bonds issued		6,470,000
Bonds payable, end of fifteen-month period	$	11,970,000

As of July 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 155,000	$ 306,557	$ 461,557
2024	355,000	299,448	654,448
2025	365,000	287,468	652,468
2026	375,000	275,003	650,003
2027	385,000	262,041	647,041
2028	395,000	251,351	646,351
2029	405,000	242,986	647,986
2030	425,000	234,118	659,118
2031	435,000	224,733	659,733
2032	445,000	214,926	659,926
2033	460,000	204,624	664,624
2034	475,000	193,765	668,765
2035	490,000	182,342	672,342
2036	505,000	170,389	675,389
2037	520,000	157,882	677,882
2038	530,000	144,866	674,866
2039	550,000	131,094	681,094
2040	565,000	116,581	681,581
2041	580,000	101,597	681,597
2042	600,000	85,947	685,947
2043	620,000	69,647	689,647
2044	640,000	52,810	692,810
2045	655,000	35,494	690,494
2046	675,000	17,699	692,699
2047	365,000	4,332	369,332
	$ 11,970,000	$ 4,267,700	$ 16,237,700

Note 8 – Property Taxes

On March 1, 2010, 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 and a road maintenance tax limited to $0.25 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.

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fifteen-month fiscal period was financed through the 2021 tax levy, pursuant to which the District levied property taxes of $1.05 per $100 of assessed value, of which $0.05 per $100 for maintenance and operations, $0.185 per $100 for debt service, $0.39 per $100 for contract tax debt service and $0.425 per $100 for road debt service. The resulting tax levy was $833,260 on the adjusted taxable value of $79,358,115.

Property taxes receivable, at July 31, 2022, consisted of the following:

Current year taxes receivable	$ 6,626
Penalty and interest receivable	1,051
Property taxes receivable	$ 7,677

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. 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 fifteen-month period ended July 31, 2022, the District recorded transfers to other governments in the amount of $11,202,841 for road facilities constructed by a developer within the District.

Note 10 – Contracts with Sienna Regional Municipal District

Sienna 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 Regional Municipal District (Sienna RM) in 2006 (the "Sienna RM Regional Contract"). The Sienna RM Regional Contract includes other participating districts that are not part of the Master District service area. Pursuant to this contract, Sienna RM has the authority to construct and acquire regional water, wastewater and park facilities. The participants in the Sienna RM Regional Contract pay a connection charge to Sienna RM based on its pro rata share of the regional facilities in order to obtain water and wastewater service. The participants in the Sienna RM Regional Contract also pay monthly operation charges to Sienna RM for their pro rata share of operation and maintenance expenses. Sienna RM has limited authority to issue contract revenue bonds: Sienna RM 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 a Utility Contract with Sienna RM with for the purposes of amending and supplementing the Sienna RM 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, drainage, road and park 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 Sienna RM 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 Sienna RM. The Master District will pay monthly operations charges to Sienna RM 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 water and wastewater plants owned by Sienna RM and receives surface water from the City of Missouri City.

Sienna RM Debt

Sienna RM is authorized to issue bonds for the limited purpose of acquiring and constructing certain facilities needed to provide services to Sienna. The Master District shall be obligated to contribute to the payment of Sienna RM'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 prorate share based on assessed values in each district.

On May 29, 2018, Sienna RM 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 is funded through annual payments to Sienna RM by the Master District.

Note 10 – Contracts with Sienna Regional Municipal District (continued)

As of July 31, 2022, Sienna RM has $23,970,000 in contract revenue bonds outstanding and the Master District's share of said bonds is $12,695,000. Principal payments on these bonds will begin in the Master District's 2025 fiscal year. Sienna RM bills the Master District in January of each year for Sienna RM's debt service payments for that calendar year. During the current fiscal fifteen-month period, the Master District paid $287,691 to Sienna RM for Sienna RM's 2022 debt service requirements. The Master District's future annual obligation to Sienna RM for Sienna RM's debt service requirements (principal and interest) for each of the next five years and in five-year increments thereafter is as follows:

Year	Total
2023	$ 287,691
2024	677,691
2025	681,295
2026	679,415
2027	677,085
2028-2032	3,396,125
2033-2037	3,393,376
2038-2042	3,397,676
2043-2047	3,389,080
2048	681,559
	$ 17,260,993

Joint Construction Agreement for Fire Facilities

Sienna RM and the City entered into a fire protection agreement which establishes the terms and conditions for the construction of fire facilities to serve Sienna. The cost of the facilities was paid by the internal Sienna Districts served by the fire station on a pro-rata basis. Sienna RM and Sienna Municipal Utility District Nos. 2 and 3 contributed their pro-rata shares of the costs to Sienna RM. The District and Sienna Municipal Utility District Nos. 4, 5 and Sienna Municipal Utility District 7 (Sienna South Districts) received a loan from Sienna Municipal Utility District No. 3 (MUD 3) to fund their pro-rata share. MUD 3 advanced $2,076,000 to Sienna RM for the construction of the fire facilities.

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

Note 10 – Contracts with Sienna Regional Municipal District (continued)

Fire Protection Services

On June 25, 2015, Sienna RM entered into the Operations Agreement for Fire Protection Services for Sienna (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 and will be reimbursed for the cost of providing those services. Pursuant to the Operations Agreement, Sienna RM pays the City each month for one-twelfth the annual operating and capital costs of providing fire protection services. The City recalculates 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 Sienna RM for its pro-rata share of operating costs and capital costs. As of July 31, 2022, the monthly charge is $21.50 per connection.

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

On May 13, 2013 the District, along with Sienna Municipal Utility District No. 4, Sienna Municipal Utility District No. 7, and Sienna 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 Sienna RM, the water, wastewater and drainage facilities will be conveyed to Sienna RM for Sienna RM 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.

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 fifteen-month period, the Master District issued $16,525,000 in Contract Revenue Bonds. As of July 31, 2022, the Master District has $52,135,000 in contract revenue bonds outstanding.

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 July 31, 2022, the District has not paid any such connection charges.

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 Sienna RM, pursuant to the Utility Contract.

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

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 July 31, 2022, the District has paid $57,799 to the Master District for its share of the operating and maintenance reserve.

Summary of Charges

For the fifteen-month period ended July 31, 2022, the District incurred the following costs pursuant to contracts with the Master District and Sienna RM:

- Monthly connection fees in the amount of $394,229;
- Monthly charges in the amount of $25,060 for Sienna RM's renewal and replacement fund, which was established by Sienna RM to provide funding to repair and replace aging Sienna RM facilities;
- Monthly charges for fire protection services in the amount of $281,758; and
- Contractual obligations for debt service requirements in the amount of $299,338, which consists of $271,647 for Master District bonds and $27,691 for the Master District's share of Sienna RM's contract revenue bonds.

Note 12 – Agreements with City of Missouri City

The developer in Sienna South (land included in MUDs 4, 5, 6 & 7) has entered into the Sienna 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 South, establishes certain restrictions and commitments related to the development of Sienna South, sets forth detailed design and construction standards, stipulates a formula for determining the time of annexation of land within Sienna South by the City and identifies and establishes a master plan for the development of Sienna South. The development of all land within Sienna 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. On October 5, 2020, the agreement was amended to authorize the annexation of the District for the sole, and limited purpose of providing fire protection services and to establish the City as the sole provider of such services to the District.

Note 12 – Agreements with City of Missouri City (continued)

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.

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 fifteen-month period or the three prior years.

Note 14 – Subsequent Event

On October 20, 2022, the District issued its $14,790,000 Series 2022 Unlimited Tax Bonds at a net effective rate of 4.840050%. Proceeds from the bonds were used to reimburse the District's developers for operating advances, infrastructure improvements in the District and to add capitalized interest into the District's Debt Service Fund.

Additionally, on October 20, 2022, the District issued its $12,885,000 Series 2022 Unlimited Tax Road Bonds at a net effective rate of 4.820822%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District.

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Required Supplementary Information

Sienna Municipal Utility District No. 6
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Fifteen-Month Period Ended July 31, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 113,658	$ 300,635	$ 314,177	$ 13,542
Sewer service	108,148	286,061	358,435	72,374
Property taxes	32,695	30,404	40,616	10,212
Penalties and interest	1,500	6,000	11,987	5,987
Tap connection and inspection	602,630	1,510,963	1,376,466	(134,497)
Fire protection fees	140,739	234,071	280,940	46,869
Surface water fees	88,878	256,555	256,450	(105)
Miscellaneous	2,500	5,700	30,642	24,942
Investment earnings	420	65	1,976	1,911
Total Revenues	1,091,168	2,630,454	2,671,689	41,235
Expenditures				
Current service operations				
Professional fees	107,500	119,500	152,592	(33,092)
Contracted services	391,600	1,235,813	659,939	575,874
Repairs and maintenance	100,750	254,000	504,704	(250,704)
Surface water	88,878	256,555	260,764	(4,209)
Administrative	25,150	37,150	68,217	(31,067)
Other	11,250	37,650	40,024	(2,374)
Intergovernmental				
Master District connection charges	125,135	398,911	394,229	4,682
Facilities renewal and replacement	5,924	25,553	25,060	493
Fire protection services	140,739	234,071	281,758	(47,687)
Total Expenditures	996,926	2,599,203	2,387,287	211,916
Revenues Over Expenditures	94,242	31,251	284,402	253,151
Fund Balance				
Beginning of the year	328,840	328,840	328,840	
End of the year	$ 423,082	$ 360,091	$ 613,242	$ 253,151

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. The budget was amended during the fifteen-month period to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Sienna Municipal Utility District No. 6
TSI-1. Services and Rates
July 31, 2022

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

- [X] Retail Water
- [ ] Wholesale Water
- [ ] Solid Waste / Garbage
- [X] Drainage
- [X] Retail Wastewater
- [ ] Wholesale Wastewater
- [ ] Flood Control
- [ ] Irrigation
- [ ] Parks / Recreation
- [ ] Fire Protection
- [X] Roads
- [ ] Security
- [X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- [ ] Other (Specify):

2. Retail Service Providers

a. Retail Rates for a 1" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 24.60	10,000	N	$ 2.25	10,001	to	20,000
				$ 2.75	20,001	to	no limit
Wastewater:	$ 45.94	- 0 -	Y			to	
Surface water:	$ 2.51	1,000	N	$ 2.42	0	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 69.95 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"	479	479	x 1.0	479
1"	567	562	x 2.5	1,405
1.5"			x 5.0	
2"	33	33	x 8.0	264
3"			x 15.0	
4"	1	1	x 25.0	25
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water	1,082	1,077		2,333
Total Wastewater	1,027	1,022	x 1.0	1,022

See accompanying auditor's report.

3. Total Water Consumption during the fiscal period (rounded to the nearest thousand):

Gallons purchased from Sienna Regional MUD:	126,604,700	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	126,604,700	100.00%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes [ ] No [X]

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

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

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

5. Location of District

Is the District located entirely within one county? Yes [X] No [ ]

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

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

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

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

Entirely [X] 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 [X]

If Yes, by whom? ________

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-2 General Fund Expenditures
For the Fifteen-Month Period Ended July 31, 2022

Professional fees	
Legal	$ 113,495
Audit	11,000
Engineering	28,097
	152,592
Contracted services	
Bookkeeping	45,260
Operator	27,026
Garbage collection	93,205
Tap connection and inspection	456,691
Appraisal district fees	2,117
Tax collection fees	4,132
Sludge removal	31,508
	659,939
Repairs and maintenance	504,704
Surface water	260,764
Administrative	
Directors fees	11,550
Printing and office supplies	11,029
Insurance	3,019
Other	42,619
	68,217
Other	40,024
Intergovernmental	
Master District connection charges	394,229
Facilities renewal and replacement	25,060
Fire protection services	281,758
	701,047
Total expenditures	$ 2,387,287

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-3. Investments
July 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 481,670
Debt Service			
TexPool	Variable	N/A	454,442
TexPool	Variable	N/A	12,218
TexPool	Variable	N/A	228,329
			694,989
Capital Projects			
TexPool	Variable	N/A	54,145
TexPool	Variable	N/A	24,169
			78,314
Total - All Funds			$ 1,254,973

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-4. Taxes Levied and Receivable
July 31, 2022

	Maintenance Taxes	Contract Taxes	Road Debt Service Taxes
Taxes Receivable, Beginning of Fifteen-month Period	$ 1,466	$ 5,133	$ 8,798
Adjustments to Prior Year Tax Levy	(142)	(890)	(853)
Adjusted Receivable	1,324	4,243	7,945
2021 Original Tax Levy	34,094	265,932	289,798
Adjustments	5,585	43,565	47,474
Adjusted Tax Levy	39,679	309,497	337,272
Total to be accounted for	41,003	313,740	345,217
Tax collections:			
Current fifteen-month period	39,401	307,327	334,908
Prior years	1,212	4,242	7,273
Total Collections	40,613	311,569	342,181
Taxes Receivable, End of Fifteen-month Period	$ 390	$ 2,171	$ 3,036
Taxes Receivable, By Years			
2021	$ 390	$ 2,171	$ 3,036

	2021	2020	2019
Property Valuations:			
Land	$ 54,596,822	$ 37,642,357	$ 28,986,477
Improvements	100,802,118	78,056,958	57,305,505
Personal Property	575,940	292,050	
Exemptions	(76,616,765)	(82,700,532)	(69,301,245)
Total Property Valuations	$ 79,358,115	$ 33,290,833	$ 16,990,737
Tax Rates per $100 Valuation:			
Maintenance tax rates	$ 0.050	$ 0.10	$ 0.68
Contract tax rates	0.390	0.35	0.37
Road debt service tax rates	0.425	0.60	
WSD debt service tax rates	0.185		
Total Tax Rates per $100 Valuation	$ 1.050	$ 1.05	$ 1.05
Adjusted Tax Levy:	$ 833,260	$ 349,554	$ 178,403
Percentage of Taxes Collected to Taxes Levied **	99.30%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on March 1, 2010
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on March 1, 2010

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

See accompanying auditors' report.

WSD Debt Service Taxes	Totals
$ -	$ 15,397
	(1,885)
-	13,512
126,147	715,971
20,665	117,289
146,812	833,260
146,812	846,772
145,783	827,419
	12,727
145,783	840,146
$ 1,029	$ 6,626
$ 1,029	$ 6,626

2018
$ 27,755,884
36,054,900
(48,033,220)
$ 15,777,564
$ 0.75
0.30
$ 1.05
$ 165,664
100.00%

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 155,000	$ 142,182	$ 297,182
2024	160,000	139,582	299,582
2025	165,000	136,737	301,737
2026	170,000	133,637	303,637
2027	175,000	130,272	305,272
2028	180,000	126,723	306,723
2029	185,000	122,980	307,980
2030	195,000	118,893	313,893
2031	200,000	114,448	314,448
2032	205,000	109,688	314,688
2033	215,000	104,540	319,540
2034	220,000	98,993	318,993
2035	225,000	93,095	318,095
2036	235,000	86,826	321,826
2037	240,000	80,235	320,235
2038	250,000	73,313	323,313
2039	260,000	65,850	325,850
2040	265,000	57,975	322,975
2041	275,000	49,875	324,875
2042	285,000	41,475	326,475
2043	295,000	32,775	327,775
2044	305,000	23,775	328,775
2045	315,000	14,475	329,475
2046	325,000	4,875	329,875
	$ 5,500,000	$ 2,103,219	$ 7,603,219

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ -	$ 96,256	$ 96,256
2024	115,000	93,597	208,597
2025	115,000	88,278	203,278
2026	120,000	82,844	202,844
2027	125,000	77,178	202,178
2028	125,000	72,959	197,959
2029	130,000	70,250	200,250
2030	135,000	67,434	202,434
2031	140,000	64,513	204,513
2032	140,000	61,538	201,538
2033	145,000	58,509	203,509
2034	150,000	55,375	205,375
2035	155,000	52,134	207,134
2036	160,000	48,788	208,788
2037	165,000	45,334	210,334
2038	165,000	41,828	206,828
2039	170,000	38,163	208,163
2040	175,000	34,281	209,281
2041	180,000	30,288	210,288
2042	185,000	26,066	211,066
2043	190,000	21,613	211,613
2044	195,000	17,041	212,041
2045	200,000	12,350	212,350
2046	205,000	7,540	212,540
2047	215,000	2,552	217,552
	$ 3,800,000	$ 1,266,709	$ 5,066,709

See accompanying auditors’ report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ -	$ 68,119	$ 68,119
2024	80,000	66,269	146,269
2025	85,000	62,453	147,453
2026	85,000	58,522	143,522
2027	85,000	54,591	139,591
2028	90,000	51,669	141,669
2029	90,000	49,756	139,756
2030	95,000	47,791	142,791
2031	95,000	45,772	140,772
2032	100,000	43,700	143,700
2033	100,000	41,575	141,575
2034	105,000	39,397	144,397
2035	110,000	37,113	147,113
2036	110,000	34,775	144,775
2037	115,000	32,313	147,313
2038	115,000	29,725	144,725
2039	120,000	27,081	147,081
2040	125,000	24,325	149,325
2041	125,000	21,434	146,434
2042	130,000	18,406	148,406
2043	135,000	15,259	150,259
2044	140,000	11,994	151,994
2045	140,000	8,669	148,669
2046	145,000	5,284	150,284
2047	150,000	1,780	151,780
	$ 2,670,000	$ 897,772	$ 3,567,772

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
July 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 155,000	$ 306,557	$ 461,557
2024	355,000	299,448	654,448
2025	365,000	287,468	652,468
2026	375,000	275,003	650,003
2027	385,000	262,041	647,041
2028	395,000	251,351	646,351
2029	405,000	242,986	647,986
2030	425,000	234,118	659,118
2031	435,000	224,733	659,733
2032	445,000	214,926	659,926
2033	460,000	204,624	664,624
2034	475,000	193,765	668,765
2035	490,000	182,342	672,342
2036	505,000	170,389	675,389
2037	520,000	157,882	677,882
2038	530,000	144,866	674,866
2039	550,000	131,094	681,094
2040	565,000	116,581	681,581
2041	580,000	101,597	681,597
2042	600,000	85,947	685,947
2043	620,000	69,647	689,647
2044	640,000	52,810	692,810
2045	655,000	35,494	690,494
2046	675,000	17,699	692,699
2047	365,000	4,332	369,332
	$ 11,970,000	$ 4,267,700	$ 16,237,700

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-6. Change in Long-Term Bonded Debt
July 31, 2022

	Bond Issue			
	Series 2020 Road	Series 2021	Series 2021 Road	Totals
Interest rate	1.60% - 3.00%	2.125% - 4.625%	2.125% - 4.625%	
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/22 - 9/1/45	9/1/23 - 9/1/46	9/1/23 - 9/1/46	
Beginning bonds outstanding	$ 5,500,000	$ -	$ -	$ 5,500,000
Bonds issued		3,800,000	2,670,000	6,470,000
Ending bonds outstanding	$ 5,500,000	$ 3,800,000	$ 2,670,000	$ 11,970,000
Interest paid during fiscal period	$ 143,422	$ 40,107	$ 28,383	$ 211,912
Paying agent's name and city				
All	Regions Bank, Houston, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Park Recreational Bonds	Road Bonds
Amount Authorized by Voters	$ 347,000,000	$ 78,800,000	$ 199,500,000
Amount Issued	(3,800,000)		(8,170,000)
Remaining To Be Issued	$ 343,200,000	$ 78,800,000	$ 191,330,000

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 July 31, 2022:	$ 707,122
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 649,508

See accompanying auditors' report.

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Sienna Municipal Utility District No. 6
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Periods

	Amounts				
	2022***	2021	2020	2019**	2018**
Revenues					
Water service	$ 314,177	$ 64,847	$ 49,941	$ 32,961	$ 12,256
Sewer service	358,435	62,812	33,720	14,594	7,973
Property taxes	40,616	32,079	178,403	165664	
Penalties and interest	11,987	1280	329		
Surface water fees	256,450	52,689	47,679	33,820	10,829
Tap connection and inspection	1,376,466	571,874	112,287	17,135	3,550
Fire protection fees	280,940	83,064	52,460	45,924	26,875
Miscellaneous	30,642	5,688	2,300		120
Investment earnings	1,976	346	426	85	58
Total Revenues	2,671,689	874,679	477,545	310,183	61,661
Expenditures					
Current service operations					
Professional fees	152,592	103,195	63,128	21,795	22,361
Contracted services	659,939	366,204	111,232	28,602	88,248
Repairs and maintenance	504,704	88,267	26,156	1,920	11,484
Surface water	260,764	53,300	47,684	34,495	10,829
Administrative	68,217	22,707	19,646	11,509	8,921
Other	40,024	23,750	7,724	3,683	5,789
Intergovernmental					
Master District connection charges	394,229	72,823	41,840	21,903	6,063
Facilities renewal and replacement	25,060	3,483	3,153	2,209	743
Fire protection services	281,758	82,861	52,718	45,924	26,832
Contractual obligations			60,346		
Total Expenditures	2,387,287	816,590	433,627	172,040	181,270
Revenues Over/(Under) Expenditures	$ 284,402	$ 58,089	$ 43,918	$ 138,143	$ (119,609)
Total Active Retail Water Connections	1,077	390	64	N/A	N/A
Total Active Retail Wastewater Connections	1,022	366	53	N/A	N/A

*Percentage is negligible
** Unaudited
*** Fifteen-month period

See accompanying auditors' report.

Percent of Fund Total Revenues				
2022***	2021	2020	2019**	2018**
12%	7%	10%	11%	20%
13%	7%	7%	5%	13%
2%	5%	38%	52%	
*	*			
10%	6%	10%	11%	18%
51%	65%	24%	6%	6%
11%	9%	11%	15%	43%
1%	1%	*		*
*	*	*	*	*
100%	100%	100%	100%	100%
6%	12%	13%	7%	36%
25%	42%	23%	9%	143%
19%	10%	5%	1%	19%
10%	6%	10%	11%	18%
3%	3%	4%	4%	14%
1%	3%	2%	1%	9%
15%	8%	9%	7%	10%
1%	*	1%	1%	1%
11%	9%	11%	15%	44%
		13%		
64%	76%	57%	33%	239%
36%	24%	43%	67%	(139%)

Sienna Municipal Utility District No. 6
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Two Fiscal Periods

	Amounts		Percent of Fund Total Revenues	
	2022***	2021	2022***	2021
Revenues				
Property taxes	$ 799,550	$ 304,748	99%	100%
Penalties and interest	8,542		1%	
Miscellaneous	240	41	*	*
Investment earnings	3,016		*	
Total Revenues	811,348	304,789	100%	100%
Expenditures				
Tax collection services	23,513		3%	
Other	3,280		*	
Debt service				
Interest and fees	203,587	54,183	25%	18%
Intergovernmental				
Contractual obligations	299,338	113,115		
Total Expenditures	529,718	167,298	28%	18%
Revenues Over Expenditures	$ 281,630	$ 137,491	72%	82%

*Percentage is negligible
*** Fifteen-month period

See accompanying auditors' report.

Sienna Municipal Utility District No. 6
TSI-8. Board Members, Key Personnel and Consultants
For the Fifteen-Month Period Ended July 31, 2022

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):	May 17, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Period End
Board Members				
Jason Miller	05/20 - 05/24	$ 2,100	$ 313	President
Ryan Pledger	05/22 - 05/26	2,700	1,397	Vice President
Linda Noyd	05/22 - 05/26	1,800	156	Secretary
Brad Baird	05/22 - 05/26	3,000	1,940	Assistant Secretary
Christina Perry	10/20 - 05/24	1,950	244	Assistant Vice President
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2004			Attorney
General legal fees		$ 136,340		
Bond counsel		196,584		
Si Environmental, LLC	2012	1,113,077		Operator
Municipal Accounts & Consulting, L.P.	2018	56,534		Bookkeeper
Tax Tech, Inc.	2014	12,803		Tax Collector
Fort Bend Central Appraisal District	Legislation	3,353		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2020	1,378		Delinquent Tax Attorney
LJA Engineering, Inc.	2000	106,807		Engineer
McGrath & Co., PLLC	2020	23,600		Auditor
Robert W. Baird & Co. Incorporated	2015	131,762		Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal period.

See accompanying auditors' report.

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

November 15, 2022

Board of Directors
Sienna Municipal Utility District No. 6
Fort Bend County, Texas

In planning and performing our audit of the financial statements of governmental activities and each major fund of Sienna Municipal Utility District No. 6 (the "District"), as of and for the year ended July 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal controls exists when the design or operation of a control does not allow management, in the normal course of performing their assigned functions, to prevent, detect or correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

The District's management consists of an elected Board of Directors (the "Directors"). Day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants; however, although the Consultants can be part of the District's system of internal control, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

Material Weaknesses

We observed the following matters that we consider to be material weaknesses:

- As is common within the system of internal control of most small organizations, the accounting function of the District does not prepare the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. This could result in the District's financial statements and related note disclosures not fully or accurately presenting the District's financial position and changes in financial position during the fiscal year in conformity with accounting principles generally accepted in the United States of America.

- During the course of performing an audit, it is not unusual for the auditor to prepare various journal entries to present the financial statements on both the fund basis and the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments could result in misstatements in the District's financial statements.

- The District's Management relies on the District's auditor to prepare the capital asset schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function could result in the understatement or overstatement of capital assets and due to developer on the District's *Statement of Net Position* or an error in the amount reported as depreciation/amortization expense in the *Statement of Activities*.

Management's Response

The District's financial statements have been prepared in a manner that is consistent with prior years. The Board engages a bonded bookkeeper who possesses industry knowledge and expertise, including a concentration in special districts accounting. The Board also engages a financial advisor and tax assessor/collector who possess industry knowledge and expertise, as well as legal and professional engineering services. The Board has consulted with its independent auditor concerning this "management letter" and the auditor does not recommend any change in the Board's bookkeeping or audit procedures at this time. To the best of its knowledge, the Board conducts the District's business affairs in the same manner as other similarly situated special districts, and, based on the recommendations of its auditor, does not believe that the addition of an employee to oversee the monthly and annual financial reporting process or to prepare financial statements or that undertaking an additional annual audit is necessary or cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

McGrath & Co, PLLC

McGrath & Co., PLLC-CPAs
Houston, Texas

ANNUAL FINANCIAL REPORT

Of

Legal Name of District or Authority:	Sienna Municipal Utility District No. 7
For the Fiscal Year Ended:	07/31/2022
Preparer:	Kaye Trenary
Title:	Bookkeeper
Date:	9/6/22
Telephone Number: (AC)	(937) 756-1644

611 Longmire Rd	Conroe, TX	77304-1818
District's Mailing Address	**City, State**	**Zip Code**

AUDIT REPORT EXEMPTION

Texas Water Code §49.198. AUDIT REPORT EXEMPTION (effective September 1, 2011)

§49.198(a) A district may elect to file annual financial reports with the executive director in lieu of the district's compliance with Section 49.191 provided:

§49.198(a)(1) The district had no bonds or other long-term (more than one year) liabilities outstanding during the fiscal period;

§49.198(a)(2) The district did not have gross receipts from operations, loans, taxes, or contributions in excess of $250,000 during the fiscal period; and

§49.198(a)(3) The district's cash and temporary investments were not in excess of $250,000 during the fiscal period.

§49.198(b) The annual financial report must be accompanied by an affidavit attesting to the accuracy and authenticity of the financial report signed by a duly authorized representative of the district.

§49.198(c) The annual financial report and affidavit in a format prescribed by the executive director must be on file with the executive director within 45 days after the close of the district's fiscal year.

§49.198(d) Districts governed by this section are subject to periodic audits by the executive director.

If the accompanying financial statements are compiled by a certified public accountant, see SSARS-1 and SSARS-7 for the applicable standards for reporting on compiled financial statements.

FILING AFFIDAVIT

To: Texas Commission on Environmental Quality

Under the penalties of perjury, I certify that I have inspected the attached balance sheet, statement of receipts and disbursements, including the accompanying schedules and statements, and to the best of my knowledge and belief, they are a true, correct, and complete representation of the financial condition of:

Sienna Municipal Utility District No. 7 as of
(Name of District)

07/31/2022 I also certify that the above district has complied in full
(Date of Fiscal Year End)

with all filing of audits, affidavits, and financial reports requirements of Section 49.194 of the Texas Water Code by filing copies of this Annual Financial Report in the district's office, located at:

611 Longmire Rd, Conroe, TX, 77304
(Address of District)

Kaye Trenary, Bookkeeper
(Typed Name and Title)

Kaye Trenary
(Signature of Affiant) *(Date)*

Subscribed and Sworn to before me by this 7th day of September

2022 In and For Montgomery County, Texas

Sandra M LePere 6-22-2024
(Typed Name of Notary) *(My Commission Expires On)*

SANDRA MCGRANE LEPERE
Notary Public, State of Texas
Comm. Expires 06-22-2024
Notary ID 132531919

District Name:

MISCELLANEOUS DISCLOSURES AND MAILING INFORMATION

as of the District's Fiscal Year-End

A. **Disclosures to comply with Rule 30 TAC 293.95(b)**

(1) Was there any developer activity to prepare for residential or commercial development? "Developer activity" means construction performed or actions taken in preparation for construction (i.e., plans, permits) to provide services for or access to present or future residential or commercial water, sewer or drainage facilities. ☒ Yes ☐ No

If yes, have payments for these facilities been made by (an) other party (ies) on behalf of the district? ☐ Yes ☒ No

These payments are estimated to cumulatively be:

Cost	Amount
Organization Costs	$ 348,850
Construction Costs	$ 133,660
Administration Cost	
Total Costs	$ 482,510

(2) Was the Board aware of any other types of contingent or actual liabilities (e.g., claims, lawsuits) which are not disclosed elsewhere in this report? ☐ Yes ☒ No

If yes, explain:

B. **Disclosures to comply with V.T.C.A. Water Code §49.054(e) and §49.455(j).** The Texas Commission on Environmental Quality must be notified of any changes in boundaries, board members, board terms, and addresses. Guidance for filing this information and a District Registration Form may be obtained by calling 512-239-4691.

C. **Additional Information.**

This report should be sent to:

District Creation Review Team,
MC-152
Texas Commission on Environmental Quality
P.O. Box 13087 Austin, TX 78711-3087

Phone Number: 512-239-4691
Fax Number: 512-239-6190

BALANCE SHEET – CASH BASIS

Asset Type	Amount
Cash on Hand	
Cash in Bank (Schedule A)	$ 13,608
Investment (Schedule B)	$ 0
Total Cash and Investments[i]	$ 13,608
Accrued Interest Receivable – Optional (Schedule B)	
Inventory	
General Fixed Assets	
Other Assets	
(Explain):	
Total Assets:[ii]	$ 13,608

LIABILITIES AND EXCESS	Amount
Notes Payable	
Refundable Deposits	
Developer Advances	
Other Liabilities	
(Explain):	
Total Liabilities	$ 0
Excess Assets Over Liabilities	$ 13,608
Total Liabilities and Excess[iii]	$ 13,608

Note to Preparer:

---

[i] "Total Cash and Investments" must equal "Cash and Investments – End of Year "on the Statement of Receipts and Disbursement", page 5.
[ii] Must equal "Total Liabilities and Excess"
[iii] Must equal "Total Assets"

STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS

Receipts	Amount
Service Revenues	
Tax Receipts	
Penalty and Interest Received	
Interest Received on Investments	
Loans or Advances	$ 94,444
All Other Receipts	
(Explain):	
Total Receipts	$ 94,444

Less Disbursements	Amount
Purchased Services for Resale	
Payroll	$ 1,800
Legal, Accounting, or Contract Service	$ 18,388
Supplies and Materials	
Maintenance	
Note Payments and Repayment of Advances	
All other Disbursements (Schedule C)	$ 73,719
Total Disbursements	$ 93,907
Excess of Receipts Over (under) Disbursements	$ 537
Cash and Investments - Beginning of Year	$ 13,071
Cash and Investment - End of Year (see Note 1 Page 4)	$ 13,608

Note to Preparer: In addition to all disbursements related to the purchase of consumable supplies and materials, certain assets of insignificant value may be considered consumable and accordingly recognized under the account classification "Supplies and Materials." Please refer to Explanation of Terms, General Fixed Assets, pages 7 and 8 of this report, for additional clarification.

SCHEDULE A 1 – CASH IN BANK[i]

Name of Bank	Account Number	Purpose of Account	Balance
Central Bank	6,026,672	Checking	$ 13,608
		TOTAL	$ 13,608

SCHEDULE B – INVESTMENTS[ii]

Type of Investment	Name of Bank	Certificate Number	Interest Rate	Maturity Date	Principal Balance	(Optional) Accrued Interest
			0.00%			
			0.00%			
			0.00%			
			0.00%			
				TOTALS		

SCHEDULE C – SCHEDULE OF ALL OTHER DISBURSEMENTS[iii]

Description of Disbursements[iv]	Amount
Payroll Administration & Tax	$ 1,449
Printing & Office Supplies, Delivery Expense, & Postage	$ 1,202
Insurance Surety & Bond	$ 3,019
Master District Debt Payment	$ 64,569
Bank Fees	$ 1,033
Miscellaneous Expense	$ 3,308
TOTAL	$ 73,719

[i] Please refer to Explanation of Terms, Cash in Bank, page 7 of this report, for proper reporting.
[ii] Please refer to Explanation of Terms, Investments, page 8 of this report, for proper reporting of "Principal Balance" and "Accrued Interest."
[iii] Please refer to Explanation of Terms, All Other Disbursements, page 7 of this report, for proper reporting of "All Other Disbursements."
[iv] A description should be given for each type of transaction and the amount of payments attributable to this type of disbursement. It may not be necessary to list each transaction separately.

EXPLANATION OF TERMS

All Other Disbursements - This classification should be used only for payments, which cannot be classified properly in the six remaining accounts listed on the Statement of Receipts and Disbursements. Schedule C, page 6, should be completed for any report, which utilizes the "All Other Disbursements" classification.

Cash Basis - The financial statements contained in this report are to be prepared on the cash basis of accounting. They are not intended to be in conformity with Generally Accepted Accounting Principles (GAAP). Only transactions involving the exchange of cash should be included in these statements. No liabilities should be recorded unless they arise from the transfer of money. Exceptions to this rule are listed in "Investments" and "General Fixed Assets" below. Receipts and disbursements should not be recorded until payment is made. For the purpose of the Statement of Receipts and Disbursements, movement of funds between checking accounts and investments should not be considered as receipts or disbursements.

Cash on Hand - Petty cash, checks, money orders, and bank drafts not on deposit.

Cash in Bank - (From Schedule A) - Cash deposited in the district's checking account(s). The reserves, restrictions, or limitations as to its availability should be so stated. The total amount shown on Schedule A must reflect the reconciled balance as of the fiscal year end and reported under the account classification "Cash in Bank" on the Balance Sheet.

Developer Advances - Amounts owed to a developer for cash placed in the district's account or otherwise paid to the district. However, amounts payable to a developer for which repayment is contingent upon a bond sale (or some other event) should not be included as a liability of the district. Please see the Miscellaneous Disclosures, page 3 of this report, for disclosure of these contingent liabilities.

Disbursements - All transactions involving the disbursement of the district's fund should be included in the disbursements section. Payments made on behalf of the district by a third party should not be listed as a disbursement for the purpose of this statement. See the Miscellaneous Disclosures, page 3, of this report, for disclosures of these payments.

Excess Assets Over Liabilities - The difference between "Total Assets" and "Total Liabilities." If liabilities exceed assets, this number should be shown as a negative amount.

General Fixed Assets - A fixed asset is one which the cost exceeds $50 and has a productive life longer than one year. "Fixed" denotes the intent to continue use or possession; it does not indicate the immobility of the asset. An asset of cost not in excess of $50 should be considered consumable and accordingly recognized under the account classification "Supplies and Materials" on the Statement of Receipts and Disbursements. A fixed asset purchased through the issuance of a short-term note payable should be reported as an asset at its full cost even though no cash transaction may have taken place. Likewise, the corresponding note payable should be reported in the liability section of the Balance Sheet. Fixed assets donated to the district by a developer should be included as "General Fixed Assets" on the Balance Sheet. However, no amounts should be recorded on the Statement of Receipts and Disbursements for this type of transaction. The Credit offset to the fixed asset will be included in "Excess Assets over Liabilities" on the Balance Sheet.

Investments (From Schedule B) - List the types of investments (certificates of deposit, savings accounts, securities) which generate income in the form of interest. This should not include any amounts listed on Schedule A as "Cash in Bank." The total amount shown on Schedule B for "Principal Balance" must be reported under the account classification "Investments" on the Balance Sheet. At the option of the preparer, any interest earned on investments but not yet received may be reported as "Accrued Interest" on Schedule B and in the Asset section of the Balance Sheet. Under no circumstance should accrued interest be included in "Interest Received on Investments" under "Receipts" on page 5. "Interest Received on Investments" should include only amounts actually received during the fiscal year.

Inventories - The cost of materials and other items purchased for use during the fiscal year by which are not completely consumed by the end of the fiscal year.

Notes Payable - The total outstanding principal of short-term loans, which mature within one year of their issuance.

Other Liabilities - Only liabilities arising from the receipt of cash which cannot be properly classified in one of the other liability accounts should be listed in this classification along with a brief explanation of this liability. Accounts payable, accrued interest, and contracts payable should not be listed as liabilities in this report.

Receipts - All transactions involving the receipt of cash during the fiscal year should be included in the Receipts section. Only those amounts actually received during the fiscal year should be included. Amounts received for which repayment is contingent upon a bond sale (or some other event) should be included here. (See "Developer Advances" above for treatment of the contingent liability.)

Refundable Deposits - This amount reflects a liability arising from the receipt of deposits from customers, which will be refunded to the customer at some future date, based on the terms and conditions of the deposit agreement.

Rounding Instructions - Please round to the nearest whole dollar amount. For example:

$467.50 should be rounded up to $468 and $3,678.49 should be rounded down to $3,678.

APPENDIX C

MASTER DISTRICT CONTRACT

CONTRACT FOR CONSTRUCTION, FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH REGIONAL FACILITIES

CONTRACT FOR CONSTRUCTION,
FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH
REGIONAL FACILITIES

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Page

CONTRACT FOR CONSTRUCTION,
FINANCING, OPERATION, AND MAINTENANCE OF SIENNA SOUTH REGIONAL FACILITIES

THE STATE OF TEXAS	§
	§
COUNTY OF FORT BEND	§

This Contract (hereinafter called "this Contract") made and entered into as of the 13th day of May, 2013, by and between:

(1) SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 (hereinafter called the "Master District"), a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, organized as a municipal utility district by Order of the Texas Commission on Environmental Quality and Article XVI, Section 59, and Article III, Section 52, Texas Constitution, and operating under the provisions of Chapters 49 and 54, Texas Water Code, as amended; and

(2) SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 (hereinafter called the "District"), a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, organized as a municipal utility district by Order of the Texas Commission on Environmental Quality and Article XVI, Section 59, and Article III, Section 52, Texas Constitution, and operating under the provisions of Chapters 49 and 54, Texas Water Code, as amended.

W I T N E S S E T H:

RECITALS

The Master District is one of several conservation and reclamation districts that have been or will hereafter be created and organized in the Brazos River Basin in the extraterritorial jurisdiction of Missouri City, Texas (the "City"), Texas to provide water, sewage, drainage, park, road, and other facilities and services. The Master District, as set forth herein, has assumed the responsibility of becoming the coordinating district to provide the water supply and distribution, sewage collection and treatment services, road utility services park services, fire protection services and other services and facilities permitted by law for the area, as described by metes and bounds on **Exhibit "A"** (the "Service Area"), in order to encourage regionalization and to avoid duplication of lines and facilities in the Service Area.

The Master District and the District have agreed to contract in such a manner that the Master District will be able to provide, as herein described, to all districts within the Service Area the Master District Facilities, as defined herein, and service through such facilities, and other facilities and services as permitted by law. The Master District intends to serve the entire Service Area, and provide such services in such a manner as to promote the orderly development of the Service Area. The Master District intends to enter into contracts substantially identical to this Contract with all municipal utility districts located within the Service Area, and shall undertake to perform its obligations and exercise its rights under all such contracts in a manner which does not unfairly discriminate against the District.

The Board of Directors of the District has determined to contract with the Master District to provide, receive, and transport its water supply through the Master District's Water Supply System and Water Delivery System and to transport, treat or cause to be treated, and dispose of or cause to be disposed of all waste collected by the District's Sanitary Sewage Collection System. The Master District and the District are authorized to enter into this contract pursuant to Texas Water Code, as now or hereafter amended. The Master District and District are authorized to enter into this contract pursuant to Texas Water Code, Chapters 30, 49, and 54, as now or hereafter amended.

The Master District has completed or will complete all of the necessary preliminary engineering studies to determine the location of water plants and sewage treatment plants, and the location and size of trunk lines and mains to provide for the delivery of water, the transportation of wastes, and the collection of water, and has completed preliminary layouts for the Water Supply System, the Master District's Water Delivery System, the Master District's Sanitary Sewage Collection System, the Waste Disposal System, the Master District's Park Facilities, and the Master District's Road Facilities. These plans are available in the office of the Master District's engineer and constitute the Master District Facilities plans until such time as these plans are amended by the Master District. The Master District intends to enter into a Utility Services Agreement with Sienna Plantation Municipal Utility District No. 1 ("MUD No. 1) whereby MUD No. 1 will assume ownership and operation of the Master District Water Supply System, Water Delivery System, the Master District Sanitary Sewage Collection System, and the Master District Permanent Waste Disposal System. The Master District will also enter into a Maintenance Agreement with Sienna Plantation Levee Improvement District (the "LID") whereby the LID will own and maintain any regional stormwater facilities constructed by the Master District. The Master District will be a member of the City's Groundwater Reduction Program.

The Master District will own and operate the Interim Waste Disposal System. In addition, the parties intend for the Master District's Road Facilities to be conveyed to Fort Bend County for ownership and operation until such time as the Districts are annexed by the City.

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations and benefits in this Contract, the Master District and the District contract and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.1: Definitions. Unless the context requires otherwise, and in addition to the terms defined above, the following terms and phrases used in this Contract shall have the meanings set out below:

(A) The term "Authorized Investments" shall mean all investments which the District is authorized to make by the laws of the State of Texas currently existing and as may exist during the term of this Contract.

(B) The term "Capital Costs" shall include, with respect to any of the Master District Facilities, all costs attributable to acquisition or construction; the cost of constructing, acquiring, leasing, equipping, modernizing, improving, and upgrading; the cost of the acquisition of interests in real property and easements and permits; the cost of preparing plans, specifications, and inspecting construction; the cost of acquiring necessary permits; the fiscal, legal, advertising, engineering, and material testing costs; interest on sums advanced to or on behalf of the Master District by developers, Participants, or other persons to finance the foregoing; and all other costs and expenses relating to the foregoing.

(C) The term "Certified Appraised Value" means the appraised value subject to taxation as certified by the Fort Bend Central Appraisal District (or any successor as provided by law which provides such services) each year during the term of this Contract, plus an amount equal to the total values exempted from current year taxation by a Participant (1) by virtue of any optional exemption or special appraisal or valuation granted or adopted by a Participant, and (2) by virtue of a landowner claiming any optional exemption or special appraisal or valuation due to the use of the land for agricultural, open-space, timberland, or other similar uses, as such values are shown on the records of the Fort Bend Central Appraisal District, whether such optional exemption or special appraisal or valuation is provided by law now or in the future.

(D) The term "Commercial Connection" means any connection other than a Residential Connection.

(E) The term "Commercial Waste" means the liquid and water-carried waste discharged from commercial processes or any other non-domestic processes (as distinct from domestic sewage from commercial establishments) and from industries identified in the Standard Industrial Classification Manual, Office of Management and Budget, 1987, as now and hereafter amended or supplemented, under any category other than "Division D -- Manufacturing," and such other waste as the Master District deems appropriate (other than domestic sewage).

(F) The term "Commission" means the Texas Commission on Environmental Quality, or any successor or successors exercising any of its duties and functions.

(G) The term "Connection" means a structure, unit, or tap which has water and/or sanitary sewer facilities connected to the District's Water System and/or the District's Sanitary Sewage System. One Connection is deemed to be the equivalent of a Single Family Residential Connection and uses 455 gallons per day of Potable Water and discharges 320 gallons per day of Sewage or as re-rated by the TCEQ; or an Irrigation Connection as defined herein.

(H) The term "Debt Service Fund" means the fund so designated which the Master District is required to create pursuant to Sections 6.1 and 6.4 of this Contract.

(I) The term "Debt Service Requirements" means (a) the principal, interest, and redemption requirements (whether optional or mandatory) of the Master District Bonds issued in accordance with the provisions of Article III; (b) charges and expenses of paying agents, registrars, and trustees utilized in connection with such bonds; and (c) all amounts required to establish and maintain funds established under the resolution(s) or indenture(s) of trust authorizing the issuance of Master District Bonds.

(J) The term "District" is defined on page 1 hereof and shall include any other municipal corporation, public body or other public agency at any time succeeding to the property and principal rights, powers, and obligations of the District and, where appropriate, means the Board of Directors or governing body of the District or any successor municipal corporation, public body, or public agency.

(K) The term "District's Pro Rata Share" means the percentage determined by the following formula:

District's Certified Appraised Value Cumulative total of the Certified Appraised Value of all Participants (including the District and Master District)	=	District's Pro Rata Share

(L) The term "District's Sanitary Sewage Collection System" means the sanitary sewage collection system constructed or acquired or to be constructed or acquired by or on behalf of the District, including the sanitary sewers (but excluding storm sewers), manholes, intercepting sewers, lift stations, pumping works, and all other plants, works and equipment within and without the District for the collection and transportation of Waste to the Master District's Sanitary Sewage Collection System, together with all extensions thereof and additions thereto.

(M) The term "District's Storm Sewer System" means all or any part of the drainage facilities comprising the storm sewer system constructed or acquired or to be constructed or acquired by or on behalf of the District, including all facilities within and without the District for the collection, detention, storage, and transportation of storm waters to the Master District's Storm Sewer System, together with all extensions thereof and additions thereto.

(N) The term "District's Park System" means the park and recreational facilities now owned or to be constructed or acquired by the District, including all equipment and related facilities inside and outside the District.

(O) The term "District's Water Delivery System" means all or any part of the equipment constructed or acquired or to be constructed or acquired by or on behalf of the District to receive water from the Master District's Water Delivery System, including water mains, trunks, pumping works, realty, and permit rights for the delivery of Potable Water to each Single Family Residential Connection or Commercial Connection. If, pursuant to Section 8.6, the Master District authorizes the District to construct Reuse Water Facilities, then the term also includes Reuse Water Facilities internal to the District that serve only development within the District.

(P) The term "General Fund" shall mean the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.3 of this Contract.

(Q) The term "Industrial Waste" means the liquid and water-carried waste from industries identified in the Standard Industrial Classification Manual, Office of Management and Budget, 1987, as now or hereafter amended or supplemented, under the category "Division D -- Manufacturing," and such other similar waste which may be harmful to the Waste Disposal System or cause excessive treatment costs or be deemed industrial waste by any Regulatory Requirements.

(R) The term "Infiltration Water" means water which leaks into a public sanitary sewer system.

(S) The term "Interim Waste Disposal Facilities" means the .6 mgd interim package plant(s) (or expanded if approved by the City) leased or purchased by the Master District located in the Service Area to serve the Districts.

(T) The term "Irrigation Connection" means a connection serving an assembly of component parts that is permanently installed for the controlled distribution and conservation of water to irrigate any type of landscape vegetation in any location, and/or to reduce dust or control erosion. This term does not include a system that is used on or by an agricultural operation as defined by Texas Agricultural Code section 251.002.

(U) The term "MUD No. 1 Facilities" means the Master District's Sanitary Sewage Collection System, Master District's Storm Sewer System, Master District's Water Delivery System, Water Supply System and Permanent Waste Disposal System hereafter conveyed by the Master District to MUD No. 1 pursuant to the Master District Utility Agreement. The term does not include (i) the Master District Interim Waste Disposal Facilities; or (ii) Reuse Water Facilities.

(V) The term "Maintenance Agreement" means the Maintenance Agreement between the Master District and the LID that provides for the ownership and operation by the LID of the Master District Storm Sewer System and any other facilities for stormwater detention.

(W) The term "Master District Bonds" means, collectively, the Master District Water, Sewer, and Drainage Bonds, the Master District Park Bonds, the Master District Fire Bonds and the Master District Road Bonds.

(X) The term "Master District Facilities" means the Master District's Sanitary Sewage Collection System, the Master District's Storm Sewer System, the Master District's Water Delivery System, the Water Supply System, the Waste Disposal System; the Master District's Park Facilities, the Master District's Road

Facilities, the Master District Fire Facilities, and such other facilities the Master District is permitted by law to provide, the plans for all of which may be amended from time to time by the Master District.

(Y) The term "Master District Fire Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District Fire Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(Z) The term "Master District Fire Facilities" means the fire department substation facility and equipment to be constructed pursuant to the Development Agreement to serve the Sienna Central and Sienna South Service Areas and Chapter 49 the Water Code.

(AA) The term "Master District Park Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Park Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(BB) The term "Master District's Park Facilities" means the park and recreational facilities constructed or acquired or to be constructed or acquired by or on behalf of the Master District (including, without limitation, parks, greenbelts, recreational equipment, benches, landscaping, amenity portions of detention ponds, amenity lakes, amenity ditches or creeks, fountains, ball fields, irrigation, fencing, groundwater wells used for lake filling purposes, trails, and related appurtenances and facilities, save and except internal facilities which serve only development within the Master District).

(CC) The term "Master District Road Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 52 of Article III, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Road Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(DD) The term "Master District's Road Facilities" means the macadamized, graveled, or paved roads, or improvements, including storm drainage, in aid of those roads, as permitted by Art. III, Section 52, Texas Constitution, that serve the Service Area constructed or acquired or to be constructed or acquired by or on behalf of the Master District.

(EE) The term "Master District's Sanitary Sewage Collection System" means the sanitary sewage collection system constructed or acquired or to be constructed or acquired by or on behalf of the Master District including the trunk or main sanitary sewers (but excluding storm sewers), manholes, intercepting sewers, lift stations, pumping works and all other plants, works, and equipment within and without the Master District for the collection and transportation of Waste of the Participants to the Waste Disposal System, together with all extensions, enlargements, and modifications thereof and additions thereto, save and except internal facilities which serve only development within the Master District. The Master District's Sanitary Sewage Collection System includes any appurtenances or facilities used in connection therewith, such as laboratories, water quality monitoring stations, and similar equipment and facilities.

(FF) The term "Master District's Storm Sewer System" means all or any part of the drainage facilities for the collection and conveyance of storm waters from the Participants under this Contract or similar contracts, constructed or acquired or to be constructed or acquired by or on behalf of the Master District, within or without the Master District, together with extensions thereof and additions thereto, save and except internal facilities which serve only development within the Master District.

(GG) The term "Master District's Water Delivery System" means all or any part of the equipment for the delivery of Potable Water to Participants under this Contract or similar contracts, constructed or acquired or to be constructed or acquired by or on behalf of the Master District, including water mains and trunks, pumping works and storage facilities, together with extensions thereof and additions thereto, save and except internal facilities which serve only development within the Master District. The term also includes Reuse Water Facilities.

(HH) The term "Master District Water, Sewer, and Drainage Bonds" means bonds or other evidences of indebtedness authorized under the Constitution and laws of the State of Texas, particularly Section 59 of Article XVI, Constitution of Texas, issued by or on behalf of the Master District which, together with the interest thereon, are to be paid from payments to be made pursuant to this Contract and other similar contracts and which have been issued to acquire funds to design, acquire, construct, lease, equip, modernize, repair, improve or complete the Master District's Water, Sewer, and Drainage Facilities or any enlargements, expansions, repairs or upgrades thereof or modifications thereto which are necessary to meet any future Regulatory Requirements of any agency having jurisdiction thereof; and bonds issued to refund or refinance any such bonds or other evidences of indebtedness issued by or on behalf of the Master District.

(II) The term "Master District's Water, Sewer, and Drainage Facilities" means, collectively, the Master District's Sanitary Sewage Collection System, the Master District's Storm Sewer System, the Master District's Water Delivery System, the Water Supply System, and the Waste Disposal System.

(JJ) The term "Monthly Charges" means the rates, fees, charges, surcharges, tariffs, and related terms and conditions established by the Master District from time to time for Services pursuant to Article V of this Contract.

(KK) The term "Operation and Maintenance Expenses" means all costs and expenses (excluding depreciation) incurred in or allocable to the operation and maintenance of the Master District Facilities, including, without limitation, wages and salaries, chemicals, the purchase and carrying of stores, materials, and supplies, measuring meters, power, supervision, expenses of directors' meetings attributable to performing the duties of the Master District under this Contract, engineering, testing, audits of all Master District funds, waste disposal charges or assessments, claims, insurance for property damage and tortious or contractual liability, contractual payments to persons for water (including surface water), water treatment, or sewage treatment services (including, without limitation, contractual payments for principal, interest, and redemption price on bonds issued by other persons for the purpose of acquiring facilities to provide water (including surface water), water treatment, or sewage treatment services to the Master District, which bonds may be issued at any rate or rates of interest authorized by the issuer of said bonds, provided that the net effective interest rate on any issue or series of said bonds shall not exceed the maximum legal limit in effect at the time of issuance of each such issue or series); or for the operation and maintenance of the Master District Facilities, and all other items and expenses of a like or different nature reasonably required or desirable for the efficient maintenance and operation of the Master District Facilities in full compliance with all Regulatory Requirements and the performance of the provisions of this Contract; repairs and replacements of damaged, worn-out or obsolete parts; improvements and betterments to maintain or to cause to be maintained the Master District Facilities in proper operation to render adequate service and to comply fully with all Regulatory Requirements; the legal liability of the Master District to pay money arising from an arbitration award or court decision creating a judgment against the Master District related to the construction, acquisition, operation, maintenance, and financing of the Master District Facilities pursuant to this Contract; and the general and administrative expenses of the Master District allocable to the Master District Facilities.

(LL) The term "Park Construction Charge" means the payment made by each Participant, including the District and the Master District, of its pro rata share of the Master District's then estimated Capital Costs of the Master District's Park Facilities. Calculation of the Park Connection Charge is provided for in Section 2A.3 of this Contract.

(MM) The term "Park Construction Fund" means the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.7 of this Contract.

(NN) The term "Participant" means any district which is included in the Service Area, including the District and the Master District itself, which is served by the Master District Facilities.

(OO) The term "Person" means any individual, public or private corporation, district, authority, political subdivision or other agency or entity of the State of Texas or the United States of America; the State of Texas; the United States of America; any incorporated MUD No. 1, town or village, whether operating under general law or under its home-rule charter; and any co-partnership, association, firm, trust, estate or any other entity whatsoever.

(PP) The term "Potable Water" shall mean water that meets federal and state standards for consumption by humans.

(QQ) The term "Projected Total Connections" means the total number of Commercial Connections and Residential Connections expected to be connected to the District's Water Supply SystemSystem once all construction and development in the District is complete.

(RR) The term "Regulatory Requirements" means the requirements and provisions of any state or federal law, and any permits, rules, orders, or regulations issued or adopted from time to time by any state, federal, or other regulatory authority having jurisdiction concerning drinking water standards, water quality standards, Sewage, or the collection, treatment, and discharge of Waste, wastewater or effluent, or otherwise having jurisdiction over the Master District Facilities, including without limitation, jurisdiction obtained by virtue of the acceptance of grants by the Master District or others to finance Capital Costs of the Master District Facilities.

(SS) The term "Reserve" means an operation and maintenance reserve in the General Fund equivalent to three (3) months of Operation and Maintenance Expenses, which the Master District is required to establish and maintain pursuant to Section 5.1.

(TT) The term "Residential Connection" means a structure designed for single family residential use which has sanitary conveniences and which is connected to the District's Water Supply System and/or Sanitary Sewage Collection System.

(UU) The term "Reuse Water" means Waste that has been treated to a quality suitable for a beneficial use (for example, without limitation, for irrigation or filling of lakes).

(VV) The term "Reuse Water Facilities" means lines and facilities (including, without limitation, storage tanks, pumps, wetwells, and pressurization tanks) to store, pressurize, convey, and/or deliver Reuse Water. The term also includes any facilities (including, without limitation, filtration devices or equipment) used to treat any Reuse Water after the Reuse Water: (i) is removed from the Master District's Sanitary Sewer System, and/or (ii) leaves any waste disposal system.

(WW) The term "Road Construction Charge" means the payment made by each Participant, including the District and the Master District, of its Pro Rata Share of the Master District's then estimated Capital Costs of the Master District's Road Facilities. Calculation of the Road Construction Charge is provided for in Section 2A.3 of this Contract.

(XX) The term "Road Construction Fund" means the fund so designated which the Master District is required to create pursuant to the provisions of Sections 6.1 and 6.6 of this Contract.

(YY) The term "Service Area" means that territory or area depicted and outlined on **Exhibit "A"** hereto, unless modified pursuant to Section 11.17 hereof.

(ZZ) The term "Services" means any or all of the water supply and delivery, sanitary sewage collection and disposal, storm water drainage and detention services, road services, and park services furnished or made available by the Master District Facilities including supply, treatment, and transportation of Potable Water and Reuse Water, collection, transportation, treatment, and disposal of Waste, the collection, detention, transportation, and drainage of storm waters, the provision of park services, road services, and any other services permitted by law.

(AAA)The term "Sewage" means the liquid and water-carried waste discharged from sanitary conveniences of dwellings and buildings connected to a public sanitary sewer system.

(BBB) The term "Single Family Residential Connection" means a structure designed for residential use by a single family unit and which has sanitary facilities which are or will be connected to the District's Water Supply System and/or Sanitary Sewage Collection system.

(CCC) The term "Utility Agreement" means that certain contract between the Master District and MUD No. 1 that provides for the financing, construction and operation of the water and wastewater facilities, to serve the Participants.

(DDD) The term "Waste" means Sewage, Commercial Waste, and Industrial Waste collected by a public sanitary sewer system, together with such Infiltration Water as may be present.

(EEE) The term "Permanent Waste Disposal System" means all or any part of disposal system(s) or disposal facilities whether or not physically interconnected, now owned or to be constructed or acquired or provided by the Master District or MUD No. 1 for treating and disposing of Waste collected by the Sanitary Sewage Collection System(s) of the Master District, the District and/or any other Person, a diversion line or lines constructed to transport Waste, or facilities and any interest in real estate, and any permit rights acquired in connection with such disposal systems or facilities; together with such extensions, enlargements and modifications as may be required in the future or as may be necessary to comply with any present or future Regulatory Requirements; all or any part of any disposal system or systems (whether or not on such site or physically interconnected) from which Services are or will be furnished or made available to or by the Master District and/or to the District (or to the District and/or other customers), including any appurtenances or facilities used in connection therewith, such as laboratories, water quality monitoring stations, and similar equipment and facilities; and further includes all or any part of any contract rights of the Master District under contracts between the Master District and other Persons for Services.

(FFF) The term "Waste Disposal System" means the Interim Waste Disposal Facilities and the Permanent Waste Disposal System.

(GGG) The term "Water, Sewer, and Drainage Construction Fund" means the fund so designated which the Master District is required to create pursuant to Sections 6.1 and 6.5 of the Contract.

(HHH) The term "Water Supply System" means all or any part of the water wells and equipment and surface water conveyance and treatment facilities for producing Potable Water which are constructed or acquired or are to be constructed or acquired by or on behalf of the Master District to provide Potable Water to the Participants, and further includes any appurtenances or facilities used in connection therewith, including reservoirs, water treatment facilities, contract rights, water rights, permit rights, interests in realty, and all storage facilities, including elevated storage tanks.

Section 1.2: Table of Contents, etc. The table of contents, titles and headings of the articles and sections of this Contract have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Contract or any provision hereof or in ascertaining intent, if any question of intent should arise. Unless the context otherwise requires, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

Section 1.3: Interpretations. This Contract and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of this Contract. The parties agree that this Contract shall not be construed in favor of or against either party on the basis that the party did or did not author the Contract. Nothing in this Contract shall be construed to violate any state or federal statutory provision or any provision of the state or federal Constitutions and all acts done pursuant to this Contract shall be performed in such manner as to conform thereto whether expressly provided or not.

ARTICLE II

MASTER DISTRICT FACILITIES TO SERVE DISTRICT

Section 2.1: General Statement. Subject to the provisions hereof, the Master District plans to acquire, construct, and extend the Master District's Facilities in stages to meet the needs of a continually expanding population within the District and other areas within the Service Area. The Master District plans to cause the Master District's Water, Sewer, and Drainage Facilities (except the Interim Waste Disposal Facilities) and the Master District's Park Facilities to be conveyed to MUD No. 1 for MUD No. 1 to own, operate and maintain such facilities to serve the Service Area. The Master District plans to cause the Master District's Road Facilities to be conveyed to Fort Bend County to own, operate and maintain such roads. The Master District intends to own and maintain the Master District Park Facilities until such time as the Districts are annexed by the City. Notwithstanding any provisions of this Agreement to the contrary, the Master District, in its sole discretion, may determine whether or when to design, construct, or acquire any of the Master District's Park Facilities or the Master District's Road Facilities and the method of financing therefor.

The Master District intends to finance the Capital Costs of the Master District Water, Sewer and Drainage Facilities, the Master District Fire Facilities, the Master District Park Facilities and Master District Road Facilities. The Master District also intends to pay the Capital Costs of the Master District's Park Facilities from Park Construction Charges financed by each Participant to the Master District.

Section 2.2: Utility Agreements. The Master District has or will enter into a Utility Agreement with MUD No. 1 whereby MUD No. 1 will own and operate the water and permanent wastewater facilities in the Service Area and provide water supply and permanent wastewater treatment to land in the Service Area. MUD No. 1 is not expected to own or operate the Master District's Park Facilities, the Master District's Road Facilities, the Interim Waste Disposal Facilities, or the Reuse Water Facilities. The provisions of this Contract that relate to the operation and maintenance of MUD No. 1 Facilities shall only be effective: (i) upon a default by MUD No. 1 of its obligation to operate the MUD No. 1 Facilities and the Master District's assumption of that obligation; (ii) if MUD No. 1 has not accepted for ownership, or otherwise does not own, any portion of the MUD No. 1 Facilities; and/or (iii) if the Utility Agreement is amended to provide that the MUD No. 1 Facilities will not be conveyed to MUD No. 1.

Section 2:3: Initiating Construction of Master District Facilities. The Master District shall initiate the construction of Master District Facilities to meet anticipated needs of the Participants. Whenever the District desires, from time to time to construct, extend, or expand the District's Sanitary Sewage Collection System, the District's Storm Sewer System, or the District's Water Delivery System in such a manner as will require the Master District to construct, extend, or expand the Master District Facilities, or when proposed development within the District requires the construction, extension, or expansion of Master District Facilities, the District shall so inform the Master District in writing. Extension of Master District Road Facilities shall be in conformance with the City's Traffic Impact Analyses. Upon receipt of such request and subject to the availability of funds to provide sufficient capacity in the Master District Facilities, the Master District is obligated to construct, or cause to be constructed, the Master District Facilities necessary to meet the District's request within a reasonable period of time considering the type of Master District Facilities required. In any such instance when the Master District is unable to provide the requested facilities at the time needed by the District, the Master District shall make arrangements for interim facilities, provided funds are available. The District will provide the Master District with such information as may be reasonably required by the Master District to determine the facilities or services that are needed to meet the District's requests. Without limiting the generality of such information as the Master District may require, the District agrees to supply the Master District with information concerning:

(A) The existing number and types of connections to the District's Water Delivery System, the District's Storm Sewer System, and the District's Sanitary Sewage Collection System;

(B) The number, type, and location of connections expected to be added to the District's Water Delivery System and the District's Sanitary Sewage Collection System;

(C) The nature of land use in the area to be served by the District's Water Delivery System, the District's Storm Sewer System, and the District's Sanitary Sewage Collection System;

(D) The capacity in the Waste Disposal System which the District estimates will be necessary to meet the District's requirements, expressed in average daily flow in gallons per minute, peak daily flow in gallons per minute, and peak hourly flow of Waste in gallons per minute which the District will discharge into the Waste Disposal System;

(E) The quantity of water needed from the Water Supply System, expressed in average daily flow in gallons per minute and peak hourly flow in gallons per minute;

(F) Specific information regarding any commercial or industrial uses of water or discharges which the District anticipates;

(G) Copies of all recorded and preliminary subdivision plats not already furnished;

(H) The District's projection as to the rate and type of development within the District as a whole and in any areas outside the District to be served by the District; and

(I) Such other information as the Master District may reasonably request.

Section 2.4: Determination of Master District Facilities. After receiving the information provided in Section 2.3, above, and consulting with the District, the Master District shall promptly determine and advise the District as to what Master District Facilities will be required to meet the Master District's obligation to satisfy the requests of the District and the estimated costs of said Master District Facilities. With the prior written approval of the Master District, the District may undertake to design and construct certain Master District Facilities that shall be conveyed to the Master District, as set out in Section 2.12.

The District recognizes that the Master District Facilities are designed to serve all Participants within the Service Area. It is specifically understood and agreed that the Master District's determination of what Master District Facilities are required and the Master District's determination of the cost of construction of Master District Facilities will be based on sound engineering and economic practices with particular emphasis on the obligation of the Master District to proceed on a timely basis with the construction of Master District Facilities necessary to meet the needs of all Participants and to avoid duplication of facilities. The information required in Section 2.3, above, shall be submitted by the District to the Master District far enough in advance of the District's bond application and engineering reports to the Commission so that the Master District's determinations with regard to required Master District Facilities can be utilized in said bond application and engineering reports. The District shall notify the Master District in writing each time the District intends to submit a bond application and engineering report to the Commission or any other agency having jurisdiction. Upon request, the District will provide a copy of such application to the Master District. The Master District will bear all costs of making such copy.

Section 2.5: Preparation of Plans. If the Master District determines that it must incur Capital Costs to satisfy the request of the District, the Master District shall determine what Master District Facilities are required and shall promptly direct its engineers to prepare plans and specifications. However if the Permanent Waste Disposal System is required, the Master District shall proceed in accordance with Section 2.7 below.

Section 2.6: Construction of Master District Facilities. For all Master District Facilities other than the Permanent Waste Disposal System, if the Master District will be constructing Master District Facilities to meet the requests of Participants, the Master District shall, subject to the availability of sufficient funds to pay the estimated Capital

Costs of the Master District Facilities, follow all procedures with regard to contract advertisement, bidding, and award as the Master District is required by law to follow. If after receiving bids or proposals, the Master District is satisfied with the bids or proposals received, the Master District shall award a contract for the construction of the Master District Facilities and shall then proceed to construct such Master District Facilities promptly following the receipt of sufficient funds to pay the estimated Capital Costs of the Master District Facilities. If the Master District is not satisfied with the bids or proposals received, it shall promptly take other bids or proposals.

Section 2.7: Construction of Permanent Waste Disposal System. To achieve certain benefits and economies of regionalization, the parties agree that MUD No. 1 will design, construct, own, and operate the Permanent Waste Disposal System. The Master District will make the determination as to what facilities are necessary to satisfy its obligation to the District and for development within the Service Area in accordance with Sec. 2.4 above. Once the Master District makes such a determination, it will notify the MUD No. 1 engineer to begin design of the Permanent Waste Disposal System in accordance with the Utility Agreement. If MUD No. 1 cannot fulfill its obligation to construct the Permanent Waste Disposal System as part of the Utility Agreement, the Master District has the right to design, acquire, construct or expand the Permanent Waste Disposal System as needed to satisfy the Master District's obligations to the District as stated in this Agreement.

Section 2.8: Conveyance of MUD No. 1 Facilities. Upon transfer of the MUD No. 1 Facilities to MUD No. 1, MUD No. 1 shall be the owner of the MUD No. 1 Facilities, including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto; and MUD No. 1 (and not the Master District) shall be responsible for operation and maintenance of same (unless MUD No. 1 defaults in its obligation to operate same and the Master District assumes such obligation).

Section 2.9: Access. The Master District shall allow the District's representatives to have access at all times to construction in progress of Master District Facilities to serve the District and to make such inspections thereof as may be deemed necessary or desirable. The District shall also have full access to all of the Master District's contracts, books and records relating to the construction of such Master District Facilities.

Section 2.10: Conditions to Construction of Master District Facilities. It is expressly agreed and understood that any obligation on the part of the Master District to purchase, construct, improve, or enlarge Master District Facilities for the District or to cause Master District Facilities to be acquired, constructed, improved, or enlarged for the District shall, in addition to any conditions specified elsewhere in this Contract, be subject to (a) the Master District's ability to obtain or cause to be obtained all permits and licenses required to construct and operate the Master District Facilities; (b) the availability of sufficient funds to advertise, bid, award, and contract as the Master

District is required by law to follow; and (c) a determination by the Master District that the facilities at issue are regional in nature and are accordingly properly considered Master District Facilities.

Section 2.11: Regulatory Permits. If any Master District Facilities constructed under Article II require the acquisition of, or an amendment to, any permit or order issued by any regulatory agency, the Master District shall (subject to any necessary approvals or consents from the MUD No. 1) immediately make and pursue, or cause to be made and pursued, such applications and take such lawful actions as may be necessary to obtain such amendments or new permits. The District agrees to cooperate with the Master District in any way reasonably necessary in applying for, pursuing, and obtaining such amendments or new permits.

Section 2.12: Ownership of Master District Facilities Constructed. As between the parties, it is expressly agreed that the Master District shall be the owner of the Master District Facilities constructed or acquired by or on behalf of the Master District under this Article (except the Permanent Waste Disposal System), including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto. Upon transfer of any of the Master District Facilities to MUD No. 1, MUD No. 1 shall be the owner of the transferred Master District Facilities, including all related appurtenances, sites, rights-of-way, easements, and all enlargements, extensions, or improvements thereto.

Notwithstanding any other provision of this Contract, no connection shall be made or authorized to be made by the District or its operator to any Master District Facilities, regardless of whether or not such Master District Facilities have been conveyed to the MUD No. 1, without the prior written approval of: (i) the Master District's engineer, and (ii) the Master District's operator, if the Master District is then operating the Master District's Water Delivery System, [the Master District's Storm Sewer System], and the Master District's Sanitary Sewage Collection System.

Section 2.13: Right of District to Construct Master District's Water, Sewer, and Drainage Facilities and Road Facilities. Pursuant to and subject to the terms of this Contract, the Master District is under an obligation to acquire, construct, or expand the Master District's Water, Sewer, and Drainage Facilities and Master District's Road Facilities necessary to provide Services to the District. Failure on the part of the Master District to respond in a timely manner could result in considerable damages to the District. In the event the Master District fails to meet its obligations to provide the Master District's Water, Sewer, and Drainage Facilities or Master District's Road Facilities, as required by this Contract, the District shall have the right to design, acquire, construct, or expand the Master District's Water, Sewer, and Drainage Facilities or Master District's Road Facilities needed to provide service to it and convey the Master District's Water, Sewer, and Drainage Facilities and Road Facilities to the Master District in consideration of payment for the actual reasonable and necessary Capital

Costs by the Master District. The Master District shall be under an obligation to pay for and accept the conveyance of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities only if:

(A) The Master District's Water, Sewer, and Drainage Facilities and Road Facilities are approved, designed, and constructed in accordance with applicable Regulatory Requirements;

(B) The plans and specifications for the Master District's Water, Sewer, and Drainage Facilities and Road Facilities are reviewed and approved by the Master District prior to the construction of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities. The Master District must approve or disapprove the plans within 45 days after such plans and specifications are submitted to the Master District, and the Master District's approval may not thereafter be withdrawn. The Master District further agrees not to unreasonably withhold its approval. The Master District may delegate responsibility for such review and approval to its engineer or other agent or employee.

(C) Concerning the Master District's Water, Sewer, and Drainage Facilities, adequate capacity is available in the Waste Disposal System and the Water Supply System;

(D) As-built drawings of the Master District's Water, Sewer, and Drainage Facilities and Road Facilities conveyed are delivered to the Master District;

(E) The engineers for the District certify to the Master District that the Master District's Water, Sewer, and Drainage Facilities and Road Facilities to be conveyed have been completed in accordance with the plans and specifications and were constructed under full-time inspection;

(F) The District agrees to assign to the Master District, on or before the first anniversary of the completion and acceptance of the Master District's Water, Sewer, and Drainage Facilities by the District, all manufacturers' and contractors' warranties on the Master District's Water, Sewer, and Drainage Facilities;

(G) The Master District's Water, Sewer, and Drainage Facilities are conveyed to the Master District or Fort Bend County, as applicable, free and clear of all liens and encumbrances;

(H) The Master District's Water, Sewer, and Drainage Facilities are conveyed to the Master District or Fort Bend County, as applicable, by instruments of transfer and conveyance with the approval of the attorneys for the Master District, which approval shall not be unreasonably withheld; and

(I) The District agrees by appropriate instrument to be responsible for any extraordinary maintenance or repairs to the Master District's Water, Sewer, and Drainage Facilities for a period of one (1) year after the Master District's Water, Sewer, and Drainage Facilities are completed and accepted by the District from the contractor.

The Master District shall value the Master District's Water, Sewer, and Drainage Facilities constructed by the District and shall pay to the District an amount equal to the Capital Costs expended or incurred for the acquisition and construction of the Master District's Water, Sewer, and Drainage Facilities. The Master District reserves the right to require a construction audit to ascertain the actual Capital Costs of the Master District's Water, Sewer, and Drainage Facilities proposed to be conveyed to the Master District. Notwithstanding the foregoing, the District reserves the right to pursue legal remedies against any other Participant, or any contractor or subcontractor who engages in an artifice or manipulation to artificially establish the prices for the construction of any of the Master District's Water, Sewer, and Drainage Facilities. Upon failure of the District to pursue such remedies, the Master District shall have the right to pursue such remedies.

Section 2.14: Reservation of Capacity. The Master District has adopted or shall adopt, and may from time to time amend, written policies to reserve and allocate capacity in some or all Master District Water, Sewer, and Drainage Facilities on a fair and equitable basis between the District and other Participants. After adoption of such policies, the District shall be provided a copy. The District agrees that it will not take any action to obtain or use, or attempt to obtain or use, capacity in the Master District Water, Sewer, and Drainage Facilities in excess of what has been reserved to the District pursuant such Master District policies, regardless of whether or not the applicable Master District Water, Sewer, and Drainage Facilities have been conveyed to MUD No. 1.

Section 2.15: Fire Department and Fire-Fighting Activities. The Master District and the District have developed and adopted a fire plan as approved by the TCEQ. MUD No. 1 has entered into an agreement with the City whereby the City will design and construct Fire Station No. 5, and MUD No. 1 will advance funds necessary to pay for such fire station and acquisition of such equipment. The Master District on behalf of the District has contributed each District's pro rata share of the Master District Fire Facilities.

ARTICLE IIA

FINANCING OF MASTER DISTRICT FACILITIES

Section 2A.1: Master District's Water, Sewer, and Drainage Facilities. The Master District intends to finance the Capital Costs of the Master District's Water, Sewer and Drainage Facilities through the issuance of its Master District Water, Sewer, and Drainage Bonds pursuant to this Contract.

Section 2A.2: Master District's Road Facilities and Master District's Park Facilities. The Master District, in its sole discretion, may determine to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities either through: (i) the issuance of its Master District Road Bonds or Master District Park Bonds, respectively, or (ii) the charge and collection of Road Construction Charges or Park Construction Charges, respectively, financed and paid by each Participant. The Master District shall inform each Participant of its determinations made pursuant to the sentence above.

Section 2A.3: Method of Calculating the Road Construction Charge and the Park Construction Charge. If the Master District determines to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities through the charge and collection of Road Construction Charges or Park Construction Charges, respectively, then the Road Construction Charge and the Park Construction Charge is to be computed from time to time on the basis of the then estimated total Capital Costs of providing the Master District's Road Facilities or the Master District's Park Facilities, respectively, for the Service Area minus the payments which have been previously received from the Participants as Road Construction Charges and Park Construction Charges, respectively, and dividing the result by the number of estimated total Connections to be constructed within the Service Area minus the number of Connections that have previously paid Road Construction Charges and Park Construction Charges, respectively, to the Master District. The Master District shall compute the Road Construction Charge and the Park Construction Charge and disclose all figures used in its computations to the District. All such figures shall be prepared from the best evidence available to the Master District. The Master District reserves the right to provide, from time to time, for an automatic escalator (which may be, without limitation, the Engineering News Record Construction Cost Index) to be applied to a base Road Construction Charge or Park Construction Charge established as of any particular date, which escalator may remain in effect until the next computation. The Master District may periodically recompute the Road Construction Charge or the Park Construction Charge based on changes in Capital Costs, land plans, or any other relevant factors. In no event, however, shall the District be required to issue bonds to pay Road Construction Charges or Park Construction Charges paid by the District under this Contract in excess of any applicable legal limit. Any Road Construction Charges or Park Construction Charges not able to be paid from bond proceeds shall be paid from other legally available funds of the District.

Section 2A.4: Payment of Road Construction Charges and Park Construction Charges to the Master District. If the Master District determines to finance the Capital Costs of the Master District's Road Facilities or the Master District's Park Facilities through the charge and collection of Road Construction Charges or Park Construction

Charges, respectively, then the District shall satisfy the Road Construction Charges and the Park Construction Charges either by payment of money at the rate in effect on the date of such payment or by the transfer to the Master District of portions of the Master District's Road Facilities or the Master District's Park Facilities, respectively, equal in value to the Road Construction Charge or the Park Construction Charge, respectively, then in effect on the date such transfer is accepted by the Master District multiplied by the number of Connections being acquired by the District. Any money paid to the Master District by the District of Road Construction Charges shall be deposited in the Road Construction Fund. Any money paid to the Master District by the District of Park Construction Charges shall be deposited in the Park Construction Fund. Any Road Construction Charges and Park Construction Charges calculated according to Section 2A.3 shall be paid by the District to the Master District at the time reservations of capacity in the Master District Facilities are requested by the District for a specific number of Connections. The Road Construction Charges and Park Construction Charges must be paid by the District to the Master District before any new Connection within the District to be served by the Master District Facilities will be authorized. The Master District may allow the District to delay its payment of Road Construction Charges and Park Construction Charges to the Master District until after the District has sufficient District bond funds available for such purposes.

Section 2A.5: Master District Road Construction Charges and Park Construction Charges. The Master District in its capacity as a Participant shall have the same rights and obligations as other Participants and shall be obligated to pay the Road Construction Charges and the Park Construction Charges on the same basis as any other Participant.

Section 2A.6: Master District's Fire Facilities. The Master District intends to finance the Capital Costs of the Master District's Fire Facilities through the issuance of its Master District Fire Bonds pursuant to this Contract.

Section 2A.7: Financing Alternative. By amendment to this Contract duly approved by the Master District and the District, the District may be authorized to finance any of the Master District Facilities. The Master District and the District agree that in the event of such an amendment, no election shall be required to approve the amendment and the Contract, as amended shall remain in full force and effect.

ARTICLE III

ISSUANCE OF BONDS BY THE MASTER DISTRICT

Section 3.1: General. To the fullest extent currently or hereafter allowed by law, the Master District is authorized to issue contract revenue bonds sufficient, as determined solely by the Master District, to complete acquisition and construction of the Master District Facilities as needed to serve all districts in the Service Area;

provided, however that: (i) the aggregate amount of Master District Water, Sewer, and Drainage Bonds shall not exceed $441,800,000; (ii) the aggregate amount of Master District Road Bonds shall not exceed $249,500,000; (iii) the aggregate amount of Master District Park Bonds shall not exceed $218,300,000; and (iv) the aggregate amount of Master District Fire Bonds shall not exceed $32,800,000. Any increase in the amount of bonds authorized to be issued by the Master District pursuant to "(i)," "(ii)," "(iii)" or "(iv)"of the previous sentence shall require the written approval of all Participants and the approval of an amendment to this Contract by the voters at an election held by each Participant.

Section 3.2: Authority to Issue Bonds. Subject to Section 3.1 above, the Master District shall have the power, without any approval by or consent of the District or any other Participant, to issue from time to time (subject to obtaining the opinion of the Attorney General approving such bonds and obtaining any necessary approvals of the Commission for the sale of such bonds) its Master District Water, Sewer, and Drainage Bonds, its Master District Road Bonds, its Master District Fire Bonds and its Master District Park Bonds, all as the Board of Directors of the Master District shall determine to be necessary or desirable to obtain funds:

(A) To pay all Capital Costs to acquire, construct, improve, enlarge, extend, or repair the Master District Facilities, in order to serve the District and other Participants;

(B) To pay Operation and Maintenance Expenses during construction and the initial operating period;

(C) To capitalize interest on the bonds;

(D) To provide such reserve or contingency funds as the Board of Directors of the Master District in its judgment deems necessary;

(E) To pay all costs incurred in the issuance of the bonds; and

(F) To refund or refinance any bonds theretofore issued in any manner provided by law.

Section 3.3: Notice of Intent to Issue Bonds. Prior to issuing bonds as provided in this Article, the Master District shall notify the District of its intention to issue such bonds within ten (10) days after filing of a bond application with the Commission or other agency having jurisdiction. Notwithstanding any provision hereof, failure of the Master District to provide such notice shall in no way limit or impede the Master District's ability and power to issue bonds. Upon written request of the District, the Master District will provide a copy of such application to the District. The District will bear all costs of making such copy.

Within thirty (30) days after issuance of each series of Master District Bonds, the Master District shall provide the District with a copy of the bond resolution and the Master District's estimate of the amounts required to: (i) pay or provide for the payment of (a) all the interest and the principal on all bonds issued pursuant to this Article III when and as same shall become due and payable, and (b) all sinking fund and/or all reserve fund payments to be made in respect of any bonds issued pursuant to this Article III when and as the same shall become due and payable; and (ii) fulfill the terms of any agreements or covenants made with the holders of any bonds issued pursuant to this Article III and/or with any person on their behalf.

Section 3.4: Failure to Institute Arbitration. Should the District, within sixty (60) days after receiving notice of the Master District's intention to issue bonds as provided in Section 3.3 above, fail to institute arbitration pursuant to Section 11.16 hereof to settle any claim, objection, or controversy which the District might raise concerning such issuance of bonds, any such claim, objection, or controversy shall be considered as waived and abated.

Section 3.5: Terms of the Bonds. The Master District Bonds, as authorized in this Article, may either be sold at such price or prices as the Board of Directors of the Master District shall determine, and the Master District Bonds, as authorized in this Article, may be issued at any rate or rates of interest as the Board of Directors of the Master District may determine, provided that the net effective interest rate on any issue or series of such Master District Bonds shall not exceed the maximum legal limit in effect at the time of issuance of each such issue or series. All Master District Bonds shall be authorized by resolution or resolutions of the Board of Directors of the Master District approved by at least a majority of the members thereof, and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates, payable annually or semiannually or at maturity, be in such denominations, and in such form, carry such registration privileges as to principal only or as to both principal and interest, and as to exchange of bonds of one denomination for bonds of other denominations, be executed in such manner and be payable at such place or places within or without the State of Texas, as such resolution or resolutions may provide. Any resolution or resolutions authorizing any bonds may contain such provisions as the Board of Directors of the Master District deems appropriate, which shall be a part of the contract between the Master District and the holders thereof from time to time, including without limitation of the generality thereof, provisions:

(A) Providing for disposition and use of bond proceeds;

(B) Reserving the right or requiring the Master District to redeem the bonds at such time or times, in such amounts and at such prices, plus accrued interest, as may be provided;

(C) Providing for the setting aside of sinking funds and reserve funds and the regulation and disposition thereof;

(D) Pledging to secure the payment of the principal of and interest on the bonds and of the sinking fund payments agreed to be made in respect of such bonds from all or any part of the gross or net revenues thereafter received by the Master District in respect of the property, real, personal, or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all or any part of the gross or net revenues thereafter received by the Master District from whatever source derived, including payments received from the Participants pursuant to Article IV hereof.

(E) Prescribing the purposes to which such bonds or any bonds thereafter to be issued, or the proceeds thereof, may be applied;

(F) Agreeing to fix and collect rates and charges sufficient to produce revenues adequate to operate and maintain some or all of the Master District Facilities, and prescribing the use and disposition of all revenues;

(G) Providing for investment of funds;

(H) Prescribing limitations upon the issuance of additional bonds and upon the agreements which may be made with the purchasers and successive holders thereof;

(I) Providing for constructing, extending, improving, reconstructing, operating, maintaining, or repairing of some or all of Master District Facilities, and carrying of insurance upon all or any part of properties covering loss or damage or loss of use and occupancy resulting from specified risks;

(J) Fixing the procedure, if any, by which, if the Master District shall so desire, the terms of any contract with the holders of such bonds may be amended or abrogated, and prescribing the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(K) Providing for the execution and delivery by the Master District to a bank or trust company authorized by law to accept trusts, or to the United States of America or any officer or agency thereof, of indentures and agreements for the benefit of the holders of such bonds setting forth any or all of the agreements herein authorized to be made with or for the benefit of the holders of such bonds and such other provisions as may be customary in such indentures or agreements;

(L) Providing that such bonds are additionally secured by a mortgage or deed of trust lien on all or any part of the Master District Facilities, other than Master District Park Facilities, purchased or constructed with the proceeds of the bonds, such mortgage or lien to be subject to the obligations of the Master District to the District hereunder; and/or

(M) Relating to events of default under any resolution, indenture, or agreement entered into with the bondholders and any remedies provided to such bondholders which the Master District may deem advisable, including but not limited to mandamus, suits at law or equity, appointment of a receiver, or any other remedies that are not inconsistent with the provisions of this Article as the Board of Directors of the Master District may approve.

Section 3.6: Sale of Bonds to Texas Water Development Board. In the event that the Master District sells Master District Water, Sewer, and Drainage Bonds to the Texas Water Development Board or similar body, the District agrees to fully cooperate with the Master District in adopting water conservation and drought contingency plans that comply with the City's Groundwater Reduction Program and in meeting other requirements imposed as a condition of purchase of the bonds by the Texas Water Development Board.

Section 3.7: Alternative Funds. If, for any reason, the Master District is unable to issue and sell its bonds to provide funds for the purposes set out in this Contract, the District recognizes its ultimate obligation to provide its proportionate share of required funds to the Master District from any lawful source available to or which can be made available to the District (including, without limitation, District bond proceeds).

Section 3.8: Master District Notes. The Master District shall have the power, without any approval by or consent of the District or any other Participant, to issue notes (including, without limitation, bond anticipation notes) to the fullest extent currently or hereafter allowed by law.

ARTICLE IV

ELECTION, TAXES, AND PAYMENTS

Section 4.1: District Election. As provided in this Section 4.1, the District has or will call an election, or elections, in accordance with the provisions of any law authorizing such an election, for the approval of this Contract and the authorization to levy, assess, and collect ad valorem taxes on all taxable property within the boundaries of the District, without limit as to rate or amount, sufficient to make timely payment of all charges under this Contract to the Master District. The District has or will submit to the voters in such election four propositions regarding approval of the Contract as follows: (i) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District Water, Sewer, and Drainage Bonds and for Monthly Charges associated with the Services from the Master District's Water, Sewer, and Drainage Facilities; (ii) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District

Road Bonds and for Monthly Charges associated with the Services from the Master District's Road Facilities; (iii) a proposition that approves the provisions of the Contract and specifically approves the District's obligation to levy an annual ad valorem tax to make payments for the Debt Service Requirements of the Master District Park Bonds and for Monthly Charges associated with the Services from the Master District's Park Facilities; and (iv) a proposition that approves the provisions of this Contract and specifically approves the fire plan and contract to provide fire-fighting services for the District. If proposition "i," above, is approved at said election, regardless of whether or not propositions "ii" and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Water, Sewer, and Drainage Bonds and for Monthly Charges associated with the Services from the Master District's Water, Sewer, and Drainage Facilities shall be authorized. If proposition "ii," above, is approved at said election, regardless of whether or not propositions "i" and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Master District Road Bonds and for Monthly Charges associated with the Services from the Master District's Road Facilities shall be authorized. If proposition "iii," above, is approved at said election, regardless of whether or not propositions "i" and "ii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Mater District Park Bonds and for Monthly Charges associated with the Services from the Master District's Park Facilities shall be authorized. If proposition "iv," above, is approved at said election, regardless of whether or not propositions "i" "ii"and "iii," above, are approved, then the District's obligation to levy an annual ad valorem tax to make payments for Debt Service Requirements for Mater District Fire shall be authorized. Notwithstanding any provision of this Contract to the contrary, if such election does not pass, the Master District shall not be obligated to provide any service to the District under this Contract. Upon request by the Master District, the District shall provide certified copies of all proceedings pertaining to the creation and confirmation of the District and authorization and execution of this Contract.

Section 4.2: Duty to Levy Tax. Subject to the passage of the election required in Section 4.1, the District agrees to levy and hereby levies and shall annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the District to make timely payments of all charges required under this Contract to the Master District, without limitation as to rate or amount, sufficient to pay the District's Pro Rata Share of the funds needed by the Master District to pay Debt Service Requirements on the Master District Bonds issued pursuant to this Contract and the District's share of amounts necessary to pay the Monthly Charges, except to the extent the District has available funds which may be lawfully used for such purposes.

In addition, the District agrees to levy and hereby levies and shall annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the District to make timely payments of all charges required under this Contract to the Master District, without limitation as to rate or amount, sufficient to pay the District's share of amounts necessary to pay the Monthly Charges (other than Monthly Charge for maintenance of Master District Road Facilities or any other road facility for which the Master District derives its authority from Article III, Section 52, Texas Constitution), except to the extent the District has available funds which may be lawfully used for such purpose.

Section 4.3: Calculation and Payment of Debt Service. The Master District shall prepare an annual debt service budget which contains the following items and shall be subdivided into separate budgets for each of the Master District Water, Sewer, and Drainage Bonds, the Master District Road Bonds, the Master District Fire Bonds and the Master District Park Bonds, to the extent necessary or convenient:

(A) the total Debt Service Requirements on the Master District Bonds for the next calendar year, including paying agent and registrar fees;

(B) the total revenues required to pay such Debt Service Requirements and related expenses after allowance for fund balances resulting from capitalized interest, interest earnings, and other revenues;

(C) the cumulative total of the Certified Appraised Value of all Participants and the calculation of the District's Pro Rata Share of Debt Service Requirements and each Participant's Pro-Rata Share of Debt Service Requirements; and

(D) amounts due from the District and each Participant and the dates on which such amounts are due and payable.

In preparing the debt service budget, the Master District shall adjust the District's Pro Rata Share and the other Participant's pro rata share of the Debt Service Requirements to reflect any changes in the Certified Appraised Value that occurred subsequent to the date the debt service budget for the previous year was submitted to the District and other Participants.

Such budget shall be prepared and sent to the District and each Participant by September 1 or as soon as practicable after all Participants have received their respective Certified Appraised Values for the year.

The District agrees to pay the District's Pro Rata Share of Debt Service Requirements to the Master District from the proceeds of ad valorem taxes authorized, assessed, and levied for such purposes, revenues, if any, derived from the operation of the District's facilities or from any other legally available services on or before the date specified by the Master District.

If the District fails to pay any amounts due to the Master District on the date(s) specified, such unpaid amount shall accrue interest at the rate of fifteen percent (15%) per annum. If the Master District institutes suit to collect any unpaid amounts, the Master District shall be entitled to recover reasonable attorneys' fees.

Section 4.4: Unconditional Obligation to Pay. All charges imposed by the Master District to pay debt service on Master District Bonds, to make payments to other persons constructing or financing Master District Facilities, and to pay Operation and Maintenance Expenses shall be made by the District without set-off, counterclaim, abatement, suspension, or diminution, and this Contract shall not terminate, nor shall the District have any right to terminate this Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the District under this Article IV be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Contract, it being the intention of the parties that all sums required to be paid by the District to the Master District for such purposes shall continue to be payable in all events and the obligations of the District hereunder shall continue unaffected, unless the requirement to pay the same shall be reduced or terminated pursuant to an express provision of this Contract.

If the District disputes the amount to be paid to the Master District, the District shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the District will receive credit for its overpayments. Nothing contained in this Section shall be construed to release the Master District from performance of any of the agreements on its part in this Contract and in the event the Master District shall fail to perform any such agreement, the District may seek such relief against the Master District pursuant to Section 11.7 of this Contract as the District deems necessary so long as same does not abrogate the District's obligation to make the payments set out in this Section.

Section 4.5: Master District Payment of Debt Service Requirements/Monthly Charges and Master District Election Required. It is understood and agreed that the Master District will pay its share of Debt Service Requirements and Monthly Charges in the same manner and calculated as if it were a Participant only and not the Master District. The Master District has or will submit to its voters propositions approving the provisions of this Contract and authorizing the Master District to levy a tax in payment of its obligations hereunder so that the Master District is authorized to levy and collect ad valorem taxes on all taxable property within the Master District's boundaries to pay its contractual obligations hereunder on the same terms and conditions as the District.

ARTICLE V

MONTHLY CHARGES FOR SERVICES PROVIDED

Section 5.1: General Statement. The parties recognize that, because the expenses of the Master District will vary from time to time, it is neither practicable nor possible to fix a schedule of specific Monthly Charges in this Contract which will control the Monthly Charges to be paid by the Participants to the Master District for Services rendered throughout the term of this Contract. The parties further recognize, however, that the Master District is not organized for profit and that its Monthly Charges should be at all times the lowest rates which are consistent with its obligations under this Contract. The Master District further recognizes its obligation as a public utility to establish Monthly Charges which are just and reasonable and to serve the District and others of the same class without discrimination as to either Monthly Charges or types of service.

The Master District covenants and agrees that the Monthly Charges will be reasonable and nondiscriminatory and will be reviewed at least annually. The Master District further covenants and agrees that the Monthly Charges will be revised or reduced from time to time so that the monies received by the Master District from the District will be used only for the purposes set out herein.

It is understood and agreed that the Master District will also pay Monthly Charges as set forth in this Article V, calculated as if it were a Participant only and not the Master District. The Master District will bill itself and pay delinquent charges in the same manner as other Participants. The District and the Master District recognize the duty of the Master District to fix and revise its Monthly Charges for Services to be furnished and made available to all Participants, including the Master District, so that the gross operating revenues received by the Master District from the Master District Facilities will at all times be not less than an amount sufficient to:

(A) pay or provide for the payment of all Operation and Maintenance Expenses; and

(B) provide for an operation and maintenance reserve in the General Fund (the "Reserve") equivalent to three (3) months of Operation and Maintenance Expenses.

The District recognizes that the Master District must fix and, from time to time, alter and revise its Monthly Charges so that the revenues actually received by the Master District, including payments made by the Master District, will be sufficient as aforesaid on the basis of actual cash and Reserve requirements, with full allowance being made for delinquencies and costs of collection.

Section 5.2: Payments by the District. The District agrees to pay the Master District at the time and in the manner herein set forth, so long as this Contract is in force and effect, the Monthly Charges established as set forth in this Contract.

Section 5.3: Budgets.

(A) On the basis of estimates from its consultants, past operating experience, and related data, the Master District shall establish, prior to the commencement of Services to the District, a budget, for the operation of all the Master District Facilities that will be operated by the Master District for the remainder of that fiscal year. Thereafter, budgets shall be prepared annually. Such budget shall include all Operation and Maintenance Expenses, Reserve requirements, if any, and expenses reasonably expected to be incurred for the period of time covered by the budget. Such budget may include Capital Costs reasonably expected to be incurred to meet Regulatory Requirements and may include other Capital Costs upon consent of all Participants.

(B) Regardless of whether MUD No. 1 Facilities have been conveyed to MUD No. 1, prior to commencement of Services to the District, and annually thereafter not later than ninety (90) days prior to the beginning of each budget period, the District will furnish to the Master District the District's best estimate of (1) the total quantity of Waste which the District expects to discharge into the Waste Disposal System during each month of the period covered by such budget; (2) the total quantity of water which the District expects to use during each month of the period covered by such budget; (3) a monthly estimate of Residential Connections and Commercial Connections to be located within the District during the period covered by such budget; and (4) the total number of Connections reserved in the Master District Facilities to serve the District.

(C) On the basis of such information and not later than forty-five (45) days prior to the beginning of each budget period, the Master District shall prepare a budget which shows the following:

(1) the total Operation and Maintenance Expenses;

(2) the total Reserve requirement;

(3) the total revenues required to pay Operation and Maintenance Expenses and to establish the Reserve requirement; and

(4) the projected unit cost of Operation and Maintenance Expenses and the Reserve requirement expressed in terms of cost per Connection.

(D) The budget shall be submitted by the Master District to the District. The budget shall be deemed approved unless disapproved in writing by a two thirds (2/3) majority of the Participants within forty-five (45) days after receipt by the Participants. If the budget is so disapproved, and the parties cannot agree on a modified budget, any Participant may submit the budget to arbitration as provided in Section 11.16. Until a final decision is made in arbitration, the budget proposed by the Master District shall be implemented and the District is obligated to pay all amounts due thereunder.

(E) If the District pays more than its respective share of Operation and Maintenance Expenses and Reserve requirements because of a mistake in billing by the Master District, the Master District shall refund the overpayment to the District at the end of the year, or credit the District for such amount in the next budget year.

(F) Notwithstanding anything in this Contract to the contrary, if the Participants agree or if Regulatory Requirements necessitate, the Master District shall have the right to establish a separate annual budget for all or any portion of the Operation and Maintenance Expenses attributable or related to the Waste Disposal System and to allocate said Operation and Maintenance Expenses attributable to or related to the Waste Disposal System (or said portion thereof) among the District and other Participants by Monthly Charges based on actual use of the Waste Disposal System (which may be based on the amount of water used by the District and other Participants and which may take into consideration the quality of Waste being discharged by the District and other Participants to the Waste Disposal System) rather than on a unit cost per connection. Without limiting the Master District's authority in the preceding sentence, the Master District may structure its Monthly Charges so as to comply with Regulatory Requirements.

(G) Any claim, dispute, or controversy arising out of the annual operating budget, the unit cost, the Monthly Charges, or any other matter or circumstance relating to the Operation and Maintenance Expenses or Reserve requirements shall be resolved by arbitration as provided in Section 11.16 of this Contract.

Section 5.4: Initial Funding of Operation and Maintenance Reserve. The Master District shall establish and thereafter maintain a Reserve in the General Fund, equivalent to three (3) months' Operation and Maintenance Expenses as set forth in the annual budget. The District shall make Reserve payments in the following manner:

(A) Prior to commencement of Services under this Contract, the Master District shall bill the District an amount calculated by multiplying the unit cost per Connection, as computed in Section 5.3(C)(4), by the number of Connections reserved to the District for the period covered by the first budget and multiplying such product by three. The District may pay such amount prior to the commencement of Services or may request the Master District to bill the District at a rate equal to one hundred fifty percent (150%) of the budgeted Monthly Charge (including Monthly Charges based on actual use of the waste Disposal System) until such time as the full amount owed under this Section 5.4(A) has been paid.

(B) If the Master District expends more than two-thirds (2/3) of the Reserve in any one fiscal year, the Master District may increase the Monthly Charges to the Participants to replenish the Reserve over the balance of the fiscal year, or may include Reserve requirements for such replenishment in the next annual budget. The Master District shall immediately notify the District of such increase and shall provide a written explanation for the cause thereof.

The Master District may use monies from the Reserve for any Operation and Maintenance Expenses and extraordinary expenses and repairs, including costs required to comply with Regulatory Requirements.

Section 5.5: Billing. The Master District will promptly render monthly bills to the District in an amount determined by multiplying the number of Connections reserved to the District on the first day of the previous month by the unit cost per Connection shown in the budget. The Master District shall, until further notice, render such bills on or before the first day of each month and such bills shall be due and payable on or before the 1st day of the succeeding month or thirty-five (35) days after such bill is deposited in the United States mail, properly stamped and addressed to the District, whichever is later, and interest shall accrue thereon at the rate of fifteen percent (15%) per annum if not paid within thirty (30) days after such bill is due and payable until paid in full. The Master District may, however, from time to time, by forty-five (45) days' written notice and with the consent of the District, change the monthly date by which it shall render bills, and all bills shall thereafter be due and payable thirty (30) days after such dates or thirty-five (35) days after deposit in the United States mail, properly stamped and addressed to the District, whichever is later. If the Master District establishes Monthly Charges for Maintenance and Operation Expenses of the Waste Disposal System based on actual use, it may establish a separate billing schedule for such charges.

Section 5.6: Delinquency in Payment. In the event the District fails to pay any bills when due and payable, the Master District shall give written notice of such delinquency to the District, and if all bills due and unpaid, including interest thereon, are not paid within forty-five (45) days after delivery of such notice, then the District agrees that the Master District shall be authorized, at its option, to institute arbitration or suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon at the rate of fifteen percent (15%) per annum and reasonable attorneys' fees. In addition to the other remedies provided herein for failure to make timely payment, the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in Master District Facilities.

Section 5.7: Covenant to Maintain Sufficient Income. The District recognizes its duty to, and covenants and agrees that at all times it will, establish and maintain and from time to time adjust the rates, fees, and charges for the services provided by the District, or the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source will be sufficient at all times to pay all operation and maintenance expenses of the District and all the District's obligations to the Master District under this Contract. Sums paid by the District to the Master District hereunder from the rates, fees, and charges for services provided by the District's Sanitary Sewer Collection System and the District's Water Delivery System, if the District is operating such systems, shall constitute operating expenses of the District's Sanitary Sewer Collection System and the District's Water Delivery System.

ARTICLE VI

FUNDS, RECORDS, AUDITS AND INSURANCE

Section 6.1: Creation of Funds. The Master District shall establish the General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, the Park Construction Fund, and the Debt Service Fund. Such funds shall be kept separate and apart from all other funds of the Master District. The General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, the Park Construction Fund, and the Debt Service Fund shall constitute trust funds which shall be held in trust for the benefit of the Participants as provided in this Contract. The Master District reserves the right to create additional funds, and accounts or sub-accounts within any funds established by the Master District, pursuant to the terms of the resolutions authorizing Master District Bonds.

Section 6.2: Security of Funds. Any cash balance in such funds shall be continuously secured in the manner required by the laws of the State of Texas applicable to the Master District as such laws now exist or may exist during the term of this Contract.

Section 6.3: General Fund. The Master District shall deposit, as collected, the Monthly Charges billed pursuant to Article V hereof into the General Fund. All monies deposited in the General Fund shall be used for the purpose of paying the Operation and Maintenance Expenses and funding the Reserve requirements.

Section 6.4: Debt Service Fund. The Master District shall deposit, as collected, the payments due pursuant to Section 4.3 hereof into the Debt Service Fund. All monies deposited in the Debt Service Fund shall be used for the purpose of paying the Debt Service Requirements. The Master District may, in its sole discretion, establish separate debt service funds for Master District Park Bonds, Master District Road Bonds, Master District Water, Sewer, and Drainage Bonds and any series thereof.

Section 6.5: Water, Sewer, and Drainage Construction Fund. The Master District shall deposit into the Water, Sewer, and Drainage Construction Fund, proceeds, as received, from Master District Water, Sewer, and Drainage Bonds, that are to be used for Capital Costs of the Master District's Water, Sewer, and Drainage Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Water, Sewer, and Drainage Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs, Commission fees) related to Master District Water, Sewer, and Drainage Bonds, and any other related purposes. All monies deposited into the Water, Sewer, and Drainage Construction Fund shall be used for the purposes described in the preceding sentence.

Section 6.6: Road Construction Fund. The Master District shall deposit into the Road Construction Fund proceeds, if any, as received, from Master District Road Bonds, that are to be used for Capital Costs of the Master District's Road Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Road Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs) related to Master District Road Bonds, and any other related purposes. The Master District shall also deposit into the Road Construction Fund all Road Construction Charges, if any, as received, that are to be used for Capital Costs of the Master District's Road Facilities, or reimbursement or payment to developers or other entities for Capital Costs of the Master District's Road Facilities, and any other related purposes. All monies deposited into the Road Construction Fund shall be used for the purposes described in the preceding two sentences.

Section 6.7: Park Construction Fund. The Master District shall deposit into the Park Construction Fund proceeds, if any, as received, from Master District Park Bonds, that are to be used for Capital Costs of the Master District's Park Facilities, reimbursement or payment to developers or other entities for Capital Costs of the Master District's Park Facilities, payment for issuance costs (including, without limitation, legal and fiscal agent fees, printing costs, Commission fees) related to Master District Park Bonds, and any other related purposes. The Master District shall also deposit into the Park Construction Fund all Park Construction Charges, if any, as received, that are to be used for Capital Costs of the Master District's Park Facilities, or reimbursement or payment to developers or other entities for Capital Costs of the Master District's Park Facilities, and any other related purposes. All monies deposited into the Park Construction Fund shall be used for the purposes described in the preceding two sentences.

Section 6.8: Investments. Monies deposited into the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, and the Park Construction Fund may be invested or reinvested in Authorized Investments and all investments shall belong to such fund. If any monies are so invested, the Master District shall have the right to have sold, in the open market, a sufficient amount of such investments to meet its obligations in the event the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. The Master District shall not be responsible to any Participant for any loss arising out of the sale of any investment.

Section 6.9: Earnings from Investments. The interest accruing on, and any profits realized from, investing monies of the General Fund, the Debt Service Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund shall be credited to the fund from which such investment came; provided, however, that the Master District may determine that earnings and profits from investments of the General Fund should be deposited into the Debt Service Fund, in which case such earnings and profits shall be deposited into the Debt Service Fund for so long as the Master District directs.

Section 6.10: Accounts, Records and Accounting Records. The Master District covenants and agrees that it will maintain books of records and accounts in which full, true, and proper entries will be made of all dealings, transactions, business, and any other matters which in any way affect or pertain to Master District Facilities and the allocation and application of the Monthly Charges and earnings from investments. Such books and accounts will be available for inspection by the District at reasonable hours and under reasonable circumstances. The Master District will operate and budget on a fiscal year basis.

Section 6.11: Audit. After the end of each fiscal year (beginning with the fiscal year or fraction thereof after any part of the Master District Facilities are placed in operation), the Master District will have an audit by a certified public accountant, for the last fiscal year, which shall be submitted to the Master District and each Participant within one hundred and twenty (120) days after the end of the fiscal year.

Section 6.12: Insurance. The Master District covenants that it will, at all times, keep insured such parts of the Master District Facilities (other than MUD No. 1 Facilities) as are usually insured by municipal utility districts operating like properties in similar locations under the same circumstances, with a responsible insurance company or companies, against risk, accidents, or casualties against which and to the extent insurance is usually carried by such corporations; provided, however, that at any time while any contractor engaged in construction work shall be fully responsible therefor, the Master District shall not be required to carry such insurance. All such policies shall be open to inspection of the District and its representatives at all reasonable times.

Section 6.13: Insurance Proceeds. In the event of any loss or damage to the Master District Facilities (other than MUD No. 1 Facilities), the Master District covenants that it will reconstruct or repair the destroyed or damaged portion of such Master District Facilities and will apply the proceeds of the insurance policies covering such loss or damage solely for that purpose. The Master District covenants that it will begin such work or reconstruction or repair promptly after such loss or damage shall occur and will continue and properly complete the same as expeditiously as possible and will pay, or cause to be paid, all costs and expenses in connection therewith out of the insurance proceeds to the extent insurance proceeds are available.

Section 6.14: Excess Insurance Proceeds. Any insurance proceeds remaining after the completion of, and payment for, any such reconstruction or repairs shall be deposited to the credit of the applicable Construction Fund.

ARTICLE VII

QUANTITY, MEASUREMENT, POINT OF ENTRY AND TITLE

Section 7.1: Quantity of Waste Discharged. While this Contract is in force and effect, the District shall be entitled to discharge and the District agrees to discharge at the points of entry as designated pursuant to Section 7.4, and the Master District has an obligation to receive, at said points of entry, all Waste meeting the requirements of Article VIII which is collected by the District's Sanitary Sewage Collection System; provided, however, that such Waste shall not be discharged at any rate or rates of flow in excess of that portion of the actual hydraulic capacity of the Waste Disposal System which is reserved for the District's connections or in excess of that portion of the capacity of the Waste Disposal System which is reserved for the District's connections to adequately treat and dispose of such Waste in full compliance with all Regulatory Requirements. If the Master District refuses to accept Waste under this Section 7.1, the Master District has the obligation to proceed to acquire such capacity as provided herein. If the District delivers Waste through the point of entry in rates of flow that exceed the capacity of the Waste Disposal System which is reserved for the District's connections or which is in violation of the provisions of this Contract, and the delivery of such Waste causes damage to the Waste Disposal System, the District shall pay one hundred percent (100%) of all costs and expenses incurred by the Master District to repair such damage and any extraordinary cost and expense associated with the treatment and disposal of such Waste.

Section 7.2: Quantity of Water and Pressure. The District shall be entitled to, and the Master District agrees to provide, Potable Water for the residents and business establishments located within the District. The Master District shall design its Water

Distribution System so as to permit the delivery of water to the District, and the Master District shall use its best efforts to deliver water to the District at a pressure of not less than thirty-five (35) pounds per square inch on an average daily flow basis and shall use diligence in the operation of said facilities to maintain such pressure.

Section 7.3: Quantity of Storm Water Discharged. The District shall be entitled to discharge at the points of entry as designated pursuant to Section 7.4, and the Master District has an obligation to receive at said points of entry, all storm water collected by the District's Storm Sewer System; provided, however, that the District will use its best efforts to see that such storm water is not discharged at any rate or rates of flow in excess of the drainage capacity of the Master District Storm Sewer System which is reserved for the District's connections. If the Master District refuses to accept storm water under this Section 7.3, the Master District has the obligation to acquire such capacity as provided herein.

Section 7.4: Point of Entry and Title. The initial points of delivery of water from the Master District to the District and points of entry of Waste and storm water to be discharged by the District into the Waste Disposal System and the Master District Storm Sewer System, respectively, shall be as established by mutual agreement of the District and the Master District. The District and the Master District may designate or substitute additional points of entry at any time by similar mutual agreement.

Title to all Potable Water deliverable hereunder to the District shall remain in the Master District to the points of entry and upon passing through the points of entry, title thereto shall pass to the District. As between the parties hereto, the Master District shall be in exclusive control and possession of, and solely responsible for, all water until the same shall pass through such points of entry, and thereafter the District shall be in exclusive control and possession thereof and solely responsible therefor.

Title to all Waste deliverable hereunder to the Master District shall remain in the District to the points of entry and upon passing through the points of entry, title thereto and to all effluent therefrom shall pass to the Master District. As between the parties hereto, the District shall be in exclusive control and possession of, and solely responsible for, all Waste until the same shall pass through such points of entry, and thereafter the Master District shall be in exclusive control and possession thereof and solely responsible therefor.

Section 7.5: Subject to Section 2.2. The provisions of this Article VII are subject to Section 2.2.

ARTICLE VIII

REGULATION OF QUALITY OF WATER DELIVERED AND WASTES RECEIVED

Section 8.1: Quality of Water Delivered. Any water to be delivered hereunder by the Master District shall be Potable Water; provided, however, Reuse Water may be delivered by the Master District for non potable purposes.

Section 8.2: Regulation of Quality of Waste. In order to permit the Master District to properly treat and dispose of Waste collected by the District's Sanitary Sewage Collection System in compliance with all Regulatory Requirements including those of the City, and to protect the public health and to permit cooperation with other entities for the protection of the physical, chemical, and bacteriological quality of public water and watercourses, and to protect the properties of the Waste Disposal System, the District and the Master District agree that the quality and strength of all Waste collected by the District's Sanitary Sewage Collection System and discharged into the Master District's Sanitary Sewage Collection System must be regulated. The District agrees to regulate the quality and strength of the Waste to be discharged into the Master District's Sanitary Sewage Collection System as hereinafter provided in this Article. The parties further agree that the obligation of the Master District to receive Waste into the Master District's Sanitary Sewage Collection System from the District's Sanitary Sewage Collection System shall depend upon compliance by the District with the provisions of this Article.

Section 8.3: Admissible Waste. Waste discharged into the Waste Disposal System shall consist only of Waste which is amenable to biological treatment.

Section 8.4: Industrial and Commercial Wastes. The effect of Industrial and Commercial Wastes upon sanitary sewers and upon the Waste Disposal System and waste treatment processes is such that careful and special consideration must be made of each connection discharging Commercial or Industrial Waste. This is a matter of importance both to the Master District and to the District.

The District agrees that it will authorize discharge of Industrial and/or Commercial Wastes into the District's Sanitary Sewage Collection System subject to approval by the Master District and upon the terms and conditions as the Master District may prescribe from time to time, after the filing by the applicant industry or commercial enterprise of a statement, a copy of which shall be forwarded to the Master District, containing the following information:

(A) Name and address of applicant;

(B) Type of industry, business activity, or other waste-creative process;

(C) Quantity of Waste to be discharged;

(D) Typical analysis of the Waste;

(E) Type of pretreatment proposed; and

(F) Such other information as the Master District may from time to time request by written notice.

The Master District shall act on such request within sixty (60) days after receipt of all information required by this Contract.

Section 8.5: Testing of Waste. The Master District shall be entitled to collect samples of Waste at or near the point(s) of discharge into the Master District's Sanitary Sewage Collection System or the District's Sanitary Sewage Collection System and cause the same to be analyzed by American Public Health Association standard methods or other appropriate methods to determine if such waste is within the qualities specified and approved by the District. If analysis discloses that the Waste does not comply with the qualities specified, it will be the obligation of the District to require the offending originator to cease discharging such Waste into the District's Sanitary Sewage Collection System or to pretreat such Waste.

Section 8.6: Use of Reuse Water. If Reuse Water is acquired from the City or its Groundwater Reduction Program, as between the parties hereto, the Master District shall own and have the right to utilize, dispose of and/or sell all Reuse Water. The Master District may require that: (i) some or all Reuse Water Facilities be designed, constructed, owned and operated by the Master District; and (ii) the Reuse Water Facilities to be conveyed to MUD No. 1 for ownership and operation by MUD No. 1 (and in such event, the provisions of this Contract to the contrary shall be reformed and construed to recognize that the MUD No. 1 owns such facilities and is responsible for maintenance and operation of same). The District shall not construct any Reuse Water Facilities without the written approval of the Master District. The Master District may include in Operation and Maintenance Expenses the cost of operating, maintaining and repairing Reuse Water Facilities. Funds, if any , received by the Master District for Reuse Water shall be deposited into the General Fund and applied against Operation and Maintenance Expenses. If determined appropriate by the Master District, in light of the benefit to the Service Area, the Master District may provide Reuse Water to a user without charger the user for same. The provisions of this Section 8.6 shall control over any inconsistent provision of this Contract .

Section 8.7: Subject to Section 2.2. The provisions of this Article VIII are subject to Section 2.2.

ARTICLE IX

OPERATION OF MASTER DISTRICT FACILITIES

Section 9.1: Standard of Operation. The Master District shall operate the Master District Facilities that have not been conveyed to MUD No. 1, or cause same to be operated, in accordance with accepted good practices, and may establish reasonable rules and regulations relating to the manner of providing Services to the District. The Master District agrees to use reasonable diligence and care to continually hold itself ready, willing, and able to render Services to the District as provided in this Contract.

Section 9.2: Independent Contractor. The Master District will be an independent contractor in fulfilling all of the obligations under this Contract, and more specifically in performing its obligations under Section 9.1.

Section 9.3: Regulatory Action. The parties recognize that the obligations of the Master District to render Services to the District as provided in this Contract are subject to all present and future Regulatory Requirements, and the parties agree to cooperate to make such applications and to take such action as may be desirable to obtain compliance therewith.

Section 9.4: Maintenance of Master District Facilities. The Master District covenants that it will at all times maintain the Master District Facilities that have not been conveyed to MUD No. 1 or cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner, at reasonable cost, and in accordance with sound business principles. In operating and maintaining such Master District Facilities, the Master District will comply with all contractual provisions and agreements entered into by it and with all valid Regulatory Requirements.

Section 9.5: Subject to Section 2.2. The provisions of this Article IX are subject to Section 2.2.

ARTICLE X

DISTRICT'S SANITARY SEWAGE COLLECTION SYSTEM AND WATER DELIVERY SYSTEM

Section 10.1: Construction and Maintenance of District's Sanitary Sewage Collection System, District's Water Delivery System, and District's Storm Sewer System. All plans and specifications for the District's Sanitary Sewage Collection System, the District's Water Delivery System, and the District's Storm Sewer System shall be submitted to the Master District's engineer for a determination of general conformance with the Master District's master plan of the Master District Facilities and the City. The Master District shall either approve or disapprove such plans and specifications within sixty (60) days after receipt. Upon approval by the Master District of the plans and specifications prepared by the District's engineers, the District will, at its sole cost and expense, acquire, construct, maintain and operate the District's Sanitary Sewage Collection system appropriate for collecting Waste, the District's Water Delivery System appropriate for the delivery of Potable Water (and Reuse Water for non-potable purposes, if approved by the Master District), and the District's Storm Sewer System appropriate for the collection of storm waters. The District's Sanitary Sewage Collection System shall include necessary manholes, cleanouts, lift stations, and other pertinent facilities adequate to take and gather Waste within the boundaries of the District and deliver the same to the designated point of entry into the Master District's Sanitary Sewage Collection System. The District's Water Delivery System shall include necessary and pertinent facilities adequate to take water from the Master District's Water Delivery System at the point of entry and deliver the water to each Residential Connection or Commercial Connection. The District's Storm Sewer System shall include necessary and pertinent facilities to drain storm waters from within the boundaries of the District and deliver the same to the designated points of entry into the Master District's Storm Sewer System. The District's Sanitary Sewage Collection System, the District's Water Delivery System, and the District's Storm Sewer System shall be designed and constructed by the District in accordance with sound engineering principles and in compliance with all applicable requirements of any regulatory authority, including the requirements of Texas law and regulations of the Commission, the City, and the Texas Department of Health as to the design, plans, and specifications. The District will not extend, or permit the extension of any of, the District's Sanitary Sewage Collection System, the District's Storm Sewer Collection System, or the District's Water Delivery System to serve any land or premises beyond its boundaries without the written permission of the Master District. The District shall further operate and maintain the District's Sanitary Sewage Collection System, the District's Storm Sewer System, and the District's Water Delivery System, to the extent (if at all) the District is operating such systems, in good condition and shall promptly repair any leaks or breaks therein and shall undertake such action as may be required to control unreasonable infiltration. If a break or leak occurs which allows abnormal roughage or infiltration or discharge of solid matter or water into the District's Sanitary Sewage Collection System or the District's Water Delivery System and such break or leak is not repaired within ten (10) days after notice by the Master District, then the Master District may, at its option, repair the same and charge the District the actual cost of repairing the same. The District shall require that all connections to the District's Water Delivery System, if the District is operating such system, be metered.

Section 10.2: Plumbing Code. The District and the Master District agree that the establishment of a plumbing code may be a vital part of the proper operation of the Master District's and the District's Sanitary Sewage Collection System, the Waste Disposal System, the Master District's and the District's Water Delivery System, and the Water Supply System. Consequently, the District agrees to adopt a plumbing code at least as equally restrictive to the plumbing code, if any, adopted by the Master District and the City. The District shall require all parties connected to the District's Sanitary

Sewage Collection System and the District's Water Delivery System after the effective date of this Contract to conform fully to the District's plumbing code. The District agrees to serve only those parties which comply with the District's plumbing code, including permit and inspection provisions, and the District agrees to enforce the provisions of this Section by appropriate action.

Section 10.3: Operator. The District and Mater District will each employ an independent contractor to operate and maintain any facilities that they own (that have not been conveyed to MUD No. 1). The District and the Master District recognize that utilizing the same operator for such purpose shall result in a more economical operation and avoid potential conflicts of responsibility. Accordingly, the Master District and the District shall counsel with each other and the other Participants in the selection of operators.

Section 10.4: Subject to Section 2.2. The provisions of this Article X are subject to Section 2.2.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1: Term. Unless terminated by mutual agreement of the parties hereto, this Contract shall continue in force and effect for a period of forty (40) years from its date.

Section 11.2: Renewal of Contract. Upon expiration of this Contract, the Master District agrees to contract with the District to continue to provide Services (to the extent then permitted by law) to the District upon the mutual written agreement of the parties.

Section 11.3: Contracts by Master District With Other Participants. The Master District shall have the right to contract with other Participants to render Services and shall have the further right to enlarge the size and the capacity of the Master District Facilities for the use and benefit of any other Participants. Such contracts with other Participants and such enlargements in size and capacity shall be subject to and shall not impair the right of the District to receive Services from the Master District, which are established under this Contract for the number of connections reserved to the District, except with the consent of the District. The Master District agrees that it will contract with all other Participants on substantially the same terms and conditions as are set out in this Contract; provided, however, that the Master District shall not enter into any such contract with a Participant without the consent of all Participants unless such Participant is authorized, by the requisite majority of the voters voting in an election held by such Participant, to levy and collect ad valorem taxes to pay charges due under such contract. Sienna Plantation Municipal Utility District No. 5, in its capacity as Master District, has or will execute a contract with Sienna Plantation Municipal Utility

District No. 5, in its capacity as a Participant, with terms and conditions substantially similar to those set forth in this Contract.

Section 11.4: Approvals by District or Master District. Whenever this Contract requires or permits approvals or consents to be hereafter given by the District or by the Master District, the parties agree that such approval or consent shall not be unreasonably withheld. Such approval or consent may be evidenced by an order or resolution adopted by the governing body or by an appropriate certificate executed by a person, firm or entity authorized to determine and give approval or consent on behalf of the District or the Master District pursuant to an order or resolution adopted by the governing body. Such approval or consent shall be effective without regard to whether given before or after the time required herein and no such approval or consent of the District shall be required as a condition to any action by the Master District except as expressly required in this Contract.

Section 11.5: District's Consent to Sewer and Water Lines. If any sewer or water mains or lines or appurtenances of the Master District should be located on any land now or hereafter owned by the District or in any present or future rights-of-way of the District, the District hereby consents thereto and hereby grants or will grant to the Master District the right, privilege, easement, and right-of-way to use such lands, rights-of-way, or public places for the purpose of maintaining, operating, laying, repairing, and removing such sewer and water mains or lines or appurtenances until termination of this Contract in order for the Master District to comply with the provisions of this Contract, so long as such activities by the Master District do not unduly interfere with the District's own activities.

Section 11.6: Force Majeure. In the event either party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Contract, except the obligation to pay funds required hereunder, then the obligations of such party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the party whose contractual obligations are affected thereby shall give notice and full particulars of such force majeure to the other party. Such cause, as far as possible, shall be remedied with all reasonable diligence. The term "force majeure," as used herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United States or the State of Texas or any civil or military authority other than a party to this Contract, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, and any other inabilities of either party, similar to those enumerated, which are not within the control of the party claiming such inability and which such party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to the party having the difficulty in the judgment of such party.

Section 11.7: Remedies upon Default. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all remedies, other than termination, existing at law or in equity, including specific performance and mandamus, may be availed of by either party and shall be cumulative; provided, however, that except as otherwise provided in this Contract the manner of proceeding to settle any controversy, claim or dispute arising out of or relating to this Contract, or any breach thereof, shall be by arbitration as provided in Section 11.16 of this Contract.

Section 11.8: No Additional Waiver Implied. No waiver or waivers of any breach or default (or any breaches or defaults) by either party hereto of any term, covenant, condition, or liability hereunder, or of performance by the other party of any duty or obligation hereunder, shall be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, under any circumstances.

Section 11.9: Addresses and Notice. Unless otherwise provided in this Contract, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "notice") herein provided or permitted to be given, made, or accepted by either party to the other must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated in this Contract, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as shown on the signature page of this Contract. The parties shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other party.

Section 11.10: Modification. This Contract shall be subject to change or modification only with the mutual written consent of the governing bodies of each of the parties hereto; provided, however, except as provided in Section 11.17, no major substantive change in terms and conditions shall be made without the approval of all

Participants. Any modification or amendment of this Contract in accordance with this Section 11.10, except as provided in Section 3.1, may be made without voter approval.

Section 11.11: Assignability. This Contract shall not be assignable by the Master District without the prior written consent of the Board of Directors of the District except: (i) the same may be assigned to a Trustee for the Master District's Bonds, and (ii) as the Master District may pledge the payments to be received from the District hereunder to pay debt service on the Master District's Bonds.

Section 11.12: Parties in Interest. This Contract shall be for the sole and exclusive benefit of the Master District, the District, the Participants, and the owners or holders of the Master District's Bonds issued hereunder from time to time and shall not be construed to confer any benefit or right upon any other persons or entities, or residents or customers of any of the Participants.

Section 11.13: Severability. The provisions of this Contract are severable, and if any word, phrase, clause, sentence, paragraph, section, or other part of this Contract or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Contract and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Contract to other persons or circumstances shall not be affected thereby.

Section 11.14: Master District as Participant. In addition to its rights and obligations as Master District under this Contract, the Master District shall also have all of the rights and obligations of a Participant. Accordingly, the Master District will construct and/or acquire water delivery, waste collection, and storm water collection facilities to serve connections within the Master District from its own funds and such facilities shall not be Master District Facilities. After such construction and/or acquisition, the Master District will discharge Waste into and receive Potable Water (and potentially Reuse Water for non-potable purposes) from the Master District Facilities on the same basis as other Participants, including the District. The Master District covenants and agrees that it will operate and maintain its facilities (if such facilities are not conveyed to MUD No. 1) and otherwise conduct itself with regard to the Master District Facilities as if it were a regular Participant.

Section 11.15: Sale or Encumbrance of Master District Facilities. The Master District will not sell, dispose of, or encumber any of the Master District Facilities except: (i) for conveyances of the MUD No. 1 Facilities to MUD No. 1, and (ii) as permitted in Article III or in resolutions authorizing the issuance of its bonds to finance the Master District Facilities; provided, however, that this provision shall not prevent the Master District from disposing of any portion of the Master District Facilities which has been declared surplus or is no longer needed or useful for the proper operation of the Master District Facilities. Any monies received from the sale of surplus properties may be used for the replacement of the properties sold. Unless it is so used, it shall be deposited in the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund, as appropriate. Issuance of bonds, or contracts payable from the General Fund, the Water, Sewer, and Drainage Construction Fund, the Road Construction Fund, or the Park Construction Fund, or an agreement wherein the Master District employs any person to operate the Master District Facilities, shall not be considered an encumbrance of the Master District Facilities.

Section 11.16: Arbitration. Except as otherwise provided in this Contract, any controversy, dispute, or claim arising out of or relating to this Contract, or any breach thereof, shall be settled by arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association; provided, however, that the arbitrator to whom any controversy, which is subject to arbitration under the terms of this Contract, shall be submitted in accordance with the provisions hereof, shall have jurisdiction and authority to interpret and apply the applicable provisions of this Contract in accordance with the laws of the State of Texas. Such application or interpretation of the provisions of this Contract must be in accordance with the spirit and letter of this Contract. No arbitrator shall have the jurisdiction or authority to add to, take from, nullify, or modify any of the terms of this Contract directly or indirectly, under the guise of interpretation. The arbitrator shall be bound by the facts and evidence submitted to him in the hearing and may not go beyond the terms of this Contract in rendering his award. It is further understood and agreed that the power of the arbitrator shall be strictly limited to determining the meaning and interpretation of the explicit terms of this Contract as herein expressly set forth and that no arbitrator shall have the power to base any award on any alleged practices or oral understandings not incorporated herein. Any award rendered in arbitration proceedings under this Contract shall be subject to judicial review at the insistence of either party for the purpose of determining whether the arbitrator exceeded his power as herein limited, and neither party shall be deemed to have waived its right to such review by proceeding to arbitration. Within his power as herein limited, the arbitrator may enter an award based upon any remedy available to the parties as provided in Section 11.7 of this Contract. Judgment upon the award may be entered in any court having jurisdiction thereof. Any such arbitration proceeding shall be held at the principal offices of the Master District, or such other place in Fort Bend County or Harris County as is designated by the Master District, and any expenses incurred by the Master District in connection with any such arbitration proceeding shall constitute an Operation and Maintenance Expense. The provisions of this section are subject to and shall not be considered as attempting to exclude the jurisdiction of the Commission or any other governmental regulatory authority to arbitrate or settle disputes, hold hearings or enter orders relating to the subject matter of this Contract.

Section 11.17: Modification to Service Area. The Service Area may not be modified to decrease in size unless approved by the District and all Participants and the

City and, if the Master District has issued bonds, the approval of the bondholders if required pursuant to the terms of the Master District Bonds. The Service Area may be enlarged upon the approval of all Participants and the City.

Section 11.18: Merger. This Contract, together with the exhibits attached hereto and made a part hereof for all purposes, constitutes the entire agreement by and between the parties relative to the subject matter hereof and there are no prior effective agreements, whether written or oral.

[EXECUTION PAGE FOLLOWS]

EXECUTED and EFFECTIVE this 13th day of May, 2013.

SIENNA PLANTATION MUNICIPAL
UTILITY DISTRICT NO. 5

By:______________________________
President, Board of Directors

ATTEST:

By:______________________________
Secretary, Board of Directors

(SEAL)

SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 TEXAS

Address:

c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

SIENNA PLANTATION MUNICIPAL
UTILITY DISTRICT NO. 5

By:______________________________
President, Board of Directors

ATTEST:

By:______________________________
Secretary, Board of Directors

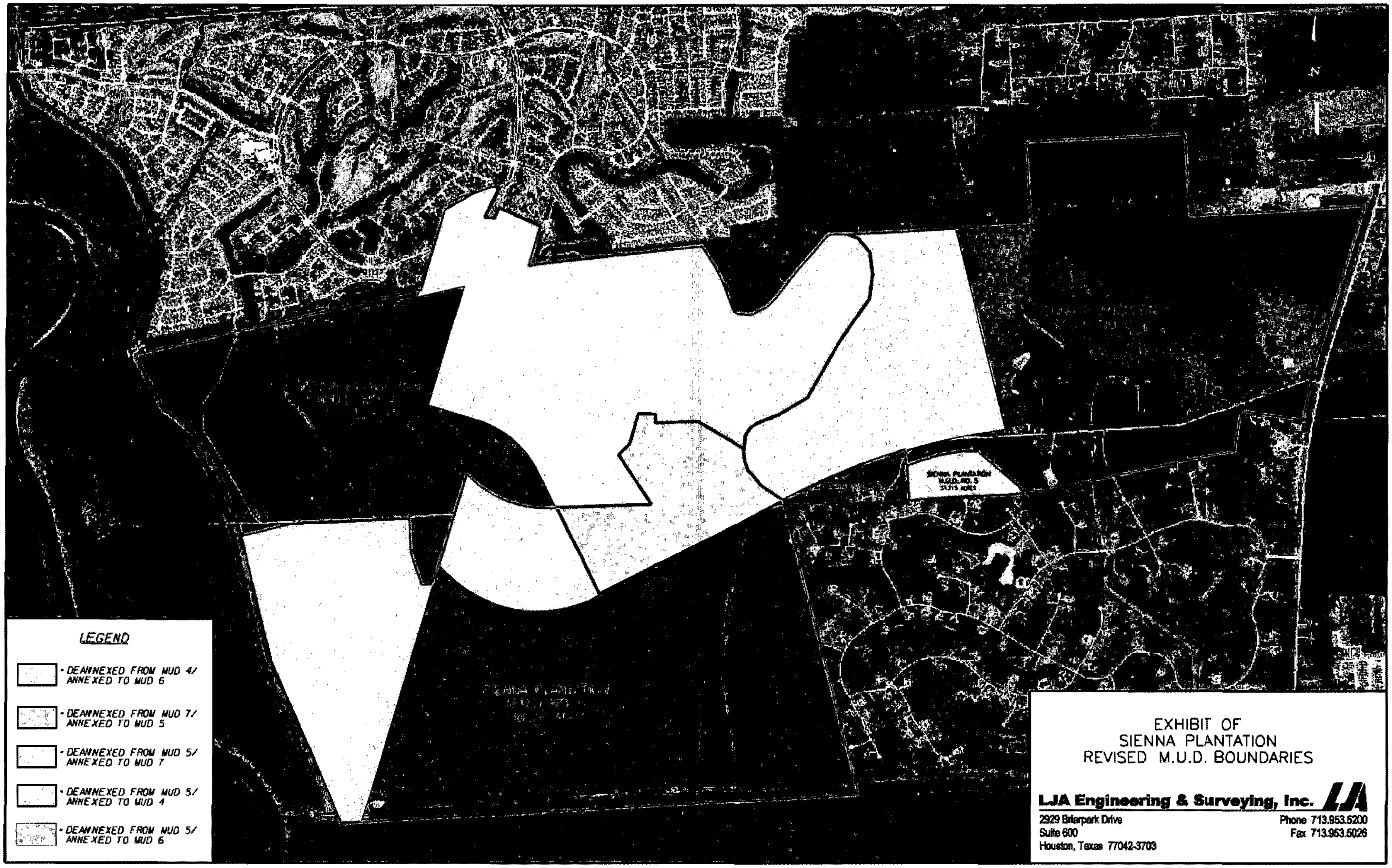
(SEAL)

SIENNA PLANTATION MUNICIPAL UTILITY DISTRICT NO. 5 TEXAS

Address:

c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

EXHIBIT A


LEGEND
DEANNEXED FROM MUD 4/ ANNEXED TO MUD 6
DEANNEXED FROM MUD 7/ ANNEXED TO MUD 5
DEANNEXED FROM MUD 5/ ANNEXED TO MUD 7
DEANNEXED FROM MUD 5/ ANNEXED TO MUD 4
DEANNEXED FROM MUD 5/ ANNEXED TO MUD 6
EXHIBIT OF
SIENNA PLANTATION
REVISED M.U.D. BOUNDARIES
LJA Engineering & Surveying, Inc.
2929 Briarpark Drive
Suite 600
Houston, Texas 77042-3703
Phone 713.953.5200
Fax 713.953.5026

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)