

OFFICIAL STATEMENT DATED JANUARY 24, 2024

In the opinion of Bond Counsel (herein defined), under current law and subject to conditions described under "TAX MATTERS," interest on the Bonds (herein defined) (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code (herein defined)) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described under "TAX MATTERS."

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

NEW ISSUE – Book-Entry-Only

S&P Global Ratings (BAM Insured)....."AA"
Moody's Investors Service, Inc. (Underlying)....."A1"

SIENNA PARKS & LEVEE IMPROVEMENT DISTRICT OF FORT BEND COUNTY, TEXAS
(A political subdivision of the State of Texas, located within Fort Bend County, Texas)

\$37,600,000
UNLIMITED TAX LEVEE IMPROVEMENT BONDS
SERIES 2024

Dated: February 1, 2024

Due: September 1, as shown on the inside cover

The \$37,600,000 Sienna Parks & Levee Improvement District of Fort Bend County, Texas, Unlimited Tax Levee Improvement Bonds, Series 2024 (the "Bonds") are obligations of Sienna Parks & Levee Improvement District of Fort Bend County, Texas (the "District"), and are not obligations of the State of Texas ("Texas"); Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); or any entity other than the District. Neither the faith and credit nor the taxing power of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (on or about February 21, 2024) and is payable September 1, 2024, and each March 1 and September 1 (the "Interest Payment Date") thereafter until the earlier of stated maturity or prior redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date. The Bonds are issued as fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "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 a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").



The Bonds constitute the nineteenth series of unlimited tax bonds issued by the District from two (2) separate elections where voters within the District authorized an aggregate of \$249,000,000 principal amount of unlimited tax bonds (\$110,000,000 at the election held on November 4, 1997, and \$139,000,000 at the election held on November 6, 2018) for the purposes of providing flood protection with levees, flood plain reclamation (fill), detention, internal and outfall drainage facilities, and pump stations within the District (the "Flood Protection System"). Voters within the District have also authorized a total of \$49,000,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining park and recreational facilities within the District (the "Park Facilities") and \$44,000,000 principal amount of unlimited tax bonds for refunding purposes. Following the issuance of the Bonds, \$0 principal amount of unlimited tax bonds for the purpose of providing the Flood Protection System; \$19,595,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining the Park Facilities; and \$38,597,509 principal amount of unlimited tax bonds for refunding purposes will remain authorized and unissued. See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS DESCRIBED UNDER "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the Initial Purchaser (herein defined), subject to the approval of the Attorney General of Texas and the opinion of The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about February 21, 2024.

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

SIENNA PARKS & LEVEE IMPROVEMENT DISTRICT OF FORT BEND COUNTY, TEXAS

**\$37,600,000
UNLIMITED TAX LEVEE IMPROVEMENT BONDS
SERIES 2024**

\$26,600,000 Serial Bonds

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622P (b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 82622P (b)
2024	\$ 1,265,000	6.250%	3.500%	CD0	2034 (c)	\$ 1,295,000	4.000%	3.400%	CP3
2025	870,000	6.250%	3.400%	CE8	2035 (c)	1,355,000	4.000%	3.500%	CQ1
2026	910,000	6.250%	3.200%	CF5	2036 (c)	1,415,000	4.000%	3.600%	CR9
2027	950,000	6.250%	3.100%	CG3	2037 (c)	1,480,000	4.000%	3.700%	CS7
2028	995,000	6.250%	3.100%	CH1	2038 (c)	1,545,000	4.000%	3.850%	CT5
2029	1,040,000	6.250%	3.100%	CJ7	2039 (c)	1,615,000	4.000%	4.000%	CU2
2030 (c)	1,085,000	5.000%	3.150%	CK4	2040 (c)	1,685,000	4.000%	4.000%	CV0
2031 (c)	1,135,000	4.000%	3.250%	CL2	2041 (c)	1,765,000	4.000%	4.050%	CW8
2032 (c)	1,185,000	4.000%	3.300%	CM0	2042 (c)	1,845,000	4.000%	4.100%	CX6
2033 (c)	1,240,000	4.000%	3.350%	CN8	2043 (c)	1,925,000	4.000%	4.150%	CY4

\$11,000,000 Term Bond

\$11,000,000 Term Bond Due September 1, 2048 (c)(d), Interest Rate: 3.750% (Price: \$89.613) (a), CUSIP No. 82622P DD9 (b)

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by 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 purchasers of the Bonds. None of the District, the Financial Advisor (herein defined), or the Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.
- (c) The Bonds maturing on September 1, 2030, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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.

All of the summaries of the statutes, resolutions, orders, contracts, audits, 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.

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.

Build America Mutual Assurance Company ("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 C."

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

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.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
USE OF INFORMATION IN OFFICIAL STATEMENT	1	THE BONDS	14
SALE AND DISTRIBUTION OF THE BONDS.....	3	General	14
Award of the Bonds	3	Record Date for Interest Payment	14
Prices and Marketability	3	Redemption Provisions.....	15
Securities Laws.....	3	Registration, Transfer, and Exchange.....	16
MUNICIPAL BOND INSURANCE.....	3	Mutilated, Lost, Stolen, or Destroyed Bonds	16
Bond Insurance Policy.....	3	Replacement of Paying Agent/Registrar	16
Build America Mutual Assurance Company.....	4	Source of Payment	16
RATINGS.....	5	Payment Record.....	17
OFFICIAL STATEMENT SUMMARY	6	Authority for Issuance.....	17
INTRODUCTION.....	14	Issuance of Additional Debt.....	17

No Arbitrage.....	18	Estimated Overlapping Taxes.....	48
Annexation by the City of Missouri City, Texas.....	18	Assessed Value Summary.....	49
Registered Owners' Remedies.....	18	Historical Collections.....	49
Legal Investment and Eligibility to Secure Public		Tax Rate Distribution.....	49
Funds in Texas.....	19	Principal Taxpayers.....	50
Defeasance.....	19	INVESTMENT CONSIDERATIONS.....	50
Use and Distribution of Bond Proceeds.....	21	General.....	50
Outstanding Bonds.....	22	Possible Flooding Events.....	50
BOOK-ENTRY-ONLY SYSTEM.....	22	Hurricane Harvey.....	52
THE DISTRICT.....	24	Potential Impact of Natural Disaster.....	52
Authority.....	24	Potential Effects of Oil Price Volatility on the	
Description.....	25	Houston Area.....	52
Management of the District.....	26	Factors Affecting Taxable Values and Tax	
Investment Policy.....	26	Payments.....	52
Consultants.....	26	District Tax Levy and Overlapping District Taxes and	
THE FLOOD PROTECTION SYSTEM.....	27	Functions.....	54
Regulation.....	27	Tax Increment Reinvestment Zone Risk Factors.....	55
Design Standards and Atlas 14.....	27	Tax Collection Limitations.....	55
Flood Protection, Reclamation, and Drainage		Registered Owners' Remedies and Bankruptcy.....	55
Facilities.....	28	Future Debt.....	55
Extreme Weather Events.....	30	Competitive Nature of Houston Residential Housing	
Construction of Future Internal Facilities.....	30	Market.....	56
PARK SYSTEM AND WATER SUPPLY AND WASTEWATER		Consolidation.....	56
TREATMENT.....	31	Continuing Compliance with Certain Covenants.....	56
Park System.....	31	Approval of the Bonds.....	56
Water Supply and Wastewater Treatment.....	31	Marketability.....	56
SIENNA AND OTHER DEVELOPMENTS.....	31	Bond Insurance Risk Factors.....	57
DEVELOPMENT WITHIN THE DISTRICT.....	32	Environmental Regulation.....	57
General.....	32	Changes in Tax Legislation.....	59
Development Agreement.....	33	LEGAL MATTERS.....	60
Special Districts.....	33	Legal Opinions.....	60
Status of Development within the District.....	33	No Material Adverse Change.....	60
Homebuilders Active within the District.....	34	No-Litigation Certificate.....	60
DEVELOPERS AND PRINCIPAL LANDOWNERS.....	34	TAX MATTERS.....	60
Role of a Developer.....	34	Opinion of Bond Counsel.....	60
Description of the Developers.....	34	Alternative Minimum Tax.....	61
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT.....	35	Other Tax Matters.....	61
DISTRICT DEBT.....	37	Original Issue Discount.....	62
Bonded Indebtedness.....	37	Bond Premium.....	62
Estimated Direct and Overlapping Debt Statement....	38	NOT Qualified Tax-Exempt Obligations.....	62
Debt Ratios.....	39	CONTINUING DISCLOSURE OF INFORMATION.....	62
Debt Service Requirement Schedule.....	39	Annual Reports.....	62
TAXING PROCEDURES.....	40	Event Notices.....	63
Authority to Levy Taxes.....	40	Availability of Information from EMMA.....	63
Property Tax Code and County-wide Appraisal		Limitations and Amendments.....	64
District.....	40	Compliance With Prior Undertakings.....	64
Property Subject to Taxation by the District.....	40	OFFICIAL STATEMENT.....	64
Tax Increment Reinvestment Zones.....	41	General.....	64
Tax Abatement.....	42	Experts.....	64
Valuation of Property for Taxation.....	42	Updating of Official Statement.....	65
District and Taxpayer Remedies.....	43	Certification as to Official Statement.....	65
Levy and Collection of Taxes.....	43	CONCLUDING STATEMENT.....	65
District's Rights in the Event of Tax Delinquencies....	45		
TAX DATA.....	46	APPENDIX A - AERIAL PHOTOGRAPH OF THE	
General.....	46	DISTRICT	
Tax Rate Limitation.....	46	APPENDIX B - FINANCIAL STATEMENTS OF THE	
Maintenance and Operations Tax.....	46	DISTRICT	
City of Missouri City Tax Increment Reinvestment		APPENDIX C - SPECIMEN MUNICIPAL BOND	
Zone No. 3.....	46	INSURANCE POLICY	
Exemptions.....	47		
Additional Penalties.....	47		
Tax Rate Calculations.....	47		

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover hereof at a price of 98.032679% of par, resulting in a net effective interest rate to the District of 4.107660%, as calculated pursuant to Chapter 1204 of the Texas Government Code. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control 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.

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 District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue a Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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 obligations of 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 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 September 30, 2023, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.8 million, \$217.0 million and \$285.8 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 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.

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance Policy for each series of the Bonds 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.

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "A1" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgement, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody's.

[Remainder of Page Intentionally Left Blank]

OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere herein. The offering of the Bonds (herein defined) to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The Issuer Sienna Parks & Levee Improvement District of Fort Bend County, Texas (the "District"), a political subdivision of the State of Texas ("Texas"), is within Fort Bend County, Texas (the "County"). See "THE DISTRICT."

Description The \$37,600,000 Sienna Parks & Levee Improvement District of Fort Bend County, Texas, Unlimited Tax Levee Improvement Bonds, Series 2024 (the "Bonds") are dated February 1, 2024. Interest on the Bonds accrues from the initial date of delivery (on or about February 21, 2024), at the rates set forth on the inside cover hereof, and is payable September 1, 2024, and each March 1 and September 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."

Redemption Provisions The Bonds maturing on or after September 1, 2030, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 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 Provisions – *Optional Redemption*."

The Bonds mature serially on September 1, in each year 2024 through 2043, both inclusive. The Bond maturing on September 1 in the year 2048 is a term bond that is also subject to mandatory redemption provisions set out under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

Source of Payment The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of Texas; the County; the City of Missouri City, Texas (the "City"); or any entity other than the District. See "THE BONDS – Source of Payment."

Authority for Issuance The Bonds constitute the nineteenth series of unlimited tax bonds issued by the District from two (2) separate elections where voters within the District authorized an aggregate of \$249,000,000 principal amount of unlimited tax bonds (\$110,000,000 at the election held on November 4, 1997, and \$139,000,000 at the election held on November 6, 2018) for the purposes of providing flood protection with levees, flood plain reclamation (fill), detention, internal and outfall drainage facilities, and pump stations within the District (the "Flood Protection System"). Voters within the District have also authorized a total of \$49,000,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining park and recreational facilities within the District (the "Park Facilities") and \$44,000,000 principal amount of unlimited tax

bonds for refunding purposes. Following the issuance of the Bonds, \$0 principal amount of unlimited tax bonds for the purpose of providing the Flood Protection System; \$19,595,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining the Park Facilities; and \$38,597,509 principal amount of unlimited tax bonds for refunding purposes will remain authorized and unissued.

The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code; Chapter 1201 et. seq. of the Texas Government Code; an election held on November 6, 2018; and an order of the Texas Commission on Environmental Quality (the "TCEQ"). See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."

Use and Distribution of Bond Proceeds Proceeds from the sale of the Bonds will be used to finance improvements to the Flood Protection System and related costs shown under "THE BONDS – Use and Distribution of Bond Proceeds." Additionally, proceeds from the sale of the Bonds will also be used to pay: developer interest and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Outstanding Bonds The District has previously issued eighteen (18) series of unlimited tax bonds for the purpose of providing the Flood Protection System; four (4) series of unlimited tax bonds for the purpose of constructing and maintaining the Park Facilities; and nine (9) series of unlimited tax bonds for refunding purposes. At the delivery of the Bonds, \$168,490,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

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

Ratings..... S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "A1." See "RATINGS."

NOT Qualified Tax-Exempt Obligations The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

General and Bond Counsel The Muller Law Group, PLLC, Sugar Land, Texas.

Disclosure Counsel Orrick, Herrington & Sutcliffe LLP, Houston, Texas

Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas

Engineer LJA Engineering, Inc., Houston, Texas.

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

THE DISTRICT

Description..... The District was created as Sienna Plantation Levee Improvement District of Fort Bend County, Texas, by order of the Fort Bend County Commissioners Court, adopted April 13, 1978, under the authority of Article XVI, Section 59 of the Texas Constitution and Chapter 57 of the Texas Water Code. Pursuant to Section 49.071 of the Texas Water Code and an order of the TCEQ dated June 15, 2021, the District changed its name to Sienna Parks & Levee Improvement District of Fort Bend County, Texas. The District encompasses approximately 9,832 acres, approximately 8,520 acres of which are within the development known as Sienna (herein defined). The remaining portion of the District encompasses approximately 1,312 acres that are not included as part of Sienna but are being developed as residential housing. The District is entirely within the County, approximately 22 miles southwest of the central business district of the City of Houston, Texas (“Houston”), and approximately one (1) mile west of the intersection of Texas State Highway 6 and Fort Bend Parkway Toll Road. The District is entirely within the boundaries of Fort Bend Independent School District (“FBISD”). Approximately 7,846 acres of the District are within the extraterritorial jurisdiction of the City and approximately 1,709 acres of the District are within the corporate limits of the City (post SMUD2 (herein defined) annexation by the City). See "THE DISTRICT – Authority" and “THE DISTRICT – Description.”

Sienna and Other Developments..... The District is part of an approximate 10,230-acre master-planned community known as “Sienna.”

Beginning in 1997, The Johnson Development Corp. (“JDC”), through several partnerships, has acquired and developed approximately 4,500 acres within Sienna. This area includes four (4) internal municipal utility districts (Sienna Municipal Utility District No. 2 (“SMUD2”) (now the City); Sienna Municipal Utility District No. 3 (“SMUD3”); Sienna Municipal Utility District No. 10 (“SMUD10”); and Sienna Municipal Utility District No. 12 (“SMUD12”)) and a management district (Sienna Management District (“SMD”)). This area also includes an approximate 214-acre rural estate subdivision known as “The Woods at Sienna.” In late 2023, SMUD2 was annexed by the City.

In December 2013, Toll-GTIS Property Owner, LLC (“Toll Brothers”) purchased approximately 3,800 acres within the southern region of Sienna (the “Toll Brothers Development”). The Toll Brothers Development encompasses four (4) internal municipal utility districts (Sienna Municipal Utility District No. 4 (“SMUD4”); Sienna Municipal Utility District No. 5 (“SMUD5”); Sienna Municipal Utility District No. 6 (“SMUD6”); and Sienna Municipal Utility District No. 7 (“SMUD7”)) and approximately 32 acres within SMUD3.

In addition to Sienna, the District contains the following single-family residential developments:

Approximately 1,035 acres outside of Sienna are not within any municipal utility district and are being developed as a rural estate

subdivision known as "Sienna Point." Neither JDC nor its affiliates are involved in the development of Sienna Point.

Approximately 277 acres outside of Sienna are within Fort Bend County Municipal Utility District No. 131 ("FBCMUD131") and are being developed as a single-family residential development known as "Southern Colony." Neither JDC nor its affiliates are involved in the development of Southern Colony. See "SIENNA AND OTHER DEVELOPMENTS."

Development Agreement..... The development of Sienna, including the District, and Sienna Point is governed by the Sienna Plantation Joint Development Agreement, dated February 19, 1996, as amended by ten (10) amendments (collectively, the "Development Agreement") pursuant to which the City, developers, and major landowners stipulated to the City's regulatory authority over the development of Sienna and Sienna Point, established certain restrictions and commitments related to the development of Sienna and Sienna Point, set forth a formula for determining the timing of annexation of land within Sienna and Sienna Point by the City, and identified and established a master plan for the development of Sienna and Sienna Point. The development of all land within Sienna and Sienna Point is governed by the provisions of the Development Agreement. The development of Southern Colony is not subject to the Development Agreement. See "DEVELOPMENT WITHIN THE DISTRICT - Development Agreement."

Missouri City Tax Increment
Reinvestment Zone No. 3 In December 2007, the City approved the creation of the City of Missouri City Tax Increment Reinvestment Zone No. 3 ("TIRZ 3"). A portion of the District lies within the boundaries of TIRZ 3. The purpose of TIRZ 3 is to fund certain infrastructure costs for new commercial, retail, office, multi-family, and town center facilities within its boundaries. TIRZ 3 will collect ad valorem tax revenue from the City; the County; Fort Bend County Drainage District; and the District on the incremental increase in assessed value within its boundaries from January 1, 2007, to January 1, 2037.

The District has agreed to contribute 100% of its TIRZ Revenues (herein defined) from TIRZ 3 to the City for the life of TIRZ 3 or 30 years, whichever is less. The District's participation in TIRZ 3 has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of TIRZ 3. For the 2023 tax year, the District's tax increment (above the base assessed value as of January 1, 2007) on the area that lies within TIRZ 3 equaled approximately \$283,223,669 and will generate approximately \$739,922 in revenues, assuming the collection of 95% of taxes levied at the District's total tax rate for the 2023 tax year of \$0.4125 per \$100 of assessed value, which revenues will be contributed to TIRZ 3. After TIRZ 3 is dissolved or after 30 years, the District will collect and retain all of the incremental tax revenue on all of the land within the District previously attributable to TIRZ 3. See "TAXING PROCEDURES - Tax Increment Reinvestment Zones," "TAX DATA - City of Missouri City Tax Increment Reinvestment Zone No. 3," and "INVESTMENT CONSIDERATIONS - Tax Increment Reinvestment Zone Risk Factors."

Development within the District The District encompasses several residential villages and subdivisions. As of January 1, 2024, single-family residential development within the District comprised of approximately 12,572 completed homes; approximately 166 homes under construction; approximately 618 vacant and developed lots; approximately 470 lots under development; and 104 rural estate lots (containing completed homes) in The Woods at Sienna.

Development within the District also includes a significant amount of commercial, retail, and multi-family development; educational facilities; and recreational facilities. See "DEVELOPMENT WITHIN THE DISTRICT – Status of Development within the District."

Developers and Principal Landowners Affiliates of JDC have been the principal developer within Sienna since its inception. JDC acquired land and developed Sienna through several partnerships and separate entities, including Sienna/Johnson Development, L.P. ("SJD"). JDC's development activities have taken place within SMUD2 (now the City); SMUD3; SMUD10; SMUD12; and SMD. SJD also developed The Woods at Sienna.

Toll Brothers purchased approximately 3,800 acres within Sienna in 2013. Toll Brothers engaged an affiliate of JDC as fee developer to develop its property. Development activities within the Toll Brothers Development has taken place mainly within SMUD4 and SMUD6, and recently started in SMUD7.

JDC and Toll Brothers are collectively referred to herein as the "Developers." See "DEVELOPERS AND PRINCIPAL LANDOWNERS."

Homebuilders Active within the District... Homebuilders active within the District include: Highland Homes-Houston; Shea Homes; Toll Brothers; Weekley Homes; Perry Homes; Newmark Homes; Westin Homes; HistoryMaker Homes; MHI (Coventry) Homes; Chesmar Homes; Jamestown Estate Homes; Tri Pointe Homes; Beazer Homes; and J. Patrick Homes. Prices of new homes being constructed within the District range from approximately \$300,000 to more than \$1,600,000, and from approximately 1,600 square feet to more than 7,000 square feet.

Master District and Municipal

Utility Districts..... The District does not provide water supply and distribution or wastewater treatment and collection facilities or services. Sienna Regional Municipal Utility District (the "Master District") 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 the Sienna Districts (herein defined). The Master District also provides water supply to The Woods at Sienna. The Master District receives surface water from the City. See "PARK SYSTEM AND WATER SUPPLY AND WASTEWATER TREATMENT – Water Supply and Wastewater Treatment" and "INVESTMENT CONSIDERATIONS – District Tax Levy and Overlapping District Taxes and Functions."

District Tax Levy and Overlapping

District Taxes and Functions The District has, and plans to continue to, finance the Flood Protection System. The principal of and interest on the District's bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. For the 2023 tax year, the District levied a debt service tax rate of \$0.2750 per \$100 of assessed value and a maintenance and operations tax rate of \$0.1375 per \$100 of assessed value, for a total tax rate of \$0.4125 per \$100 of assessed value. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments."

The District encompasses approximately 9,832 acres, approximately 8,520 acres of which are within Sienna. As development within the Master District, nine (9) internal municipal utility districts within Sienna (SMUD2 (now the City); SMUD3; SMUD4; SMUD5; SMUD6; SMUD7; SMUD10; SMUD12; and SMD) (collectively, the "Sienna Districts"), and Southern Colony proceeds, additional bonds may be sold by each district to finance future development. Each Sienna District and FBCMUD131 levies, or may levy, a separate tax on the land within its boundaries to pay debt service on the bonds which it issues. Such tax is in addition to the tax levied by the District. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments," "INVESTMENT CONSIDERATIONS – District Tax Levy and Overlapping District Taxes and Functions," "TAX DATA – Estimated Overlapping Taxes," "DEVELOPMENT WITHIN THE DISTRICT," and "THE FLOOD PROTECTION SYSTEM."

INVESTMENT CONSIDERATIONS

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

[Remainder of Page Intentionally Left Blank]

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2023 Assessed Value	\$ 6,274,904,664 (a)	
(100% of the taxable value as of January 1, 2023)		
Direct Debt:		
The Outstanding Bonds (at the Delivery of the Bonds)	\$ 168,490,000	
The Bonds	<u>37,600,000</u>	
Total.....	\$ 206,090,000	
Estimated Overlapping Debt	<u>\$ 699,539,489 (b)</u>	
Total Direct and Estimated Overlapping Debt	<u>\$ 905,629,489</u>	
Direct Debt Ratios:		
As a Percentage of the 2023 Assessed Value.....	3.28 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Assessed Value.....	14.43 %	
Debt Service Fund Balance (as of December 6, 2023)	\$ 6,980,465 (c)	
Capital Projects Fund Balance (as of December 6, 2023)	\$ 24,438,562	
Park Fund Balance (as of November 29, 2023)	\$ 95,067	
Park Capital Projects Fund Balance (as of November 29, 2023)	\$ 1,568,750	
General Fund Balance (as of December 6, 2023)	\$ 7,454,355	
Flood Event Fund Balance (as of December 6, 2023)	\$ 4,223,286	
2023 Tax Rate per \$100 of Assessed Value:		
Debt Service	\$ 0.2750	
Maintenance and Operations	<u>0.1375</u>	
Total.....	\$ 0.4125 (d)	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	\$ 11,336,847 (e)	
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024).....	\$ 16,312,835 (e)	
2023 Total Tax Increment to be Transferred to TIRZ 3.....	\$ 739,922 (f)	
Tax Increment Value	\$ 283,223,669 (f)	
Tax Rate per \$100 of Assessed Value Required to pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections (Excluding TIRZ 3): Based Upon the 2023 Assessed Value (\$6,274,904,664).....		\$ 0.20
Tax Rate per \$100 of Assessed Value Required to pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024) at 95% Tax Collections (Excluding TIRZ 3): Based Upon the 2023 Assessed Value (\$6,274,904,664).....		\$ 0.28
Number of Single-Family Homes within the District (including 166 in various stages of construction) as of January 1, 2024	12,842	

(a) Represents the assessed value of all taxable property within the District as of January 1, 2023, as provided by the Appraisal District (herein defined). Such amount includes \$60,324,637 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board (herein defined). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement."

- (c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the debt service fund.
- (d) In addition to the District's tax rate, property owners within the District may be subject to additional property taxes of other overlapping jurisdictions, including: the County; the City; the Sienna Districts; FBISD; FBCMUD131; and certain County drainage districts. See "TAX DATA - Estimated Overlapping Taxes" "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions."
- (e) See "DISTRICT DEBT - Debt Service Requirement Schedule."
- (f) The District has agreed to contribute 100% of its tax revenues on incremental value that lies within TIRZ 3 to the City for the life of TIRZ 3 or 30 years, whichever is less. The calculation assumes the collection of 95% of taxes levied at the District's total tax rate for the 2023 tax year of \$0.4125 per \$100 of assessed value. See "INVESTMENT CONSIDERATIONS - Tax Increment Reinvestment Zone."

SIENNA PARKS & LEVEE IMPROVEMENT DISTRICT OF FORT BEND COUNTY, TEXAS

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

\$37,600,000

UNLIMITED TAX LEVEE IMPROVEMENT BONDS

SERIES 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Sienna Parks & Levee Improvement District of Fort Bend County, Texas (the "District"), of its \$37,600,000 Sienna Parks & Levee Improvement District of Fort Bend County, Texas, Unlimited Tax Levee Improvement Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Bonds (the "Bond Resolution"); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code; Chapter 1201 et. seq. of the Texas Government Code; an election held on November 6, 2018; and an order of the Texas Commission on Environmental Quality (the "TCEQ").

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

Included herein are descriptions of the Bonds and certain information about the 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 202 Century Square Boulevard, Sugar Land, Texas 77478, or during the offering period from the Financial Advisor (herein defined) at 4801 Woodway Drive, Suite 118-E, Houston, Texas 77056, upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The Bonds will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover hereof. Interest on the Bonds accrues from the initial date of delivery (on or about February 21, 2024) and is payable September 1, 2024, and each March 1 and September 1 (the "Interest Payment Date") thereafter until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year composed of 12 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 of principal amount or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent and registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar").

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner (the "Registered Owners") appearing on the registration and transfer books (the "Register") of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Record Date") and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday,

Sunday, a legal holiday or a day when banking institutions within the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of 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 when funds for the payment of such interest have been received. 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 Registered Owner appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption Provisions

Optional Redemption

The Bonds maturing on or after September 1, 2030, are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. The Paying Agent/Registrar shall give written notice of redemption, by registered mail, overnight delivery, or other comparably secure means, not less than 30 days prior to the redemption date, to each registered securities depository (and to each national information service that disseminates redemption notices) known to the Paying Agent/Registrar, but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as herein above stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one (1) or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

The Bond maturing on September 1 in the year 2048 is a term bond (the "Term Bond") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

<u>\$11,000,000 Term Bond Maturing on September 1, 2048</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2044	\$ 2,010,000
September 1, 2045	\$ 2,100,000
September 1, 2046	\$ 2,195,000
September 1, 2047	\$ 2,295,000
September 1, 2048 (Maturity)	\$ 2,400,000

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 Bond 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 Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of the Term Bond 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.

Registration, Transfer, and Exchange

In the event the Book-Entry-Only System (herein defined) should be discontinued, the Bonds are transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange, and transfer. 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. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three (3) business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one (1) maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen, or Destroyed Bonds

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

Replacement of Paying Agent/Registrar

Provisions are made in the Bond Resolution for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form, and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any unlimited tax bonds hereafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas ("Texas"); Fort Bend County, Texas (the "County"); the City of Missouri City, Texas (the "City"); or any entity other than the District

Payment Record

The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See “THE BONDS – Source of Payment.”

Authority for Issuance

The Bonds constitute the nineteenth series of unlimited tax bonds issued by the District from two (2) separate elections where voters within the District authorized an aggregate of \$249,000,000 principal amount of unlimited tax bonds (\$110,000,000 at the election held on November 4, 1997, and \$139,000,000 at the election held on November 6, 2018) for the purposes of providing flood protection with levees, flood plain reclamation (fill), detention, internal and outfall drainage facilities, and pump stations within the District (the “Flood Protection System”). Voters within the District have also authorized a total of \$49,000,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining park and recreational facilities within the District (the “Park Facilities”) and \$44,000,000 principal amount of unlimited tax bonds for refunding purposes.

The Bonds are issued pursuant to the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 57 of the Texas Water Code; Chapter 1201 et. seq. of the Texas Government Code; an election held on November 6, 2018; and an order of the TCEQ.

Issuance of Additional Debt

The District may issue additional bonds. Following the issuance of the Bonds, \$0 principal amount of unlimited tax bonds for the purpose of providing the Flood Protection System; \$19,595,000 principal amount of unlimited tax bonds for the purpose of constructing and maintaining the Park Facilities; and \$38,597,509 principal amount of unlimited tax bonds for refunding purposes will remain authorized and unissued.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ).

Following the issuance of the Bonds, the District will owe the Developers (herein defined) \$0 in reimbursable expenses advanced by the Developer for the purpose of providing the Flood Protection System and approximately \$3,840,000 in reimbursable expenses advanced by the Developer for the purpose of providing the Park Facilities.

Pursuant to Acts 2003, 78th Regular Session, Chapter 98, General and Special Laws of Texas, the District also has the authority to finance and construct major thoroughfares that serve the District. The District would require voter authorization to finance such facilities. The District currently has no bonds authorized for major thoroughfares. In addition, pursuant to Chapter 986, Acts of the 78th Legislature of the State of Texas, Regular Session 2003, as amended by House Bill 2938 of the 85th Legislature of the State of Texas, Regular Session 2017, the District may develop and finance additional park and recreational facilities, subject to certain limitations.

Based on present engineering cost estimates and on development plans provided by the Developers, in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate funds for completion of the extension of the facilities to serve the remaining undeveloped land within the District. See “PARK SYSTEM AND WATER SUPPLY AND WASTEWATER TREATMENT,” “DEVELOPMENT WITHIN THE DISTRICT,” and “INVESTMENT CONSIDERATIONS – Future Debt.”

The District is in the process of submitting a bond application to the TCEQ for the purpose of constructing and maintaining the Park Facilities. The par amount of such bonds is yet to be determined, with funding anticipated in the second half of 2024.

No Arbitrage

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

Annexation by the City of Missouri City, Texas

Chapter 42 of the Texas Local Government Code provides that, within the limits described therein, the unincorporated area contiguous to the corporate limits of any city comprises that city's extraterritorial jurisdiction. The size of extraterritorial jurisdiction depends in part on the city's population. With certain exceptions, a city may annex territory only within the confines of its extraterritorial jurisdiction. When a city annexes additional territory, the city's extraterritorial jurisdiction expands in conformity with such annexation. Approximately 7,846 acres of the District are within the extraterritorial jurisdiction of the City and approximately 1,709 acres of the District are within the corporate limits of the City (post SMUD2 (herein defined) annexation by the City). A city may annex the subject tracts pursuant to Chapter 42 of the Texas Local Government Code.

Annexation of all or a portion of the land within the District by either city does not affect the existence or tax rate of the District.

Annexation by either city would affect the total overlapping tax rate on land with the District as the city's tax rate would be imposed on all property within the annexing city.

In late 2023, SMUD2 was annexed by the City.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the 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 Resolution 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 Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay 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 District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right

to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

[Remainder of Page Intentionally Left Blank]

Use and Distribution of Bond Proceeds

The proceeds from the sale of the Bonds will be used to finance improvements to the Flood Protection System and related costs shown below. Additionally, proceeds from the sale of the Bonds will also be used to pay other certain costs associated with the issuance of the Bonds, as shown below.

<u>Construction Costs</u>	<u>District's Share</u>
A. Developer Contribution Items	
1. None	\$ _____ -
Total Developer Contribution Items	\$ _____ -
B. District Items	
1. Regency Lake Phase 1 Drainage/Detention	\$ 143,284
2. Pump Station at Outfall No. 2 (400,500 gpm)	23,500,000
3. Main Channel Side Slope Rehabilitation	1,000,000
4. Regency Lake Phase 2 Drainage/Detention	3,600,000
5. Flat Bank Creek Rehabilitation	2,180,000
6. Engineering for Items No. 1-5	1,815,458
7. Geotech Testing for Items No. 2-5	446,600
8. Storm Water Pollution Prevention Planning for Items No. 2-5	181,400
9. Contingencies (10% of Items No. 2 & 3)	2,450,000
10. Land Acquisition Costs	56,860
Total District Items	\$ 35,373,602
TOTAL CONSTRUCTION COSTS	\$ 35,373,602
 <u>Non-Construction Costs</u>	
A. Legal Fees (1.6%)	\$ 612,500
B. Fiscal Agent Fees (1.7%)	626,500
C. Developer Interest	3,098
D. Bond Discount	739,713
E. Bond Issuance Expenses	78,800
F. Bond Application Report Costs	50,000
G. Attorney General Fee (0.10% or \$9,500 maximum)	9,500
H. TCEQ Bond Issuance Fee (0.25%)	94,000
I. Contingency (a)	12,287
TOTAL NON-CONSTRUCTION COSTS	\$ 2,226,398
 TOTAL BOND ISSUE REQUIREMENT	\$ 37,600,000

(a) Represents the difference between the estimated and actual amount of Bond Discount.

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

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses authorized under the applicable rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Outstanding Bonds

The District has previously issued the following bonds:

Series	Principal Amount Issued	Principal Amount Outstanding (a)
Unlimited Tax Levee Improvement Bonds, Series 1999	\$ 7,680,000	\$ -
Unlimited Tax Levee Improvement Bonds, Series 2000	8,350,000	-
Unlimited Tax Levee Improvement Bonds, Series 2001	5,700,000	-
Unlimited Tax Levee Improvement Bonds, Series 2002	7,500,000	-
Unlimited Tax Levee Improvement Bonds, Series 2003	7,500,000	-
Unlimited Tax Levee Improvement Bonds, Series 2004	7,900,000	-
Unlimited Tax Levee Improvement Refunding Bonds, Series 2005	12,220,000	-
Unlimited Tax Levee Improvement Bonds, Series 2005A	10,500,000	-
Unlimited Tax Levee Improvement Bonds, Series 2006	3,300,000	-
Unlimited Tax Levee Improvement Bonds, Series 2007	8,930,000	-
Unlimited Tax Levee Improvement Bonds, Series 2008	9,210,000	-
Unlimited Tax Levee Improvement Bonds, Series 2009	9,025,000	-
Unlimited Tax Levee Improvement Refunding Bonds, Series 2010	13,180,000	-
Unlimited Tax Levee Improvement Refunding Bonds, Series 2010A	15,855,000	-
Unlimited Tax Park Bonds, Series 2012	1,850,000	-
Unlimited Tax Levee Improvement Bonds, Series 2012	5,120,000	-
Unlimited Tax Levee Improvement Refunding Bonds, Series 2014	20,855,000	7,615,000
Unlimited Tax Park Bonds, Series 2015	3,930,000	2,850,000
Unlimited Tax Refunding Bonds, Series 2015	14,015,000	8,700,000
Unlimited Tax Park Bonds, Series 2015A	17,160,000	13,320,000
Unlimited Tax Levee Improvement Bonds, Series 2015	3,280,000	2,535,000
Unlimited Tax Refunding Bonds, Series 2016	11,145,000	6,650,000
Unlimited Tax Levee Improvement Bonds, Series 2017	12,135,000	12,135,000
Unlimited Tax Refunding Bonds, Series 2017	7,805,000	3,815,000
Unlimited Tax Park Bonds, Series 2018	6,465,000	3,245,000
Unlimited Tax Levee Improvement Bonds, Series 2018	3,870,000	3,330,000
Unlimited Tax Levee Improvement Bonds, Series 2019	30,000,000	26,080,000
Unlimited Tax Park Refunding Bonds, Series 2019	1,145,000	1,045,000
Unlimited Tax Levee Improvement Refunding Bonds, Series 2019	9,485,000	6,720,000
Unlimited Tax Levee Improvement Bonds, Series 2020	37,900,000	37,900,000
Unlimited Tax Levee Improvement Bonds, Series 2022	<u>33,500,000</u>	<u>32,550,000</u>
Total	<u>\$ 346,510,000</u>	<u>\$ 168,490,000</u>

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

The District has previously issued eighteen (18) series of unlimited tax bonds for the purpose of providing the Flood Protection System; four (4) series of unlimited tax bonds for the purpose of constructing and maintaining the Park Facilities; and nine (9) series of unlimited tax bonds for refunding purposes. At the delivery of the Bonds, \$168,490,000 principal amount of such previously issued debt will remain outstanding (the "Outstanding Bonds").

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District

and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Registered Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described 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 is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial owners of the Bonds will not receive written confirmation from DTC of their purchase. Beneficial owners of the Bonds 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 owners of the Bonds 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 of the Bonds. Beneficial owners of the Bonds will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the beneficial owners of the Bonds. 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 of the Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, principal, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to beneficial owners of the Bonds 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Bonds will be the responsibility of Direct and Indirect Participants.

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

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

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

Use of Certain Terms in Other Sections of 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 Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC.

THE DISTRICT

Authority

The District is a conservation and reclamation district created as Sienna Plantation Levee Improvement District of Fort Bend County, Texas, by the Fort Bend County Commissioners Court on April 13, 1978. Pursuant to Section 49.071 of the Texas Water Code and an order of the TCEQ dated June 15, 2021, the District changed its name to Sienna Parks & Levee Improvement District of Fort Bend County, Texas. The rights, powers, privileges, authority, and functions of the District are established by the general laws of Texas pertaining to conservation and reclamation districts, including particularly Chapters 49 and 57 of the Texas Water Code. The District is

subject to the continuing supervision of the TCEQ, which has authority over the issuance of bonds by the District.

The District is empowered, among other things, to purchase, construct, operate, and maintain all improvements and facilities necessary for providing flood plain reclamation, flood protection, detention, and outfall drainage.

Pursuant to Acts 2003, 78th Regular Session, Chapter 98, General and Special Laws of Texas, the District also has the authority to finance and construct major thoroughfares that serve the District. The District would require voter authorization to finance such facilities. The District currently has no bonds authorized for major thoroughfares. In addition, pursuant to Chapter 986, Acts of the 78th Legislature of the State of Texas, Regular Session 2003, as amended by House Bill 2938 of the 85th Legislature of the State of Texas, Regular Session 2017, the District may develop and finance additional park and recreational facilities, subject to certain limitations, including voter authorization of bonds and the levy of ad valorem taxes for such purposes.

Description

The District encompasses approximately 9,832 acres, approximately 8,520 acres of which are within the development known as Sienna (herein defined). The remaining portion of the District encompasses approximately 1,312 acres that are not included as part of Sienna but are being developed as residential housing. The District is entirely within the County, approximately 22 miles southwest of the central business district of the City of Houston, Texas ("Houston"), and approximately one (1) mile west of the intersection of Texas State Highway 6 and Fort Bend Parkway Toll Road. The District is entirely within the boundaries of Fort Bend Independent School District ("FBISD"). Approximately 7,846 acres of the District are within the extraterritorial jurisdiction of the City and approximately 1,709 acres of the District are within the corporate limits of the City (post SMUD2 annexation by the City).

The District was created for the purposes of providing flood plain reclamation, flood protection, and outfall drainage facilities to serve the land within its boundaries. See "PHOTOGRAPHS TAKEN WITHIN THE DISTRICT" and "APPENDIX A."

[Remainder of Page Intentionally Left Blank]

Management of the District

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. All of the directors reside within the District. The directors serve four (4)-year terms and are appointed by Fort Bend County Commissioners Court. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Temika Jones	President	07/20/2027
Kendall Beckman	Vice President	07/20/2024
Stanton Nowak	Secretary/Treasurer	07/20/2027
Gregg Yarborough	Assistant Vice President	07/20/2027
Alison Young	Assistant Secretary/Treasurer	07/20/2027

Investment Policy

The District has adopted an investment policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in obligations of the United States or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and Texas CLASS, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

Tax Assessor/Collector

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

Bookkeeper

The District's bookkeeper is McLennan & Associates, L.P., Houston, Texas.

Levee and Drainage System Operator

The District's operator is Levee Management Services, LLC, Sugar Land, Texas.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audit reports are filed with the TCEQ. The District's financial statements for the fiscal year ended September 30, 2022, were audited by McGrath & Co., PLLC, Houston, Texas (the "Auditor") and are attached hereto as "APPENDIX B."

Engineer

The consulting engineer for the District in connection with the design and construction of the facilities for which bonds have been sold to reimburse the Developers is LJA Engineering, Inc., Houston, Texas (the "Engineer"). LJA Engineering, Inc., Houston, Texas, has also been engaged by the Developers in connection with certain planning and design activities within the District.

Environmental Services Consultant

The District's environmental services consultant is LJA Environmental Services, LLC, DBA Berg-Oliver Associates, Houston, Texas.

Financial Advisor

Robert W. Baird & Co. Incorporated, Houston, Texas, is engaged as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. The fees to be paid to the Financial Advisor 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.

Bond and General Counsel

The Muller Law Group, PLLC, Sugar Land, Texas, is engaged as bond counsel ("Bond Counsel") to the District in connection with the issuance of the Bonds. The fees to be paid to Bond Counsel for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Muller Law Group, PLLC, Sugar Land, Texas, is also engaged as the general counsel to the District on matters other than the issuance of bonds. See "LEGAL MATTERS."

Disclosure Counsel

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

THE FLOOD PROTECTION SYSTEM

Regulation

The District provides the Flood Protection System. Construction and operation of the Flood Protection System as it now exists 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 District. Construction of the Flood Protection System is also subject to the regulatory authority of the County; Fort Bend County Drainage District ("FBCDD"); the Federal Emergency Management Agency ("FEMA"); and, in some instances, the TCEQ; the U.S. Army Corps of Engineers; and the City.

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 District 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 Participation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property 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 within the District 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 District (i.e. based on the current state of the Flood Protection System, an Atlas 14 100-year flooding event would likely not be more than 1.5 feet greater than a 100-year flooding event estimated by past design standards).

Notwithstanding the information provided above regarding the Flood Protection System, the Flood Protection System does not protect against, and no flood protection system can protect against, all flooding scenarios. Further, because any definition of the composition of the “100-year flood plain” is based on statistical averages, it is possible that 100-year flooding events can occur more often than every 100 years. In fact, the greater Houston area has experienced three (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 within the District is equally protected by the Flood Protection System. While all structures within the District have been built to the design standards in effect at the time of their construction, some structures within the District will always be at greater risk of structural flooding as compared to others.

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

Flood Protection, Reclamation, and Drainage Facilities

Approximately 8,520 of Sienna’s approximate 10,230 acres are within the District. The system consists of two (2) independent levee and outfall drainage networks, as well as flood plain reclamation (fill) sites for certain land within the District not protected by a levee.

Sienna North Levee and Drainage System: The District’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.

According to the Engineer, as a result of the construction of the facilities financed by the District, all land within the North Levee System was removed from the 100-year flood plain of the Brazos River. Such area within the District 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 the District’s construction of the Flood Protection System, the 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.

The District has completed the construction of all components of the North Levee System to accommodate full development of the land within that system. According to the 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 “THE FLOOD PROTECTION SYSTEM – 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 the Engineer, improvements to those structures made after Hurricane Harvey will prevent reversed water flows in the future. The 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, the District has constructed two (2) 100,000 gpm pump stations to serve the North Levee System. According to the Engineer, these pumping facilities should be sufficient to handle calculated infiltration sources for a flooding event similar to Hurricane Harvey.

The District anticipates making further improvements to the North Levee System, as discussed under “THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Facilities.”

Sienna South Levee and Drainage System: The District’s initial Plan of Reclamation covers approximately 6,465 acres (the “South Levee System”). The original levee and related outfall structures and channels were completed in 1984.

According to the Engineer, as a result of the construction of the facilities financed by the District, all land within the South Levee System was removed from the FEMA SFHA of the Brazos River. Such area within the District 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 the District’s construction of the levee, internal detention, and drainage systems, the 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 “THE FLOOD PROTECTION SYSTEM – Extreme Weather Events,” the area within the South Levee System has experienced inundation related to rain and rain events. The District 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, the District 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 the District’s protections through additional facilities and redundancies to make the existing facilities more resilient. See “THE FLOOD PROTECTION SYSTEM – Construction of Future Internal Facilities.”

With the completion of improvements financed by proceeds from the sale of the Bonds, the District will have completed the construction of all components of the South Levee System to accommodate full development of the land within that system. According to the 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 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 within the District, the marketing of homes and the future growth of property values within the District could be adversely affected.

Extreme Weather Events

The greater 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 within the District.

Hurricane Harvey produced an estimated 40 inches of rain within the District over a four (4)-day period. Although the rainfall from Hurricane Harvey did not result in an overtopping or breach of the Flood Protection System, certain portions of the District experienced significant street flooding and some structural flooding due to the rainfall amounts within the District exceeding the design capacity of the Flood Protection System. In addition, a limited number of structures within the District were also damaged by one (1) or more tornadoes caused by Hurricane Harvey. See "INVESTMENT CONSIDERATIONS – Hurricane Harvey."

The District cannot predict the effect that additional extreme weather events may have upon the District or the Flood Protection System.

Construction of Future Internal Facilities

The Flood Protection System currently provides flood protection from overflows of the Brazos River to the majority of the land within the District. 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. The District's original development plans contemplated that as development continued within the District, the municipal utility districts within the District's boundaries and/or developers within the District would construct additional pump stations, detention facilities, and outfall drainage facilities to maintain water surface elevations at acceptable criteria levels. While these development plans remain in place, following Hurricane Harvey and partially in response to new data provided by Atlas 14, the District modified its development plans to improve the Flood Protection System to allow it to better manage extreme weather events such as Hurricane Harvey. In order to implement these modified plans and accelerate improvements to the levee and pump systems within the District, in 2018 the District held an election and received voter approval authorizing \$139,000,000 in additional levee improvement and drainage bonds. The District issued its first series of bonds pursuant to such authorization in April 2019, and the Bonds constitute the fourth and final issuance from this authorization. For a discussion on the effectiveness of the District's development plans on the mitigation of future flooding events, see "INVESTMENT CONSIDERATIONS – Possible Flooding Events." While not an exhaustive list, the District is currently undertaking the following major projects to protect the land within its boundaries:

Stormwater Pump Station: The District has finished construction of the second phase of a second stormwater pump station to serve the South Levee System. Such pump station provides 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. The South Levee System is now served by two (2) pump stations with a combined pumping capacity of 799,500 gpm. The District is currently constructing a stormwater pump station to serve the portion of the District known as Acreage Estates within the North Levee System. This portion of the North Levee System currently meets all criteria through storage of rainfall in a lake system. The pump station will provide additional protection with 40,000 gpm of pumping capacity. The pump station is expected to be completed in 2024.

Additional Control Gates: The District 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: The District 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: The District has a detention pond to provide additional capacity to serve the South Levee System. Such facility assists the District 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.

The District makes no guarantee that such improvements will prevent any future flooding events that occur within its boundaries. Additionally, the District makes no representations regarding the timing of completion for any of the projects outlined above.

PARK SYSTEM AND WATER SUPPLY AND WASTEWATER TREATMENT

Park System

In 2009, the District developed the “Parks and Recreational Master Plan,” of which voters of the District approved and authorized the District to issue \$49,000,000 principal amount of unlimited tax bonds to finance the construction of park and recreational facilities contained in the Parks and Recreational Master Plan.

The Parks and Recreational Master Plan identifies 18 regional and neighborhood park locations and several miles of trails throughout and adjacent to the District. The District currently owns and operates Camp Sienna, which contains five (5) baseball fields; three (3) softball fields; six (6) multi-purpose fields, which are used for a variety of active youth and adult sport leagues; a playground; and a trail system.

The District entered into a series of agreements with FBISD to make recreational improvements on FBISD property that will be open to the public during non-school hours.

Water Supply and Wastewater Treatment

The District does not provide water supply and distribution or wastewater treatment and collection facilities or services. The water supply and distribution services are owned and operated by the Master District (herein defined). The Master District provides water supply and distribution services to the Sienna Districts (herein defined) on a wholesale basis. Each of these internal districts provide these services to their customers on a retail basis. According to the Master District engineer, there is sufficient water supply and distribution and wastewater treatment and collection capacity to serve all of the existing developed lots within the District. The remaining portion of the District’s water supply and distribution and wastewater treatment and collection services are provided by FBCMUD131 (herein defined).

SIENNA AND OTHER DEVELOPMENTS

The District is part of an approximate 10,230-acre master-planned community known as “Sienna,” which is governed by the terms and conditions of the Development Agreement. In the Development Agreement, the City and the landowners stipulate the City’s regulatory authority over the development of the community, establish certain restrictions and commitments, set forth a formula for determining the timing of annexation of land by the City, and identify and establish a master plan for the development of Sienna. This master-planned area consists of three (3) distinct developments: Sienna by The Johnson Development Corp. (“JDC”) (through several partnerships), approximately 4,500 acres; Sienna by Toll-GTIS Property Owner, LLC (“Toll Brothers”), approximately 3,800 acres; and Avalon at Sienna by Taylor Morrison of Texas, Inc., approximately 187 acres.

The approximate 4,500 acres of Sienna developed by JDC (through several partnerships) began in 1997. This area includes four (4) internal municipal utility districts (Sienna Municipal Utility District No. 2 (“SMUD2”) (now the City); Sienna Municipal Utility District No. 3 (“SMUD3”); Sienna Municipal Utility District No. 10 (“SMUD10”); and Sienna Municipal Utility District No. 12 (“SMUD12”)) and a management district (Sienna Management District (“SMD”). This area also includes an approximate 214-acre rural estate subdivision known as “The Woods at Sienna.” In late 2023, SMUD2 was annexed by the City.

In December 2013, Toll Brothers purchased approximately 3,800 acres within the southern region of Sienna (the "Toll Brothers Development"). The Toll Brothers Development encompasses four (4) internal municipal utility districts (Sienna Municipal Utility District No. 4 ("SMUD4"); Sienna Municipal Utility District No. 5 ("SMUD5"); Sienna Municipal Utility District No. 6 ("SMUD6"); and Sienna Municipal Utility District No. 7 ("SMUD7")) and approximately 32 acres within SMUD3.

Sienna Regional Municipal Utility District (the "Master District") 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 the Sienna Districts. The Master District also provides water supply to The Woods at Sienna.

The District encompasses approximately 9,832 acres, approximately 8,520 of which are within Sienna.

According to the Developers, 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 (now the City); SMUD3; SMUD4; SMUD6; SMUD7; SMUD10; SMUD12; the District; and The Woods at Sienna. As of January 1, 2024, single-family residential development within Sienna comprised of approximately 11,263 completed homes; approximately 166 homes under construction; approximately 618 vacant and developed lots; approximately 470 lots under development; and 104 rural estate lots (containing completed homes) in The Woods at Sienna.

In addition to Sienna, the District contains the following single-family residential developments:

Approximately 1,035 acres outside of Sienna are not within any municipal utility district and are being developed as a rural estate subdivision known as "Sienna Point." Sienna Point contains 273 lots, all of which have been completed. Neither JDC nor its affiliates are involved in the development of Sienna Point.

Approximately 277 acres outside of Sienna are within Fort Bend County Municipal Utility District No. 131 ("FBCMUD131") and are being developed as a single-family residential development known as "Southern Colony." Southern Colony contains 1,036 lots, all of which have been completed. Neither JDC nor its affiliates are involved in the development of Southern Colony.

DEVELOPMENT WITHIN THE DISTRICT

General

The District encompasses approximately 9,832 acres, approximately 8,520 of which are within Sienna. To date, development within Sienna has occurred primarily within SMUD2; SMUD3; SMUD4; SMUD6; SMUD7; SMUD10; SMUD12; the District; and The Woods at Sienna. As of January 1, 2024, single-family residential development within Sienna comprised of approximately 11,263 completed homes; approximately 166 homes under construction; approximately 618 vacant and developed lots; approximately 470 lots under development; and 104 rural estate lots (containing completed homes) in The Woods at Sienna.

In addition to Sienna, the District fully encompasses two (2) single-family residential developments: Sienna Point and Southern Colony. Sienna Point contains 273 rural estate lots (all of which have been completed) on approximately 1,035 acres. Southern Colony contains 1,036 single-family residential lots (all of which have been completed) on approximately 277 acres. Neither JDC nor its affiliates are involved in the development of Sienna Point or Southern Colony.

Development Agreement

The development of all land within Sienna, including the District, and Sienna Point that is within the City, or its extraterritorial jurisdiction, is subject to the terms and conditions of the Sienna Plantation Joint Development Agreement with the City dated February 19, 1996, as amended ten (10) times (collectively, the "Development Agreement") which stipulates the City's regulatory authority over the development of Sienna and Sienna Point, establishes certain restrictions and commitments related to the development of Sienna and Sienna Point, sets forth detailed design and construction standards, stipulates a formula for determining the timing of annexations of land within Sienna and Sienna Point by the City, and identifies and establishes a master plan for the development of Sienna and Sienna Point. The Development Agreement may be amended at any time by the mutual agreement of the parties thereto.

The Development Agreement limits the number of residential units within Sienna and Sienna Point to 21,000 units, of which no more than 2,720 units may be multi-family units. In addition, there can be no more than 1,100 acres of commercial development within Sienna and Sienna Point, and no more than an additional 300 acres of Rural Estate Lots (as defined in the Development Agreement) after the development of Sienna Point.

The development of Southern Colony is not subject to the Development Agreement.

Special Districts

The District does not provide water supply and distribution or wastewater treatment and collection facilities or services. The Master District, nine (9) internal municipal utility districts within Sienna (SMUD2 (now the City); SMUD3; SMUD4; SMUD5; SMUD6; SMUD7; SMUD10; SMUD12; and SMD) (collectively, the "Sienna Districts"), and FBCMUD131 have been formed to finance the acquisition or construction of water supply and distribution, wastewater collection and treatment, and storm sewer facilities to serve the land within each district.

In the Development Agreement, the City agrees not to annex property within a Sienna District before such time as (i) at least 95% of the developable acreage within the Sienna District has been developed with water, wastewater treatment, and drainage facilities and (ii) the Developers have been reimbursed by the Sienna District to the maximum extent permitted by the rules of the TCEQ, or the City assumes any obligation for such reimbursement. The City also provides fire protection to the residents within the District subject to the payment for such services by the Sienna Districts. In late 2023, SMUD2 was annexed by the City.

Status of Development within the District

The District encompasses several residential villages and subdivisions. As of January 1, 2024, single-family residential development within the District comprised of approximately 12,572 completed homes; approximately 166 homes under construction; approximately 618 vacant and developed lots; approximately 470 lots under development; and 104 rural estate lots (containing completed homes) in The Woods at Sienna.

Development within the District also includes a significant amount of commercial and multi-family development, including: seven (7) apartment complexes; five (5) retail centers; an office building; and various restaurants, credit unions, grocery stores, childcare facilities, gas stations, a bank, a clinic, an auto repair shop, and a car wash. Educational facilities within the District include five (5) elementary schools; two (2) middle schools; and a high school. Recreational facilities within the District include an 18-hole golf course, including a clubhouse and a pro shop; a 7,500 square foot recreational facility; two (2) water parks; eight (8) tennis courts; an amphitheater; an Olympic sized pool; a pavilion; and a 160-acre regional sports park along the Brazos River Corridor that includes baseball and soccer fields; volleyball and basketball courts; a concession area; a scenic overlook of the Brazos River; a trail system; a picnic pavilion; and a playground. Additional commercial development is underway/anticipated.

Homebuilders Active within the District

Homebuilders active within the District include: Highland Homes-Houston; Shea Homes; Toll Brothers; Weekley Homes; Perry Homes; Newmark Homes; Westin Homes; HistoryMaker Homes; MHI (Coventry) Homes; Chesmar Homes; Jamestown Estate Homes; Tri Pointe Homes; Beazer Homes; and J. Patrick Homes. Prices of new homes being constructed within the District range from approximately \$300,000 to more than \$1,600,000, and from approximately 1,600 square feet to more than 7,000 square feet.

DEVELOPERS AND PRINCIPAL LANDOWNERS

Role of a Developer

In general, the activities of a developer in a levee improvement district such as the District include purchasing the land within the District, designing the subdivisions, designing the utilities and streets to be constructed in the subdivisions, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to 30% of the cost of constructing certain of the water, wastewater, and drainage facilities in a utility district (if the property is both within a municipal utility district and a levee improvement 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 a levee improvement 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 levee improvement district during the initial development phase of the property.

Description of the Developers

The Johnson Development Corp.

Affiliates of JDC have been the principal developer within Sienna since its inception. JDC acquired land through several partnerships, whose general partners were companies controlled by Larry Johnson, the founder of JDC. Subsequently, JDC formed separate entities, including Sienna/Johnson Development, L.P. ("SJD"), to develop Sienna. In addition to SJD, several partnerships have been created, whose general partners are controlled, directly or indirectly, by JDC affiliates and Lawrence Wong to develop Sienna – Sienna/Johnson North, L.P.; Sienna/Johnson Cathay, L.P.; Sienna 93, L.P.; Sienna 325 L.P.; and the Zeringue Tract Joint Venture. JDC's development activities have taken place within the District; SMUD2; SMUD3; SMUD10; SMUD12; and SMD. SJD also developed The Woods at Sienna.

Toll-GTIS Property Owner, LLC

Toll Brothers purchased approximately 3,800 acres within Sienna in 2013. Toll Brothers engaged an affiliate of JDC as fee developer to develop its property. Development activities within the Toll Brothers Development has taken place mainly within SMUD4 and SMUD6, and recently started in SMUD7.

Toll Brothers parent company is a publicly traded company on the New York Stock Exchange and a national homebuilder, which is actively building homes in several states. For more information, visit www.tollbrothers.com. GTIS Partners is a real estate private equity firm headquartered in New York City with offices in several cities around the world.

JDC and Toll Brothers are collectively referred to herein as the "Developers."

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(August 2023)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(August 2023)



DISTRICT DEBT

Bonded Indebtedness

2023 Assessed Value	\$ 6,274,904,664 (a)	
(100% of the taxable value as of January 1, 2023)		
Direct Debt:		
The Outstanding Bonds (at the Delivery of the Bonds)	\$ 168,490,000	
The Bonds	<u>37,600,000</u>	
Total.....	\$ 206,090,000	
Estimated Overlapping Debt	<u>\$ 699,539,489 (b)</u>	
Total Direct and Estimated Overlapping Debt	<u>\$ 905,629,489</u>	
Direct Debt Ratios:		
As a Percentage of the 2023 Assessed Value.....	3.28 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Assessed Value.....	14.43 %	
Debt Service Fund Balance (as of December 6, 2023)	\$ 6,980,465 (c)	
Capital Projects Fund Balance (as of December 6, 2023)	\$ 24,438,562	
Park Fund Balance (as of November 29, 2023)	\$ 95,067	
Park Capital Projects Fund Balance (as of November 29, 2023)	\$ 1,568,750	
General Fund Balance (as of December 6, 2023)	\$ 7,454,355	
Flood Event Fund Balance (as of December 6, 2023)	\$ 4,223,286	
2023 Tax Rate per \$100 of Assessed Value:		
Debt Service	\$ 0.2750	
Maintenance and Operations	<u>0.1375</u>	
Total.....	\$ 0.4125 (d)	
Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	\$ 11,336,847 (e)	
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024).....	\$ 16,312,835 (e)	
2023 Total Tax Increment to be Transferred to TIRZ 3.....	\$ 739,922 (f)	
Tax Increment Value	\$ 283,223,669 (f)	
Tax Rate per \$100 of Assessed Value Required to pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections (Excluding TIRZ 3): Based Upon the 2023 Assessed Value (\$6,274,904,664).....		\$ 0.20
Tax Rate per \$100 of Assessed Value Required to pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024) at 95% Tax Collections (Excluding TIRZ 3): Based Upon the 2023 Assessed Value (\$6,274,904,664).....		\$ 0.28
Number of Single-Family Homes within the District (including 166 in various stages of construction) as of January 1, 2024	12,842	

-
- (a) Represents the assessed value of all taxable property within the District as of January 1, 2023, as provided by the Appraisal District. Such amount includes \$60,324,637 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board (herein defined). Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."
- (b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the debt service fund.

- (d) In addition to the District's tax rate, property owners within the District may be subject to additional property taxes of other overlapping jurisdictions, including: the County; the City; the Sienna Districts; FBISD; FBCMUD131; and certain County drainage districts. See "TAX DATA – Estimated Overlapping Taxes" "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments" and "INVESTMENT CONSIDERATIONS – District Tax Levy and Overlapping District Taxes and Functions."
- (e) See "DISTRICT DEBT – Debt Service Requirement Schedule."
- (f) The District has agreed to contribute 100% of its tax revenues on incremental value that lies within TIRZ 3 to the City for the life of TIRZ 3 or 30 years, whichever is less. The calculation assumes the collection of 95% of taxes levied at the District's total tax rate for the 2023 tax year of \$0.4125 per \$100 of assessed value. See "INVESTMENT CONSIDERATIONS – Tax Increment Reinvestment Zone."

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt	Estimated Overlapping Debt	
	as of November 30, 2023	Percent	Amount
The County	\$ 953,817,725	5.60%	\$ 53,367,441
FBCDD	23,615,000	5.60%	1,321,292
FBISD	1,548,150,000	12.58%	194,766,886
The City (a)	175,555,000	3.40%	5,968,870
FBCMUD131	17,950,000	100.00%	17,950,000
SMD	49,820,000	100.00%	49,820,000
SMUD3	23,695,000	100.00%	23,695,000
SMUD4	87,065,000	100.00%	87,065,000
SMUD5	76,685,000	100.00%	76,685,000
SMUD6	54,400,000	100.00%	54,400,000
SMUD10	52,800,000	100.00%	52,800,000
SMUD12	58,515,000	100.00%	58,515,000
The Master District	23,185,000	100.00%	<u>23,185,000</u>
Total Estimated Overlapping Debt			\$ 699,539,489
The District (b).....			<u>\$ 206,090,000</u>
Total Direct and Estimated Overlapping Debt (b).....			<u>\$ 905,629,489</u>

(a) In late 2023, SMUD2 was annexed by the City.

(b) Includes the Bonds.

Debt Ratios

	Percent of the 2023 Assessed Value
Direct Debt (a)	3.28%
Direct and Estimated Overlapping Debt (a)	14.43%

(a) Includes the Bonds.

Debt Service Requirement Schedule

The following schedule sets forth the total debt service requirements for the Outstanding Bonds, plus the principal and interest requirements for the Bonds. Totals may not sum due to rounding.

Year Ending 12/31	Outstanding Debt Service (a)	The Bonds		Total New Debt Service	Total Debt Service
		Principal	Interest		
2024	\$ 14,191,239	\$ 1,265,000	\$ 856,597	\$ 2,121,597	\$ 16,312,835
2025	13,539,764	870,000	1,543,963	2,413,963	15,953,726
2026	12,878,876	910,000	1,489,588	2,399,588	15,278,464
2027	12,403,326	950,000	1,432,713	2,382,713	14,786,039
2028	11,862,356	995,000	1,373,338	2,368,338	14,230,694
2029	11,269,906	1,040,000	1,311,150	2,351,150	13,621,056
2030	10,762,844	1,085,000	1,246,150	2,331,150	13,093,994
2031	9,847,700	1,135,000	1,191,900	2,326,900	12,174,600
2032	8,802,381	1,185,000	1,146,500	2,331,500	11,133,881
2033	8,797,813	1,240,000	1,099,100	2,339,100	11,136,913
2034	8,790,025	1,295,000	1,049,500	2,344,500	11,134,525
2035	8,784,881	1,355,000	997,700	2,352,700	11,137,581
2036	8,788,019	1,415,000	943,500	2,358,500	11,146,519
2037	8,798,031	1,480,000	886,900	2,366,900	11,164,931
2038	8,801,256	1,545,000	827,700	2,372,700	11,173,956
2039	8,808,319	1,615,000	765,900	2,380,900	11,189,219
2040	8,815,438	1,685,000	701,300	2,386,300	11,201,738
2041	8,827,613	1,765,000	633,900	2,398,900	11,226,513
2042	8,848,275	1,845,000	563,300	2,408,300	11,256,575
2043	8,870,550	1,925,000	489,500	2,414,500	11,285,050
2044	8,890,963	2,010,000	412,500	2,422,500	11,313,463
2045	8,919,138	2,100,000	337,125	2,437,125	11,356,263
2046	1,841,800	2,195,000	258,375	2,453,375	4,295,175
2047	1,856,400	2,295,000	176,063	2,471,063	4,327,463
2048	-	2,400,000	90,000	2,490,000	2,490,000
Total	\$ 223,996,911	\$ 37,600,000	\$ 21,824,259	\$ 59,424,259	\$ 283,421,170

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

Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024-2048)	\$ 11,336,847
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024)	\$ 16,312,835

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds, the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-wide Appraisal District

Title I of the Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values are 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, must be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, manufactured homes, and certain categories of intangible personal property with a tax situs within the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, 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 of full value of the veteran's residential 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, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse of a deceased veteran who had received a disability rating of 100%, 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.

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 also applies, under certain conditions, 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, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption in the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

For the 2023 tax year, the District granted an exemption of \$25,000 from ad valorem taxation on residence homesteads for persons 65 years of age or older and certain disabled persons.

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 value of residential homesteads from ad valorem taxation. The District is authorized by statute to disregard previously granted residential homestead exemptions if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District does not grant a residential homestead exemption at this time.

Freeport Goods and Goods-in Transit Exemptions: 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 not later than 175 days after the person acquired or imported the property into Texas.

A "Goods-in-Transit" Exemption is applicable to goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory, if such property is acquired in or imported into Texas only if such property is to be forwarded to another location in or outside of Texas and is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property, and is transported to another location in the state or outside of the state not later than 175 days after the date the person acquired the property in or imported the property into Texas.

A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Increment Reinvestment Zones

A city may create a tax increment reinvestment zone ("TIRZ") within the city or county with defined boundaries and establish a base value of taxable property in the TIRZ at the time of its creation. Overlapping taxing units, including municipal utility districts, may agree with the city or county to contribute all or part of future ad

valorem taxes levied and collected against the “incremental value” (taxable value in excess of the base value) of taxable real property in the TIRZ to pay or finance the costs of certain public improvements in the TIRZ, and such taxes levied and collected for and on behalf of the TIRZ are not available for general use by such contributing taxing units. The District participates in a TIRZ. See “TAX DATA – City of Missouri City Tax Increment Reinvestment Zone No. 3.”

Tax Abatement

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

Valuation of Property for Taxation

Generally, property within the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under 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 District can collect taxes based on the new use, including taxes and a 5% annual interest for the previous three (3) years for agricultural use, 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 reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the

property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – at least 15%, but less than 30% (minimal damage), Level II – at least 30%, but less than 60% (nonstructural damage), Level III – at least 60%, but less than 100% (significant structural damage), or Level IV – 100% (total loss). The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage (Level I – 15%, Level II – 30%, Level III – 60%, and Level IV – 100%), which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year.

Property owners are entitled to the exemption if the Governor (herein defined) declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration. The exemption expires on January 1 of the first tax 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. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed, except set forth herein with respect to residential homesteads. 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% of the amount of the delinquent tax regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at

a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid.

The Property Tax Code makes provisions for the split payment of taxes and discounts for early payment under certain circumstances which, at the option of the District, may be rejected by taxing units. The Property Tax Code also provides for the postponement of the delinquency date of taxes in certain circumstances. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 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 continues to accrue during the period of deferral.

Certain qualified taxpayers, including 1) owners of residential homesteads or certain properties used for residential purposes, located in a disaster or emergency area and which has been damaged by the disaster or emergency, and 2) certain qualified business entities that own or lease real and/or tangible property, located in a disaster or emergency area and which has been damaged by the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District on taxes imposed on the property prior to the first anniversary of the disaster or emergency if the business entity pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments before the first day of the sixth month after the delinquency date.

Additionally, certain qualified business entities that own or lease real and/or tangible property located in a disaster or emergency area and which has not been damaged by the disaster or emergency, may be permitted by a taxing jurisdiction such as the District, at the taxing jurisdiction's discretion, to enter into a tax payment installment agreement on taxes imposed on the property prior to the first anniversary of the disaster or emergency under the same terms as set forth in the paragraph directly above.

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than ten (10) days, or (3) the person returns to non-active-duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate 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.

Low Tax Rate Districts

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

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates from the previous three (3) tax years, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates from the previous three (3) tax years. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President (herein defined), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts

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

The District

For the 2023 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property that was used as the residence homestead of the owner, certain land designated for agricultural use, or a mineral interest sold at a tax sale to a purchaser other than a taxing unit within two (2) years of the date on which the purchaser's deed at the foreclosure sale is filed in the county records. For all other real property, a taxpayer may redeem the property not later than the 180th day following the date on which the purchaser's or taxing unit's deed is filed for record. See "INVESTMENT CONSIDERATIONS – General," "INVESTMENT CONSIDERATIONS – Tax Collection Limitations," and "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy."

The District's ability to attach or foreclose a tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2023 tax year, the District levied a debt service tax rate of \$0.2750 per \$100 of assessed value and a maintenance and operations tax rate of \$0.1375 per \$100 of assessed value, for a total tax rate of \$0.4125 per \$100 of assessed value. See "TAX DATA – Tax Rate Distribution."

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance and Operations:	\$1.5000 per \$100 assessed value.

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance and operations tax is authorized by vote of the District's electors. On November 3, 2009, the Board was authorized by a vote of the District's electors to levy such maintenance and operations tax in an amount not to exceed \$1.5000 per \$100 of assessed value. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. For the 2023 tax year, the District levied a maintenance and operation tax rate of \$0.1375.

City of Missouri City Tax Increment Reinvestment Zone No. 3

By law, the City may designate a portion of land inside of its corporate limits as a TIRZ. In a TIRZ, the base assessed value of a TIRZ is established in the year in which the TIRZ is created. Any incremental growth in the assessed value over the based value is considered the "tax increment." When a city designates a TIRZ, each taxing jurisdiction within the TIRZ may or may not agree to contribute all or a portion of its tax collections on the tax increment ("TIRZ Revenues") to the city for use in financing projects within the TIRZ. The city is required to develop a TIRZ project plan and limit the use of TIRZ revenues to financing those projects contained within the latest approved project plan.

In December 2007, the City designated approximately 582 acres as "Missouri City Tax Increment Reinvestment Zone No. 3" ("TIRZ 3"), of which approximately 500 acres lie within the northern portion of the District. The purpose of TIRZ 3 is to fund certain infrastructure costs for new commercial, retail, office, multi-family, and town center facilities within its boundaries. TIRZ 3 will collect ad valorem tax revenue from the City; the County; FBCDD; and the District on the incremental increase in assessed value within its boundaries from January 1, 2007, to January 1, 2037. The District has agreed to contribute 100% of its TIRZ Revenues from TIRZ 3 to the City for the life of TIRZ 3 or 30 years, whichever is less. The District's participation in TIRZ 3 has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of TIRZ 3. For the 2023 tax year, the District's tax increment (above the base assessed value as of January 1, 2007) on the area that lies within TIRZ 3 equaled approximately \$283,223,669 and will generate approximately \$739,922 in revenues, assuming the collection of 95% of taxes levied at the District's total tax rate for the 2023 tax year of \$0.4125 per \$100 of assessed value, which revenues will be contributed to TIRZ 3. After TIRZ 3 is dissolved or after 30 years, the District will collect and retain all of the incremental tax revenue on all of the land within the District previously attributable to TIRZ 3. See "TAXING PROCEDURES – Tax Increment Reinvestment Zones" and "INVESTMENT CONSIDERATIONS – Tax Increment Reinvestment Zone Risk Factors."

Exemptions

For the 2023 tax year, the District granted an exemption of \$25,000 from ad valorem taxation on residence homesteads for persons 65 years of age or older and certain disabled persons. The District has never adopted a general residential homestead exemption. See "TAXING PROCEDURES."

Portions of the land owned by SJD and related parties are undeveloped. Accordingly, the owners of such land could be entitled to have such land valued on the basis of its agricultural productivity (qualified open-space land), which would be a small fraction of its fair market value. SJD has not previously claimed an agricultural value on its property within the District, and has waived, on behalf of itself and its successors, and assigns any right to claim such value in future years. The waiver is binding for a period of 25 years. The District also has similar agricultural waivers from SJD and its related entities, Toll Brothers, Elan Development L.P., Reese/Racca Interest, Ltd., Crossing at Sienna Ranch, Ltd., Sienna 325 LP and RH of Texas, Limited Partnership.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed value that would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2023 assessed value of \$6,274,904,664. The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirement on the Outstanding Bonds	
and the Bonds (2024-2048)	\$ 11,336,847
Tax Rate of \$0.20 on the 2023 Assessed Value Produces.....	\$ 11,922,319
Maximum Annual Debt Service Requirement on the Outstanding Bonds	
and the Bonds (2024)	\$ 16,312,835
Tax Rate of \$0.28 on the 2023 Assessed Value Produces.....	\$ 16,691,246

Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed value 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. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions. The following chart includes the 2023 taxes per \$100 of assessed value levied by all such taxing jurisdictions.

	SMD	SMUD3	SMUD4	SMUD6	SMUD10 (a)	SMUD12 (a)	FBCMUD131
The District (b)	\$ 0.412500	\$ 0.412500	\$ 0.412500	\$ 0.412500	\$ 0.412500	\$ 0.412500	\$ 0.412500
The County (c)	0.438900	0.438900	0.438900	0.438900	0.438900	0.438900	0.438900
FBISD	0.989200	0.989200	0.989200	0.989200	0.989200	0.989200	0.989200
SMD	1.000000	-	-	-	-	-	-
SMUD3	-	0.432500	-	-	-	-	-
SMUD4	-	-	0.980000	-	-	-	-
SMUD6	-	-	-	1.050000	-	-	-
SMUD10	-	-	-	-	0.630000	-	-
SMUD12	-	-	-	-	-	0.585000	-
FBCMUD131	-	-	-	-	-	-	0.860000
The City (d)	0.570825	-	-	-	-	-	-
FBCESD7 (e)	-	-	0.100000	0.100000	-	-	-
Total	\$ 3.411425	\$ 2.273100	\$ 2.920600	\$ 2.990600	\$ 2.470600	\$ 2.425600	\$ 2.700600

- (a) Approximately 1,709 acres of the District are within the corporate limits of the City (post SMUD2 annexation by the City) and are subject to taxation by the City. Small portions of SMUD10 and SMUD12 are within the corporate limits of the City. The City currently levies a tax rate of \$0.570825 per \$100 of assessed value, in addition to the tax rates levied by the other jurisdictions. For acreage within the City that is also within SMUD10 and SMUD12 the total tax rate is \$3.041425 and \$2.996425 (per \$100 of assessed value), respectively.
- (b) For the 2023 tax year, the District levied a debt service tax rate of \$0.2750 per \$100 of assessed value and a maintenance and operations tax of \$0.1375 per \$100 of assessed value, for a total tax rate of \$0.4125 per \$100 of assessed value. See "TAX DATA – Tax Rate Distribution."
- (c) Includes \$0.012400 for FBCDD (2023 tax year).
- (d) In late 2023, SMUD2 was annexed by the City.
- (e) Fort Bend County Emergency Service District No. 7.

Assessed Value Summary

The following represents the type of property comprising the District's 2019-2023 tax rolls, as certified by the Appraisal District.

Type of Property	2023 Assessed Value (a)	2022 Assessed Value	2021 Assessed Value	2020 Assessed Value	2019 Assessed Value
Land	\$ 1,114,316,641	\$ 1,084,845,539	\$ 1,014,540,019	\$ 979,670,409	\$ 909,127,140
Improvements	5,532,985,394	4,670,548,723	3,752,147,165	3,429,543,199	3,056,560,205
Personal Property	70,418,501	65,218,870	61,289,890	55,707,880	50,407,007
Exemptions	<u>(503,140,509)</u>	<u>(435,854,164)</u>	<u>(364,604,059)</u>	<u>(369,612,181)</u>	<u>(256,821,825)</u>
Total	<u>\$ 6,214,580,027</u>	<u>\$ 5,384,758,968</u>	<u>\$ 4,463,373,015</u>	<u>\$ 4,095,309,307</u>	<u>\$ 3,759,272,527</u>

(a) Such amounts do not include \$60,324,637 of assessed valuation assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount of assessed valuation that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax.

Historical Collections

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

Tax Year	Assessed Value	Tax Rate (a)	Adjusted Levy	Percent Collected Current Year	Fiscal Year Ending 09/30	Percent Collected as of 12/01/2023
2018	\$ 3,522,330,613	0.4500	\$ 15,850,488	99.45%	2019	99.85%
2019	3,759,272,527	0.4500	16,916,726	99.43%	2020	99.84%
2020	4,095,309,307	0.4500	18,428,892	99.51%	2021	99.84%
2021	4,463,373,015	0.4500	20,085,179	99.49%	2022	99.81%
2022	5,384,758,968	0.4325	23,289,083	99.53%	2023	99.57%

(a) Total tax rate per \$100 of assessed value.

Tax collections for the 2023 tax year have recently commenced and are in process.

Tax Rate Distribution

The following represents the components of the tax rate for the District's 2019-2023 tax years.

	2023	2022	2021	2020	2019
Debt Service	\$ 0.2750	\$ 0.3150	\$ 0.3150	\$ 0.3400	\$ 0.3100
Maintenance and Operations	<u>0.1375</u>	<u>0.1175</u>	<u>0.1350</u>	<u>0.1100</u>	<u>0.1400</u>
Total	<u>\$ 0.4125</u>	<u>\$ 0.4325</u>	<u>\$ 0.4500</u>	<u>\$ 0.4500</u>	<u>\$ 0.4500</u>

[Remainder of Page Intentionally Left Blank]

Principal Taxpayers

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

Taxpayer	Type of Property	Assessed Value 2023 Tax Roll
ROYAL SIENNA SPE LLC	Land, Improvements, and Personal Property	\$ 50,749,582
RANCH@SIENNA EQUITY PARTNERS PROPERTY LLC	Land and Improvements	43,536,324
ORION RAVELLA PROPERTY DE LLC	Land and Improvements	42,183,505
ELYSIAN AT SIENNA PLANTATION LP	Land and Improvements	33,195,472
SIR SIENNA GRAND LLC	Land and Improvements	31,739,384
TOLL-GTIS PROPERTY OWNER LLC (a)	Land and Improvements	26,565,058
VILLAS OF ELYSIAN AT SIENNA PLANTATION LP	Land and Improvements	25,864,320
CENTERPOINT ENERGY ELECTRIC	Personal Property	20,020,970
SIENNA CYPRESS LLC	Land and Improvements	17,821,129
EIGHTY SEVEN TWENTY SIENNA LTD	Land and Improvements	17,534,522
Total		<u>\$ 309,210,266</u>

Percent of Respective Tax Roll

4.93%

(a) See "DEVELOPERS AND PRINCIPAL LANDOWNERS."

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of Texas; the County; the City; or any entity other than the District. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligations to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "THE BONDS – Source of Payment" and "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy."

Possible Flooding Events

The District is subject to the following flood risks:

Overtopping, Levee Failure and Excessive Rainfall: The District's levee and drainage system have been designed and constructed to meet all current regulatory standards. See "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 within the District: (1) an overtopping of the levee, (2) a failure (or breach) of the levee system or pumping facilities, 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 the District's levee, ranges from 58.72 feet above mean sea level to 66.40 feet above mean sea level. According to the

Engineer, overtopping of the District'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 within the County.

In addition to the risk of overtopping, a portion of the District 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, the District performs weekly inspections of the levee to observe any visible deterioration of the levee that is in need of repair. Further, flooding within the District 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, the District 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 the District. See "THE FLOOD PROTECTION SYSTEM – 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. The District 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.

The District 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 the District. The length of time of this river event, coupled with infiltration through the broken gates, caused several of the pumps to fail. However, the District immediately mitigated the flood risk by bringing in temporary drainage pumps, which allowed the District 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 the District. Further, it should be noted the District 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 "THE FLOOD PROTECTION SYSTEM – Extreme Weather Events" for a description of the four (4) 100-year flood events experienced by the District since 2015.

Not every structure within the District is equally protected by the Flood Protection System. While all structures within the District have been built to the design standards in effect at the time of their construction, structures with foundational slabs at a lower elevation within the District may be at greater risk of structural flooding as compared to structures with foundational slabs at a higher elevation, and some areas within the District 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. The District can make a prediction regarding the effect that any such future

changing conditions would have on the Flood Protection System or its ability to mitigate future flooding events. See “THE FLOOD PROTECTION SYSTEM.”

Hurricane Harvey

On August 26, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast, severely impacting the entire region. Hurricane Harvey created a significant amount of rainfall over several days, well in excess of the 100-year threshold across most of the Houston metropolitan area. In addition, a tornado touched down within the District, resulting in the damage of approximately 64 homes. Additionally, the County Judge called for a mandatory evacuation of the District due to the rise of the Brazos River and the risk of a breach or overtopping of the Flood Protection System. According to Engineer, the District experienced significant street flooding, resulting in the damage of approximately 67 homes. All flooding was due to the rainfall amounts in the municipal utility districts within the District’s boundaries exceeding the design capacity of the Flood Protection System. No flooding occurred due to a breach or overtopping of the Flood Protection System. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

The District cannot predict the effect that additional extreme weather events may have upon the District. Additional extreme weather events have the potential to cause damage within the District that could have a negative effect on its assessed values, which could cause tax rates to rise. See “INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments – *Maximum Impact on District Tax Rates.*”

Potential Impact of Natural Disaster

The District is 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 within the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the assessed value of the District and an increase in the District’s tax rates. See “TAXING PROCEDURES – Property Tax Code and County-wide Appraisal District” and “TAXING PROCEDURES – Valuation of Property for Taxation.”

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

Potential Effects of Oil Price Volatility on the Houston Area

The recent volatility in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three (3) decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the Houston metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values within the District. Although,

as described under "DEVELOPMENT WITHIN THE DISTRICT" and "DEVELOPERS AND PRINCIPAL LANDOWNERS," a significant amount of development and home construction has been completed within the District with a significant amount of development activity and home construction on-going, the District cannot predict the pace or magnitude of any future development or construction within the District.

Location and Access: The District is in an outlying area of the Houston metropolitan area, approximately 22 miles from the central business district of Houston and is adjacent to Texas State Highway 6, a major traffic corridor in the eastern part of the County. The District is also approximately one mile from a major toll road facility (the Fort Bend Parkway Toll Road) and eight (8) and six (6) miles, respectively, from two major highways (U.S. Highway 59 and Texas State Highway 288). See "THE DISTRICT."

Permits: Continued development within the District will be dependent upon the District and other overlapping and nearby municipal utility districts obtaining various permits and other governmental approvals. In addition, the District's compliance with existing permits is subject to review by the issuing agency. In the event there should be a delay in obtaining such permits, development within the District could be delayed and/or restricted to areas which can be developed without obtaining such permits. See "THE FLOOD PROTECTION SYSTEM."

Developers' Obligations to the District: There is no commitment by or legal requirement of the developers or landowner within the District to proceed at any particular rate or according to any specified plan with the development of land within the District, or of any homebuilder to proceed at any particular pace with the construction of homes within the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity within the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values within the District and may result in higher tax rates. See "DEVELOPMENT WITHIN THE DISTRICT" and "DEVELOPERS AND PRINCIPAL LANDOWNERS."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 assessed value of all taxable property within the District (see "TAX DATA") is \$6,274,904,664. The 2023 incremental value (above the base assessed value as of January 1, 2007) for TIRZ 3 is approximately \$283,223,669. The District does not retain taxes levied on TIRZ 3 incremental value. See "INVESTMENT CONSIDERATIONS – Tax Increment Reinvestment Zone Risk Factors." After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be \$16,312,835 (2024) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be \$11,336,847 (2024-2048, both inclusive). Assuming no increase to nor decrease from the 2023 assessed value, excluding the 2023 TIRZ 3 incremental value, tax rates of \$0.28 and \$0.20 per \$100 of assessed value at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement on the Outstanding Bonds and the Bonds and the average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively.

The District can make no representation that the taxable property values within the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2023 tax year, the District levied a debt service tax rate of \$0.2750 per \$100 of assessed value and a maintenance and operations tax rate of \$0.1375 per \$100 of assessed value, for a total tax rate of \$0.4125 per \$100 of assessed value.

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

Unless offset by decreases in the tax rate levied by the overlapping municipal utility districts, increases in the District's tax rate to substantially higher levels than the total rate of \$0.4125 per \$100 of assessed value, which the District levied for the 2023 tax year, may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property within the District to pay, ad valorem taxes levied by the District. In addition,

the collection by the District of delinquent taxes owed to it and the enforcement by the registered owners of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

District Tax Levy and Overlapping District Taxes and Functions

The District is financing a portion of the levee and drainage system to serve the land within the District and will finance the acquisition and/or construction of additional flood protection and outfall drainage facilities with the proceeds of the sale of bonds to be issued by the District in the future, as described under "THE FLOOD PROTECTION SYSTEM." For the 2023 tax year, the District levied a debt service tax rate of \$0.2750 per \$100 of assessed value and a maintenance and operations tax rate of \$0.1375 per \$100 of assessed value, for a total tax rate of \$0.4125 per \$100 of assessed value.

As illustrated under "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement," the district overlaps the Sienna Districts. Some of the Sienna Districts have to date issued bonds to finance the acquisition or construction of water, sewer, and drainage facilities to serve development which has occurred within their boundaries. As development within the Sienna Districts proceeds, additional municipal utility district bonds are expected to be sold by such districts to finance future development. The active Sienna Districts levy separate taxes on the land within their boundaries to pay debt service on the unlimited tax bonds which such district has issued. Such tax is in addition to the tax levied by the District, and such municipal utility district tax varies in amount as a function of several variables, including the amount of indebtedness issued by such municipal utility district, the extent of development therein, the level of the assessed value of the property within the boundaries of such underlying municipal utility district, and other factors.

The District is within other taxing entities, including the County and FBISD. The total (2023) tax rates for property owners within the Sienna range from \$2.273100 per \$100 of assessed value to \$3.411425 per \$100 of assessed value. A portion of the higher total (2023) tax rates comprise the City tax rate of \$0.570825 per \$100 of assessed value.

The District and the Sienna Districts anticipate that the composite of the District's tax rate, when added to the tax rates of any of the Sienna Districts, will not exceed \$1.4625 per \$100 of assessed value. However, the tax rate that may be required to service debt on any bonds issued by the Sienna Districts, or the District, is subject to numerous uncertainties such as the growth of taxable values therein, 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 covered by the Sienna Districts, including the District, will be competitive with the tax rates of competing development projects in proximity to Sienna.

Investors should consider the total tax burden of all overlapping jurisdictions imposed upon property within the District as contrasted with property within comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and the underlying municipal utility districts, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, and the tax rates of the Sienna Districts, will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, sales of new homes or commercial property may be comparatively lower, which would restrict the growth of property tax values within the District.

The District cannot guarantee whether any of the land development projects which are planned for or are underway within the District will be successful or whether the assessed value of the land within the District will increase sufficiently to justify continued payment of the District tax by property owners. Increases in the District's tax rate so that the combined tax rate between the District and an underlying municipal utility district rises above \$1.4625 per \$100 of assessed value would have an adverse impact upon future development within the District, on home sales within the District, and the ability of the District to collect, and the willingness of owners of property within the District to pay, ad valorem taxes levied by the District.

Tax Increment Reinvestment Zone Risk Factors

The District participates in a TIRZ. The District's participation in a TIRZ has the effect of reducing the tax revenues that are available to the District to finance District facilities during the life of the TIRZ. See "TAXING PROCEDURES – Tax Increment Reinvestment Zones" and "TAX DATA – City of Missouri City Tax Increment Reinvestment Zone No. 3."

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy

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

Future Debt

The District has the right to issue the remaining authorized and unissued bonds (see "THE BONDS – Issuance of Additional Debt") and such additional bonds as may hereafter be approved by both the Board and voters of the District. All of the remaining authorized and unissued bonds may be issued by the District from time to time as needed. The issuance of any additional unlimited tax bonds for the purpose of providing the Flood Protection System, or for the purpose of constructing and maintaining the Park Facilities, require additional commission authorization. Under current Texas law, the District is prohibited from issuing park bonds if the issuance of

such bonds (including any outstanding park bonds) would exceed 3% of the District's then current assessed value.

Pursuant to Acts 2003, 78th Regular Session, Chapter 98, General and Special Laws of Texas, the District also has the authority to finance and construct major thoroughfares that serve the District. The District would require voter authorization to finance such facilities. The District currently has no bonds authorized for major thoroughfares. In addition, pursuant to Chapter 986, Acts of the 78th Legislature of the State of Texas, Regular Session 2003, as amended by House Bill 2938 of the 85th Legislature of the State of Texas, Regular Session 2017, the District may develop and finance additional park and recreational facilities, subject to certain limitations.

Based on present engineering cost estimates and on development plans provided by the Developers, in the opinion of the Engineer, following the issuance of the Bonds, the District will have adequate authorized and unissued bonds to repay the Developers the remaining amounts owed for the existing financed facilities, and to finance the extension of the facilities to serve the remaining undeveloped land within the District. Subject to the District's legal limitations on voted bond authority, the District will be required to issue additional debt to finance the internal drainage improvements within the District. See "DEVELOPMENT WITHIN THE DISTRICT" and "THE FLOOD PROTECTION SYSTEM."

The District is in the process of submitting a bond application to the TCEQ for the purpose of constructing and maintaining the Park Facilities. The par amount of such bonds is yet to be determined, with funding anticipated in the second half of 2024.

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by the Developers will be continued or completed. The respective competitive positions of the Developer and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values within the District.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one (1) or more districts, although no consolidation is presently contemplated by the District.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. 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.

Marketability

The District has no understanding with the initial purchaser of the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds, and the District has no control 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 price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold' and traded in the secondary market.

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 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 "RATINGS."

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

Neither the District or the Initial Purchaser has made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal 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.

Environmental Regulation

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the 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 District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) 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 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), 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. It has a five (5)-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

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 District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

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.

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing under "THE BONDS (except for information under the subheading "Use and Distribution of Bond Proceeds"), "THE DISTRICT – Authority," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. 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 District or the Developers 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.

The fees to be paid to Bond Counsel for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President or the Vice President and the Secretary or the Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching the Bonds; restraining or enjoining the issuance, execution, or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure, and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations, and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008) and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial

interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual, and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

NOT Qualified Tax-Exempt Obligations

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included under "DISTRICT DEBT" (except under the subheading "Estimated

Overlapping Debt Statement"), "TAX DATA" and "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2024. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six (6) month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten (10) business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described under "CONTINUING DISCLOSURE – Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

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

During the last five (5) years, the District has no known failures to comply 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 District's records, the Engineer, the Developers, 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 District's financial statements for the fiscal year ended September 30, 2022, were audited by the Auditor and are attached hereto as "APPENDIX B." The Auditor has consented to the publication of such financial statements herein.

Experts

The information contained herein relating to engineering and to the description of the Flood Protection System, and, in particular, that engineering information discussed under "THE BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT - Description," and "THE FLOOD PROTECTION SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the Engineer's authority as an expert in the field of civil engineering.

The information contained herein relating to assessed values of property generally and, in particular, that information concerning collection rates and values contained in the sections captioned "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.

Updating of Official Statement

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

Certification as to Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained 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.

[Remainder of Page Intentionally Left Blank]

This Official Statement was approved by the Board of Directors of Sienna Parks & Levee Improvement District of Fort Bend County, Texas, as of the date shown on the cover hereof.

/s/ Temika Jones
President, Board of Directors
Sienna Parks & Levee Improvement District
of Fort Bend County, Texas

ATTEST:

/s/ Stanton Nowak
Secretary / Treasurer, Board of Directors
Sienna Parks & Levee Improvement District
of Fort Bend County, Texas

APPENDIX A

AERIAL PHOTOGRAPH OF THE DISTRICT



APPENDIX B

FINANCIAL STATEMENTS OF THE DISTRICT

EXHIBIT B

**SIENNA PARKS & LEVEE
IMPROVEMENT DISTRICT
OF
FORT BEND COUNTY, TEXAS**

FINANCIAL REPORT

September 30, 2022

EXHIBIT B

EXHIBIT B

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		18
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		19
Notes to Financial Statements		21
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		40
Notes to Required Supplementary Information		41
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	44
General Fund Expenditures	TSI-2	46
Investments	TSI-3	47
Taxes Levied and Receivable	TSI-4	48
Long-Term Debt Service Requirements by Years	TSI-5	49
Change in Long-Term Bonded Debt	TSI-6	66
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	70
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	72
Board Members, Key Personnel and Consultants	TSI-8	74

EXHIBIT B

EXHIBIT B

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sienna Parks & Levee Improvement District of Fort Bend County, Texas (the "District"), as of and for the year ended September 30, 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 Parks & Levee Improvement District of Fort Bend County, Texas, as of September 30, 2022, and the respective changes in financial position thereof for the year 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.

EXHIBIT B

Board of Directors

Sienna Parks & Levee Improvement District of Fort Bend County, Texas

Fort Bend County, Texas

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

EXHIBIT B

Board of Directors

***Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Fort Bend County, Texas***

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.

McGuath & Co, P.C.

Houston, Texas
February 1, 2023

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Management's Discussion and Analysis

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas Management's Discussion and Analysis September 30, 2022

Using this Annual Report

Within this section of the financial report of Sienna Parks & Levee Improvement District of Fort Bend County, Texas (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2022. 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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at September 30, 2022, was \$27,500,379. A comparative summary of the District's overall financial position, as of September 30, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	\$ 57,225,013	\$ 50,344,817
Capital assets	151,431,453	127,915,544
Total assets	<u>208,656,466</u>	<u>178,260,361</u>
Total deferred outflows of resources	<u>1,466,872</u>	<u>1,727,442</u>
Current liabilities	12,835,266	13,232,726
Long-term liabilities	169,787,693	145,158,148
Total liabilities	<u>182,622,959</u>	<u>158,390,874</u>
Net position		
Net investment in capital assets	19,439,906	18,289,329
Restricted	4,801,707	4,279,833
Unrestricted	3,258,766	(972,233)
Total net position	<u>\$ 27,500,379</u>	<u>\$ 21,596,929</u>

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022

The total net position of the District increased during the current fiscal year by \$5,903,450. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Property taxes, penalties and interest	\$ 20,207,934	\$ 18,564,697
User fees	214,895	241,599
Federal awards	132,852	218,105
Other	57,515	55,909
Investment earnings	511,570	46,940
Total revenues	<u>21,124,766</u>	<u>19,127,250</u>
Expenses		
General operating and administrative	4,834,975	4,759,990
Debt interest and fees	5,260,986	4,987,567
Developer interest		19,187
Debt issuance costs	1,979,509	2,534,324
TIRZ payments	1,042,868	982,046
Depreciation and amortization	2,102,978	1,746,675
Total expenses	<u>15,221,316</u>	<u>15,029,789</u>
Change in net position before other item	5,903,450	4,097,461
Other items		
Transfers to other governments		(2,509,744)
Insurance proceeds		86,870
Change in net position	5,903,450	1,674,587
Net position, beginning of year	21,596,929	19,922,342
Net position, end of year	<u>\$ 27,500,379</u>	<u>\$ 21,596,929</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2022, were \$53,140,029, which consists of \$8,703,722 in the General Fund, \$4,904,176 in the Debt Service Fund and \$39,532,131 in the Capital Projects Fund.

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022*

General Fund

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

	2022	2021
Total assets	<u>\$ 9,208,536</u>	<u>\$ 7,321,994</u>
Total liabilities	\$ 402,627	\$ 333,837
Total deferred inflows	102,187	105,972
Total fund balance	<u>8,703,722</u>	<u>6,882,185</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 9,208,536</u>	<u>\$ 7,321,994</u>

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

	2022	2021
Total revenues	\$ 6,496,638	\$ 5,014,176
Total expenditures	<u>(4,675,101)</u>	<u>(4,084,073)</u>
Revenues over expenditures	1,821,537	930,103
Other changes in fund balance		86,870
Net change in fund balance	<u>\$ 1,821,537</u>	<u>\$ 1,016,973</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is 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 increased from prior year.

During the current year, the District received \$132,852 in federal awards from the Federal Emergency Management Agency for the reimbursement of disaster recovery costs incurred in previous fiscal years.

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022*

Debt Service Fund

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

	2022	2021
Total assets	\$ 5,240,546	\$ 4,658,018
Total liabilities	\$ 3,774	\$ 4,029
Total deferred inflows	332,596	370,340
Total fund balance	4,904,176	4,283,649
Total liabilities, deferred inflows and fund balance	\$ 5,240,546	\$ 4,658,018

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

	2022	2021
Total revenues	\$ 14,296,728	\$ 13,996,835
Total expenditures	(13,676,201)	(13,005,334)
Revenues over expenditures	620,527	991,501
Other changes in fund balance		211,273
Net change in fund balance	\$ 620,527	\$ 1,202,774

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. During the prior fiscal year, financial resources included 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 September 30, 2022 **and 2021** is as follows:

	2022	2021
Total assets	\$ 42,775,931	\$ 38,364,805
Total liabilities	\$ 3,243,800	\$ 5,040,704
Total fund balance	39,532,131	33,324,101
Total liabilities and fund balance	\$ 42,775,931	\$ 38,364,805

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022*

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

	2022	2021
Total revenues	\$ 372,929	\$ 38,996
Total expenditures	<u>(27,664,899)</u>	<u>(22,368,536)</u>
Revenues under expenditures	(27,291,970)	(22,329,540)
Other changes in fund balance	33,500,000	37,688,727
Net change in fund balance	<u>\$ 6,208,030</u>	<u>\$ 15,359,187</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Levee Improvement Bonds in the current year and proceeds of its Series 2020 Unlimited Tax Levee Improvement Bonds and proceeds from the issuance of bonds in previous fiscal years.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$1,333,923 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022*

Capital Assets

Capital assets held by the District at September 30, 2022 **and 2021** are summarized as follows:

	<u>2022</u>	<u>2021</u>
Capital assets not being depreciated		
Land and improvements	\$ 69,710,192	\$ 65,053,924
Construction in progress	27,595,449	22,794,735
	<u>97,305,641</u>	<u>87,848,659</u>
Capital assets being depreciated/amortized		
Infrastructure	52,137,419	35,975,514
Recreational facilities & equipment	14,994,010	14,994,010
Flood control equipment	480,000	480,000
Impact fees	3,300,165	3,300,165
	<u>70,911,594</u>	<u>54,749,689</u>
Less accumulated depreciation/amortization		
Infrastructure	(8,826,800)	(7,633,837)
Recreational facilities & equipment	(6,063,645)	(5,309,115)
Flood control equipment	(432,000)	(384,000)
Impact fees	(1,463,337)	(1,355,852)
	<u>(16,785,782)</u>	<u>(14,682,804)</u>
Depreciable capital assets, net	<u>54,125,812</u>	<u>40,066,885</u>
Capital assets, net	<u>\$ 151,431,453</u>	<u>\$ 127,915,544</u>

Construction in progress consists of engineering fees and construction costs related to the construction of the various capital improvement projects in the District.

Capital asset additions during the current year include the following:

- Deepening of Channel 3
- Regional Storage Pond, Phase 2
- Sienna South Levee Storm Water Pump Station No. 4 – Phase 1.

Long-Term Debt and Related Liabilities

As of September 30, 2022, the District owes approximately \$383,309 to developers for completed projects. 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. The District intends to reimburse the developers 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 developers are reimbursed.

EXHIBIT B

***Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022***

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

Series	2022	2021
2012 Park	\$ -	\$ 85,000
2014 Levee Refunding	9,535,000	11,370,000
2015 Park	2,985,000	3,115,000
2015 Refunding	9,615,000	10,485,000
2015A Park	13,880,000	14,415,000
2015 Levee	2,645,000	2,750,000
2016 Refunding	8,040,000	9,380,000
2017 Levee	12,135,000	12,135,000
2017 Refunding	4,345,000	4,860,000
2018 Park	3,825,000	4,385,000
2018 Levee	3,440,000	3,545,000
2019 Levee	26,900,000	27,685,000
2019 Levee Refunding	7,360,000	7,975,000
2019 Park Refunding	1,135,000	1,135,000
2020 Levee	37,900,000	37,900,000
2022 Levee	33,500,000	
	<u>\$ 177,240,000</u>	<u>\$ 151,220,000</u>

During the current year, the District issued \$33,500,000 in unlimited tax bonds. At September 30, 2022, the District had \$37,600,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the flood protection and drainage systems within the District and the refunding of such bonds; \$19,595,000 for parks and recreational facilities and the refunding of such bonds; and \$38,572,509 for refunding purposes.

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 the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2022 Actual	2023 Budget
Total revenues	\$ 6,496,638	\$ 4,728,400
Total expenditures	(4,675,101)	(5,063,535)
Revenues over/(under) expenditures	1,821,537	(335,135)
Beginning fund balance	6,882,185	8,703,722
Ending fund balance	<u>\$ 8,703,722</u>	<u>\$ 8,368,587</u>

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Management's Discussion and Analysis
September 30, 2022*

Property Taxes

The District's property tax base increased approximately \$949,310,000 for the 2022 tax year from \$4,468,987,349 to \$5,418,297,788. 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 \$0.1175 per \$100 of assessed value and a debt service tax rate of \$0.315 per \$100 of assessed value, for a total combined tax rate of \$0.4325 per \$100 of assessed value. Tax rates for the 2021 tax year were \$0.135 per \$100 for maintenance and operations and \$0.315 per \$100 for debt service for a combined total of \$0.45 per \$100 of assessed value.

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Basic Financial Statements

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 449,713	\$ 148,601	\$ 551,139	\$ 1,149,453	\$ -	\$ 1,149,453
Investments	7,703,287	4,761,539	43,030,754	55,495,580		55,495,580
Taxes receivable, net	102,187	332,596		434,783		434,783
Other receivables	960			960		960
Internal balances	808,152	(2,190)	(805,962)			
Prepaid expenses	144,237			144,237		144,237
Capital assets not being depreciated					97,305,641	97,305,641
Capital assets, net					54,125,812	54,125,812
Total Assets	\$ 9,208,536	\$ 5,240,546	\$ 42,775,931	\$ 57,225,013	151,431,453	208,656,466
Deferred Outflows of Resources						
Deferred difference on refunding					1,466,872	1,466,872
Liabilities						
Accounts payable	\$ 357,650	\$ -	\$ 1,302,509	\$ 1,660,159		1,660,159
Other payables	29,977	3,774		33,751		33,751
Retainage payable			1,941,291	1,941,291		1,941,291
Customer deposits	15,000			15,000		15,000
Accrued interest payable					435,065	435,065
Due to developers					383,309	383,309
Long-term debt						
Due within one year					8,750,000	8,750,000
Due after one year					169,404,384	169,404,384
Total Liabilities	402,627	3,774	3,243,800	3,650,201	178,972,758	182,622,959
Deferred Inflows of Resources						
Deferred property taxes	102,187	332,596		434,783	(434,783)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	144,237			144,237	(144,237)	
Restricted		4,904,176	39,532,131	44,436,307	(44,436,307)	
Assigned	2,449,756			2,449,756	(2,449,756)	
Unassigned	6,109,729			6,109,729	(6,109,729)	
Total Fund Balances	8,703,722	4,904,176	39,532,131	53,140,029	(53,140,029)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,208,536	\$ 5,240,546	\$ 42,775,931	\$ 57,225,013		
Net Position						
Net investment in capital assets					19,439,906	19,439,906
Restricted for debt service					4,801,707	4,801,707
Unrestricted					3,258,766	3,258,766
Total Net Position					\$ 27,500,379	\$ 27,500,379

See notes to basic financial statements.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 6,032,154	\$ 14,070,580	\$ -	\$ 20,102,734	\$ (14,314)	\$ 20,088,420
Penalties and interest		146,729		146,729	(27,215)	119,514
User charges	214,895			214,895		214,895
Federal awards	132,852			132,852		132,852
Miscellaneous	57,515			57,515		57,515
Investment earnings	59,222	79,419	372,929	511,570		511,570
Total Revenues	6,496,638	14,296,728	372,929	21,166,295	(41,529)	21,124,766
Expenditures/Expenses						
Operating and administrative						
Professional fees	327,362		66,503	393,865		393,865
Contracted services	886,415	378,546		1,264,961		1,264,961
Repairs and maintenance	2,619,557			2,619,557		2,619,557
Utilities	151,999			151,999		151,999
Administrative	255,889	27,685		283,574		283,574
Payroll	76,672			76,672		76,672
Other	44,347			44,347		44,347
Capital outlay			25,618,887	25,618,887	(25,618,887)	
Debt service						
Principal		7,480,000		7,480,000	(7,480,000)	
Interest and fees		5,059,962		5,059,962	201,024	5,260,986
Debt issuance costs			1,979,509	1,979,509		1,979,509
Intergovernmental						
TIRZ payments	312,860	730,008		1,042,868		1,042,868
Depreciation and amortization					2,102,978	2,102,978
Total Expenditures/Expenses	4,675,101	13,676,201	27,664,899	46,016,201	(30,794,885)	15,221,316
Revenues Over (Under)						
Expenditures	1,821,537	620,527	(27,291,970)	(24,849,906)	24,849,906	
Other Financing Sources						
Proceeds from sale of bonds			33,500,000	33,500,000	(33,500,000)	
Net Change in Fund Balances	1,821,537	620,527	6,208,030	8,650,094	(8,650,094)	
Change in Net Position					5,903,450	5,903,450
Fund Balance/Net Position						
Beginning of the year	6,882,185	4,283,649	33,324,101	44,489,935	(22,893,006)	21,596,929
End of the year	\$ 8,703,722	\$ 4,904,176	\$ 39,532,131	\$ 53,140,029	\$ (25,639,650)	\$ 27,500,379

See notes to basic financial statements.

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas Notes to Financial Statements September 30, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Sienna Parks & Levee Improvement District of Fort Bend County, Texas (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 Levee Improvement District of Fort Bend County, Texas, pursuant to an order of the Commissioners Court of Fort Bend County, Texas dated April 13, 1978, and operates in accordance with the Texas Water Code, Chapters 49 and 57. On June 15, 2021, the District obtained approval from the TCEQ to change the District’s name to Sienna Parks & Levee Improvement District of Fort Bend County, Texas. The Board of Directors held its first meeting on November 2, 1978, and the first bonds were issued on July 11, 1983. The District is subject to the continuing supervision of the Commissioners Court of Fort Bend County, Texas and the Texas Commission of Environmental Quality (“TCEQ”).

The District’s primary activities include construction, maintenance and operation of drainage facilities, a flood control levee system, and recreational facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has one employee with related payroll costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by a five-member Board of Directors appointed by the Fort Bend County Commissioners Court. 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 governments. Since the District does not have an elected governing body, it is not a primary government. A component unit is a legally separate government for which the elected officials of a primary government are financially accountable. The criteria used to determine financial accountability is whether the primary government appoints a voting majority of the component unit’s governing body and (1) is able to impose its will on the component unit or (2) the component unit creates a financial benefit/burden for the primary government. While the County appoints the Directors of the District, it has no further financial accountability for the District. Under these criteria, the District is not a component unit of the County or any other governmental entity. An other stand-alone government is an entity that does not have a separately elected governing body and is not a component unit of another government. For financial reporting purposes, the District is a stand-alone government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

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 and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes. Expenditures include costs associated with the daily operations of the District. The District also maintains a special projects fund and a parks operation fund for accounting control of expenditures related to certain capital improvements and recreational facilities, respectively. These funds are not considered funds for financial reporting purposes and are consolidated with the General Fund.
- 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 drainage and recreational facilities and levee system.

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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas *Notes to Financial Statements* *September 30, 2022*

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 park and user fees. 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.

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 September 30, 2022, an allowance of \$2,770 was provided for possible uncollectible property taxes.

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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

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 recreational facilities, impact fees, and drainage facilities, are depreciated or amortized using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20-45 years
Recreational facilities and equipment	7-45 years
Flood control equipment	10 years
Impact fees	20-45 years

The District’s detention facilities, drainage channels and levee system are considered improvements to land and are non-depreciable.

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.

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District’s nonspendable fund balance consists of prepaid items.

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; however, as previously noted, the General Fund includes a special projects fund and a parks operations fund. Fund balances in these funds in the amount of \$2,449,756 are reported as assigned.

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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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 developers; and the value of capital assets for which the developers have 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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

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		\$ 53,140,029
--	--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost		\$ 168,217,235
Less accumulated depreciation/amortization		<u>(16,785,782)</u>
Change due to capital assets		151,431,453

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

1,466,872

Amounts due to the District's developers for prefunded construction are recorded as a liability in the *Statement of Net Position*.

(383,309)

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		(178,154,384)
Interest payable on bonds		<u>(435,065)</u>
Change due to long-term debt		(178,589,449)

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.

434,783

Total net position - governmental activities

\$ 27,500,379

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

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		\$ 8,650,094
--	--	--------------

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.

		(41,529)
--	--	----------

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	\$ 25,618,887		
Depreciation/amortization expense	<u>(2,102,978)</u>		23,515,909

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	(33,500,000)		
Principal payments	7,480,000		
Interest expense accrual	<u>(201,024)</u>		(26,221,024)

Change in net position of governmental activities		<u><u>\$ 5,903,450</u></u>
---	--	----------------------------

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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 3 – 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 September 30, 2022, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
TexPool	General	\$ 7,703,287			
	Debt Service	4,761,539			
	Capital Projects	4,937,678			
		<u>17,402,504</u>	31%	AAAm	25 days
Texas CLASS	Capital Projects	<u>38,093,076</u>	<u>69%</u>	AAAm	31 days
Total		<u>\$ 55,495,580</u>	<u>100%</u>		

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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 3 – Deposits and Investments (continued)

TexPool (continued)

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.

Texas CLASS

The District also 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 administrator 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. 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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2022, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 17,017	Maintenance tax collections not remitted as of year end
Debt Service Fund	General Fund	14,827	Proceeds from the sale of refunding bonds in excess of bond application fees paid by the General Fund
General Fund	Capital Projects Fund	805,962	Bond application fees and capital outlay paid by the General Fund

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2022, is as follows:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Ending Balances</u>
Capital assets not being depreciated				
Land and improvements	\$ 65,053,924	\$ 4,656,268	\$ -	\$ 69,710,192
Construction in progress	22,794,735	17,517,373	(12,716,659)	27,595,449
	<u>87,848,659</u>	<u>22,173,641</u>	<u>(12,716,659)</u>	<u>97,305,641</u>
Capital assets being depreciated/amortized				
Infrastructure	35,975,514	16,161,905		52,137,419
Recreational facilities & equipment	14,994,010			14,994,010
Flood control equipment	480,000			480,000
Impact fees	3,300,165			3,300,165
	<u>54,749,689</u>	<u>16,161,905</u>		<u>70,911,594</u>
Less accumulated depreciation/amortization				
Infrastructure	(7,633,837)	(1,192,963)		(8,826,800)
Recreational facilities & equipment	(5,309,115)	(754,530)		(6,063,645)
Flood control equipment	(384,000)	(48,000)		(432,000)
Impact fees	(1,355,852)	(107,485)		(1,463,337)
	<u>(14,682,804)</u>	<u>(2,102,978)</u>		<u>(16,785,782)</u>
Subtotal depreciable capital assets, net	<u>40,066,885</u>	<u>14,058,927</u>		<u>54,125,812</u>
Capital assets, net	<u>\$ 127,915,544</u>	<u>\$ 36,232,568</u>	<u>\$ (12,716,659)</u>	<u>\$ 151,431,453</u>

Depreciation/amortization expense for the current year was \$2,102,978.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 5 – Capital Assets (continued)

The District has contractual commitments for construction projects as follows:

	<u>Contract Amount</u>	<u>Percentage Completed</u>
Sienna South Levee Storm Water Pump Station No. 4, Phase 2	\$ 9,253,740	65%
Sienna South Atlas 14 Outfall Structure No. 6	7,696,208	85%
Sienna South Atlas 14 Brazos River Outfall Channel for Outfall Structure No. 6	6,843,025	80%
Pump station conversion at The Woods, Acreage Estates outfall	3,093,450	16%
Atlas 14 Channel 3-4 pipeline culvert addition	1,329,050	0%
Expanding working area and improving access to north pump stations	2,898,730	0%
Expanding working area and improving access to south pump stations	1,488,605	0%
Atlas 14 Southern Colony culvert expansion	2,041,000	75%
Lighting at all pump stations and major outfalls and electrical package for all sluice gates	1,541,700	0%
North Pump Station No. 1 and South Pump Station No. 2 pump retrofit	2,526,669	0%
	<u><u>\$ 38,712,177</u></u>	

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of flood control, drainage and park and recreational facilities. 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 amount due to developers at September 30, 2022 is approximately \$383,309. There was no change in this liability from the prior year.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately \$678,120, 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 Oaks Lake, Phase 1A	\$ 678,120	3%

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 177,240,000
Unamortized discounts	(625,097)
Unamortized premium	1,539,481
	<u>\$ 178,154,384</u>
Due within one year	<u>\$ 8,750,000</u>

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 7 – Long-Term Debt (continued)

The District's bonds payable at September 30, 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
2014 Levee Refunding	\$ 9,535,000	\$ 20,855,000	2.00% - 5.00%	September 1, 2015/2030	March 1/ September 1	September 1, 2022
2015 Park	2,985,000	3,930,000	2.00% - 3.50%	September 1, 2015/2038	March 1/ September 1	September 1, 2022
2015 Refunding	9,615,000	14,015,000	2.00% - 4.00%	September 1, 2015/2031	March 1/ September 1	September 1, 2023
2015A Park	13,880,000	17,160,000	2.50% - 5.00%	September 1, 2016/2039	March 1/ September 1	September 1, 2023
2015 Levee	2,645,000	3,280,000	3.00% - 3.75%	September 1, 2016/2039	March 1/ September 1	September 1, 2023
2016 Refunding	8,040,000	11,145,000	2.00% - 4.00%	September 1, 2016/2031	March 1/ September 1	September 1, 2024
2017 Levee	12,135,000	12,135,000	3.00% - 5.00%	September 1, 2029/2041	March 1/ September 1	September 1, 2024
2017 Refunding	4,345,000	7,805,000	2.00% - 3.00%	September 1, 2018/2029	March 1/ September 1	September 1, 2025
2018 Park	3,825,000	6,465,000	2.00% - 3.00%	September 1, 2018/2028	March 1/ September 1	September 1, 2023
2018 Levee	3,440,000	3,870,000	3.00% - 5.00%	September 1, 2019/2043	March 1/ September 1	September 1, 2023
2019 Levee	26,900,000	30,000,000	3.00% - 4.00%	September 1, 2019/2043	March 1/ September 1	September 1, 2024
2019 Levee Refunding	7,360,000	9,485,000	2.00% - 4.00%	September 1, 2019/2035	March 1/ September 1	September 1, 2024
2019 Park Refunding	1,135,000	1,145,000	2.00% - 4.00%	September 1, 2019/2032	March 1/ September 1	September 1, 2024
2020 Levee	37,900,000	37,900,000	2.00% - 3.00%	September 1, 2032/2045	March 1/ September 1	September 1, 2025
2022 Levee	33,500,000	33,500,000	2.00% - 4.50%	September 1, 2023/2047	March 1/ September 1	April 1, 2027
	<u>\$ 177,240,000</u>					

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 7 – Long-Term Debt (continued)

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 September 30, 2022, the District had authorized but unissued bonds in the amount of \$37,600,000 for construction and maintenance of a flood protection levee system and drainage facilities within the District and the refunding of such bonds; \$19,595,000 for park and recreational facilities and the refunding of such bonds; and \$38,572,509 for refunding purposes.

On April 5, 2022, the District issued its \$33,500,000 Series 2022 Unlimited Tax Levee Improvement Bonds at a net effective interest rate of 2.955543%. Proceeds of the bonds will be used to finance improvements to the District's flood protection system and related costs.

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

Bonds payable, beginning of year	\$ 151,220,000
Bonds issued	33,500,000
Bonds retired	(7,480,000)
Bonds payable, end of year	<u>\$ 177,240,000</u>

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 7 – Long-Term Debt (continued)

As of September 30, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	\$ 8,750,000	\$ 5,400,808	\$ 14,150,808
2024	9,100,000	5,091,238	14,191,238
2025	8,775,000	4,764,763	13,539,763
2026	8,415,000	4,463,876	12,878,876
2027	8,220,000	4,183,326	12,403,326
2028	7,920,000	3,942,356	11,862,356
2029	7,585,000	3,684,906	11,269,906
2030	7,355,000	3,407,843	10,762,843
2031	6,695,000	3,152,699	9,847,699
2032	5,880,000	2,922,383	8,802,383
2033	6,065,000	2,732,813	8,797,813
2034	6,255,000	2,535,027	8,790,027
2035	6,450,000	2,334,882	8,784,882
2036	6,650,000	2,138,019	8,788,019
2037	6,855,000	1,943,031	8,798,031
2038	7,060,000	1,741,257	8,801,257
2039	7,270,000	1,538,320	8,808,320
2040	7,485,000	1,330,436	8,815,436
2041	7,705,000	1,122,614	8,827,614
2042	7,940,000	908,275	8,848,275
2043	8,170,000	700,550	8,870,550
2044	8,410,000	480,962	8,890,962
2045	8,640,000	279,137	8,919,137
2046	1,770,000	71,800	1,841,800
2047	1,820,000	36,400	1,856,400
	<u>\$ 177,240,000</u>	<u>\$ 60,907,721</u>	<u>\$ 238,147,721</u>

Note 8 – Property Taxes

On November 3, 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.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 8 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$0.45 per \$100 of assessed value, of which \$0.135 was allocated to maintenance and operations and \$0.315 was allocated to debt service. The resulting tax levy was \$20,110,443 on the adjusted taxable value of \$4,468,987,349.

Net property taxes receivable, at September 30, 2022, consisted of the following:

Current year taxes receivable	\$	101,828
Prior years taxes receivable		227,448
Less allowance for uncollectible accounts		(2,770)
		<u>326,506</u>
Penalty and interest receivable		108,277
Net property taxes receivable	\$	<u>434,783</u>

Note 9 – Reinvestment Zone Development Plan Agreement

A portion of the District lies within the boundaries of the City of Missouri City Tax Increment Reinvestment Zone No. 3 (the "Zone"), which was established by the City of Missouri City, Texas (the "City") in December of 2007. Under state law, a city may establish a tax increment reinvestment zone (a "TIRZ") to promote private economic development of an area by investing in public infrastructure in that area. The base taxable assessed value of land within the TIRZ is established when the TIRZ is created. Any incremental growth in the taxable assessed value over the base is considered a "tax increment." Taxing jurisdictions within the Zone have the option of contributing all or portions of tax collections attributed to the tax increment to the City for use in financing the public infrastructure improvements.

The City has entered into separate tax participation agreements with the District and Fort Bend County, Texas which obligates these entities to contribute all or a portion of property taxes collected on the tax increment ("TIRZ Revenues") to the City. The District pays 100% of the TIRZ Revenues collected. For the fiscal year ended September 30, 2022, the TIRZ Revenues collected and paid to the City on behalf of the District were \$1,042,868.

Note 10 – Recreational Facilities Agreement

On October 22, 2014, the District entered into a Recreational Facilities Reimbursement Agreement with Sienna Plantation Municipal Utility District No. 1 (the "Master District") and Sienna Plantation Management District ("SP MD") which established the terms and conditions under which certain recreational facilities would be financed. Sienna Plantation Municipal Utility District No. 10 ("SP MUD 10"), Sienna Plantation Municipal Utility District No. 12 ("SP MUD 12") and SP MD entered into similar agreements with the Master District and are collectively referred to as the Sienna North Districts in the agreements.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Financial Statements
September 30, 2022

Note 10 – Recreational Facilities Agreement (continued)

Pursuant to the agreements, the Sienna North Districts agreed to collectively expend \$3,326,958 to construct a walking trail that would otherwise be constructed by the District to serve the Sienna North Districts. Each of the Sienna North Districts will pay an equal one-third share of the cost of the trail. Upon substantial completion of any portion of the trail, the District will assume ownership and responsibility for maintenance of the trail and will invoice the Sienna North Districts for maintenance costs on a quarterly basis. Each of the Sienna North Districts is responsible for an equal one-third portion of the maintenance of the entire trail, regardless of whether the individual district has constructed its portion of the trail.

Note 11 – 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.

EXHIBIT B

Required Supplementary Information

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 4,926,000	\$ 6,032,154	\$ 1,106,154
User charges	200,000	214,895	14,895
Federal awards		132,852	132,852
Miscellaneous	51,000	57,515	6,515
Investment earnings	5,400	59,222	53,822
Total Revenues	<u>5,182,400</u>	<u>6,496,638</u>	<u>1,314,238</u>
Expenditures			
Operating and administrative			
Professional fees	395,200	327,362	67,838
Contracted services	1,010,590	886,415	124,175
Repairs and maintenance	2,701,837	2,619,557	82,280
Utilities	226,000	151,999	74,001
Administrative	276,447	255,889	20,558
Payroll		76,672	(76,672)
Other	84,712	44,347	40,365
Intergovernmental			
TIRZ payments		312,860	(312,860)
Total Expenditures	<u>4,694,786</u>	<u>4,675,101</u>	<u>19,685</u>
Revenues Over Expenditures	487,614	1,821,537	1,333,923
Fund Balance			
Beginning of the year	6,882,185	6,882,185	
End of the year	<u>\$ 7,369,799</u>	<u>\$ 8,703,722</u>	<u>\$ 1,333,923</u>

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
Notes to Required Supplementary Information
September 30, 2022

Budgets and Budgetary Accounting

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

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Texas Supplementary Information

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-1. Services and Rates
September 30, 2022

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

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

2. Retail Service Providers - N/A

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:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

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

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"	_____	_____	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.

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
 TSI-1. Services and Rates
 September 30, 2022*

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

Gallons pumped into system: N/A

Gallons billed to customers: 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: City of Missouri City

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? Commissioners Court of Fort Bend County

See accompanying auditors' report.

EXHIBIT B

*Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-2 General Fund Expenditures
For the Year Ended September 30, 2022*

Professional fees	
Legal	\$ 201,958
Audit	32,500
Audit - agreed-upon procedures	19,250
Engineering	73,654
	<u>327,362</u>
Contracted services	
Bookkeeping	59,501
Operator	541,785
Environmental consulting	42,000
Park operations	185,097
Security	58,032
	<u>886,415</u>
Repairs and maintenance	<u>2,619,557</u>
Utilities	<u>151,999</u>
Administrative	
Directors fees	13,950
Printing and office supplies	37,391
Insurance	146,531
Other	58,017
	<u>255,889</u>
Payroll	<u>76,672</u>
Other	<u>44,347</u>
Intergovernmental	
TIRZ payments	<u>312,860</u>
Total expenditures	<u>\$ 4,675,101</u>
Number of persons employed by the District:	<u>1 Full time</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-3. Investments
September 30, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	\$ 5,576,600
TexPool	Variable	N/A	2,018,541
TexPool	Variable	N/A	108,146
			<u>7,703,287</u>
Debt Service			
TexPool	Variable	N/A	<u>4,761,539</u>
Capital Projects			
TexPool	Variable	N/A	170,875
TexPool	Variable	N/A	3,748,173
TexPool	Variable	N/A	1,018,630
Texas CLASS	Variable	N/A	8,739,767
Texas CLASS	Variable	N/A	29,353,309
			<u>43,030,754</u>
Total - All Funds			<u><u>\$ 55,495,580</u></u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-4. Taxes Levied and Receivable
September 30, 2022

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 105,972	\$ 234,847	\$ 340,819	
Adjustments to Prior Year Tax Levy	(5,612)	(16,410)	(22,022)	
Adjusted Receivable	100,360	218,437	318,797	
2021 Original Tax Levy	6,041,983	14,097,960	20,139,943	
Adjustments	(8,850)	(20,650)	(29,500)	
Adjusted Tax Levy	6,033,133	14,077,310	20,110,443	
Total to be accounted for	6,133,493	14,295,747	20,429,240	
Tax collections:				
Current year	6,002,585	14,006,030	20,008,615	
Prior years	28,721	65,398	94,119	
Total Collections	6,031,306	14,071,428	20,102,734	
Taxes Receivable, End of Year	\$ 102,187	\$ 224,319	\$ 326,506	
Taxes Receivable, By Years				
2021	\$ 30,548	\$ 71,280	\$ 101,828	
2020	9,112	28,164	37,276	
2019	9,292	20,574	29,866	
2018 and prior	53,235	104,301	157,536	
Taxes Receivable, End of Year	\$ 102,187	\$ 224,319	\$ 326,506	
	2021	2020	2019	2018
Property Valuations:				
Land	\$ 1,015,421,739	\$ 980,851,619	\$ 912,178,130	\$ 866,642,537
Improvements	3,765,269,611	3,434,407,089	3,059,544,995	2,831,997,828
Personal Property	61,289,890	55,707,880	50,407,007	49,968,306
Exemptions	(372,993,891)	(373,372,574)	(262,349,579)	(226,260,558)
Total Property Valuations	\$ 4,468,987,349	\$ 4,097,594,014	\$ 3,759,780,553	\$ 3,522,348,113
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.135	\$ 0.11	\$ 0.14	\$ 0.17
Debt service tax rates	0.315	0.34	0.31	0.28
Total Tax Rates per \$100 Valuation	\$ 0.450	\$ 0.45	\$ 0.45	\$ 0.45
Adjusted Tax Levy:	\$ 20,110,443	\$ 18,439,173	\$ 16,919,012	\$ 15,850,567
Percentage of Taxes Collected to Taxes Levied **	99.49%	99.80%	99.82%	99.83%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on August 13, 1994

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

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2014 Levee Refunding--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 1,920,000	\$ 374,750	\$ 2,294,750
2024	2,010,000	297,950	2,307,950
2025	1,415,000	217,550	1,632,550
2026	750,000	175,100	925,100
2027	795,000	137,600	932,600
2028	840,000	105,800	945,800
2029	880,000	72,200	952,200
2030	925,000	37,000	962,000
	<u>\$ 9,535,000</u>	<u>\$ 1,417,950</u>	<u>\$ 10,952,950</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2015 Park--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 135,000	\$ 91,981	\$ 226,981
2024	140,000	89,112	229,112
2025	150,000	85,962	235,962
2026	155,000	82,400	237,400
2027	160,000	77,750	237,750
2028	165,000	72,950	237,950
2029	175,000	68,000	243,000
2030	180,000	62,750	242,750
2031	185,000	57,350	242,350
2032	195,000	51,569	246,569
2033	205,000	45,475	250,475
2034	210,000	38,813	248,813
2035	220,000	31,988	251,988
2036	230,000	24,563	254,563
2037	235,000	16,800	251,800
2038	245,000	8,575	253,575
	<u>\$ 2,985,000</u>	<u>\$ 906,038</u>	<u>\$ 3,891,038</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 915,000	\$ 356,450	\$ 1,271,450
2024	950,000	319,850	1,269,850
2025	995,000	281,850	1,276,850
2026	1,025,000	252,000	1,277,000
2027	1,060,000	221,250	1,281,250
2028	1,095,000	186,800	1,281,800
2029	1,140,000	143,000	1,283,000
2030	1,190,000	97,400	1,287,400
2031	1,245,000	49,800	1,294,800
	<u>\$ 9,615,000</u>	<u>\$ 1,908,400</u>	<u>\$ 11,523,400</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2015A Park--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 560,000	\$ 483,114	\$ 1,043,114
2024	585,000	455,114	1,040,114
2025	610,000	425,864	1,035,864
2026	640,000	395,364	1,035,364
2027	670,000	363,364	1,033,364
2028	700,000	342,594	1,042,594
2029	730,000	320,194	1,050,194
2030	765,000	296,469	1,061,469
2031	800,000	270,650	1,070,650
2032	835,000	243,650	1,078,650
2033	870,000	214,425	1,084,425
2034	910,000	183,975	1,093,975
2035	950,000	150,987	1,100,987
2036	995,000	116,550	1,111,550
2037	1,040,000	86,700	1,126,700
2038	1,085,000	55,500	1,140,500
2039	1,135,000	28,375	1,163,375
	<u>\$ 13,880,000</u>	<u>\$ 4,432,889</u>	<u>\$ 18,312,889</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2015 Levee--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 110,000	\$ 91,875	\$ 201,875
2024	110,000	88,575	198,575
2025	115,000	85,275	200,275
2026	120,000	81,825	201,825
2027	130,000	78,225	208,225
2028	135,000	74,325	209,325
2029	140,000	69,937	209,937
2030	145,000	65,387	210,387
2031	150,000	60,312	210,312
2032	160,000	55,063	215,063
2033	165,000	49,463	214,463
2034	175,000	43,688	218,688
2035	180,000	37,125	217,125
2036	190,000	30,375	220,375
2037	200,000	23,250	223,250
2038	205,000	15,750	220,750
2039	215,000	8,063	223,063
	<u>\$ 2,645,000</u>	<u>\$ 958,513</u>	<u>\$ 3,603,513</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 1,390,000	\$ 237,500	\$ 1,627,500
2024	1,015,000	201,200	1,216,200
2025	1,035,000	180,900	1,215,900
2026	1,085,000	149,850	1,234,850
2027	1,125,000	122,725	1,247,725
2028	550,000	94,600	644,600
2029	580,000	72,600	652,600
2030	615,000	49,400	664,400
2031	645,000	25,800	670,800
	<u>\$ 8,040,000</u>	<u>\$ 1,134,575</u>	<u>\$ 9,174,575</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2017 Levee--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ -	\$ 431,750	\$ 431,750
2024		431,750	431,750
2025		431,750	431,750
2026		431,750	431,750
2027		431,750	431,750
2028		431,750	431,750
2029	730,000	431,750	1,161,750
2030	760,000	395,250	1,155,250
2031	790,000	372,450	1,162,450
2032	820,000	347,763	1,167,763
2033	855,000	321,112	1,176,112
2034	885,000	286,913	1,171,913
2035	920,000	257,044	1,177,044
2036	960,000	225,993	1,185,993
2037	1,000,000	192,393	1,192,393
2038	1,040,000	157,394	1,197,394
2039	1,080,000	120,994	1,200,994
2040	1,125,000	83,193	1,208,193
2041	1,170,000	42,414	1,212,414
	<u>\$ 12,135,000</u>	<u>\$ 5,825,163</u>	<u>\$ 17,960,163</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2017 Refunding--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 530,000	\$ 105,875	\$ 635,875
2024	770,000	95,275	865,275
2025	790,000	79,875	869,875
2026	825,000	62,100	887,100
2027	570,000	41,475	611,475
2028	590,000	25,800	615,800
2029	270,000	8,100	278,100
	<u>\$ 4,345,000</u>	<u>\$ 418,500</u>	<u>\$ 4,763,500</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2018 Park--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 580,000	\$ 104,275	\$ 684,275
2024	600,000	91,225	691,225
2025	625,000	76,225	701,225
2026	650,000	60,600	710,600
2027	670,000	41,100	711,100
2028	700,000	21,000	721,000
	<u>\$ 3,825,000</u>	<u>\$ 394,425</u>	<u>\$ 4,219,425</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2018 Levee--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 110,000	\$ 135,337	\$ 245,337
2024	110,000	129,837	239,837
2025	115,000	125,437	240,437
2026	120,000	120,837	240,837
2027	125,000	117,237	242,237
2028	130,000	113,487	243,487
2029	135,000	109,425	244,425
2030	140,000	105,037	245,037
2031	150,000	100,137	250,137
2032	155,000	94,138	249,138
2033	160,000	87,938	247,938
2034	165,000	81,538	246,538
2035	175,000	74,938	249,938
2036	180,000	67,938	247,938
2037	185,000	60,738	245,738
2038	195,000	53,338	248,338
2039	200,000	45,538	245,538
2040	210,000	37,288	247,288
2041	220,000	28,625	248,625
2042	225,000	19,550	244,550
2043	235,000	9,988	244,988
	<u>\$ 3,440,000</u>	<u>\$ 1,718,326</u>	<u>\$ 5,158,326</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2019 Levee--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 820,000	\$ 854,607	\$ 1,674,607
2024	855,000	830,006	1,685,006
2025	890,000	795,806	1,685,806
2026	930,000	760,206	1,690,206
2027	965,000	723,006	1,688,006
2028	1,010,000	684,406	1,694,406
2029	1,050,000	654,106	1,704,106
2030	1,095,000	622,606	1,717,606
2031	1,140,000	589,756	1,729,756
2032	1,190,000	555,556	1,745,556
2033	1,240,000	519,856	1,759,856
2034	1,295,000	482,656	1,777,656
2035	1,350,000	443,806	1,793,806
2036	1,405,000	403,306	1,808,306
2037	1,465,000	361,156	1,826,156
2038	1,530,000	317,206	1,847,206
2039	1,595,000	271,306	1,866,306
2040	1,660,000	221,463	1,881,463
2041	1,730,000	171,663	1,901,663
2042	1,805,000	119,763	1,924,763
2043	1,880,000	61,100	1,941,100
	<u>\$ 26,900,000</u>	<u>\$ 10,443,342</u>	<u>\$ 37,343,342</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2019 Levee Refunding--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 640,000	\$ 254,950	\$ 894,950
2024	885,000	229,350	1,114,350
2025	930,000	193,950	1,123,950
2026	980,000	156,750	1,136,750
2027	780,000	117,550	897,550
2028	800,000	101,950	901,950
2029	520,000	83,950	603,950
2030	265,000	63,150	328,150
2031	280,000	52,550	332,550
2032	295,000	41,350	336,350
2033	315,000	29,550	344,550
2034	325,000	20,100	345,100
2035	345,000	10,350	355,350
	<u>\$ 7,360,000</u>	<u>\$ 1,355,500</u>	<u>\$ 8,715,500</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2019 Park Refunding--by Years
September 30, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 90,000	\$ 41,100	\$ 131,100
2024	95,000	37,500	132,500
2025	100,000	33,700	133,700
2026	105,000	29,700	134,700
2027	110,000	25,500	135,500
2028	120,000	23,300	143,300
2029	120,000	20,600	140,600
2030	125,000	15,800	140,800
2031	130,000	10,800	140,800
2032	140,000	5,600	145,600
	<u>\$ 1,135,000</u>	<u>\$ 243,600</u>	<u>\$ 1,378,600</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2020 Levee--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ -	\$ 845,094	\$ 845,094
2024		845,094	845,094
2025		845,094	845,094
2026		845,094	845,094
2027		845,094	845,094
2028		845,094	845,094
2029		845,094	845,094
2030		845,094	845,094
2031		845,094	845,094
2032	880,000	845,094	1,725,094
2033	1,010,000	818,694	1,828,694
2034	1,010,000	788,394	1,798,394
2035	995,000	758,094	1,753,094
2036	1,340,000	738,194	2,078,194
2037	1,340,000	711,394	2,051,394
2038	1,335,000	684,594	2,019,594
2039	1,580,000	657,894	2,237,894
2040	2,985,000	626,292	3,611,292
2041	3,040,000	562,862	3,602,862
2042	4,320,000	498,262	4,818,262
2043	4,420,000	406,462	4,826,462
2044	6,730,000	307,012	7,037,012
2045	6,915,000	155,587	7,070,587
	<u>\$ 37,900,000</u>	<u>\$ 16,164,675</u>	<u>\$ 54,064,675</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
Series 2022 Levee--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 950,000	\$ 992,150	\$ 1,942,150
2024	975,000	949,400	1,924,400
2025	1,005,000	905,525	1,910,525
2026	1,030,000	860,300	1,890,300
2027	1,060,000	839,700	1,899,700
2028	1,085,000	818,500	1,903,500
2029	1,115,000	785,950	1,900,950
2030	1,150,000	752,500	1,902,500
2031	1,180,000	718,000	1,898,000
2032	1,210,000	682,600	1,892,600
2033	1,245,000	646,300	1,891,300
2034	1,280,000	608,950	1,888,950
2035	1,315,000	570,550	1,885,550
2036	1,350,000	531,100	1,881,100
2037	1,390,000	490,600	1,880,600
2038	1,425,000	448,900	1,873,900
2039	1,465,000	406,150	1,871,150
2040	1,505,000	362,200	1,867,200
2041	1,545,000	317,050	1,862,050
2042	1,590,000	270,700	1,860,700
2043	1,635,000	223,000	1,858,000
2044	1,680,000	173,950	1,853,950
2045	1,725,000	123,550	1,848,550
2046	1,770,000	71,800	1,841,800
2047	1,820,000	36,400	1,856,400
	<u>\$ 33,500,000</u>	<u>\$ 13,585,825</u>	<u>\$ 47,085,825</u>

See accompanying auditors' report.

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 8,750,000	\$ 5,400,808	\$ 14,150,808
2024	9,100,000	5,091,238	14,191,238
2025	8,775,000	4,764,763	13,539,763
2026	8,415,000	4,463,876	12,878,876
2027	8,220,000	4,183,326	12,403,326
2028	7,920,000	3,942,356	11,862,356
2029	7,585,000	3,684,906	11,269,906
2030	7,355,000	3,407,843	10,762,843
2031	6,695,000	3,152,699	9,847,699
2032	5,880,000	2,922,383	8,802,383
2033	6,065,000	2,732,813	8,797,813
2034	6,255,000	2,535,027	8,790,027
2035	6,450,000	2,334,882	8,784,882
2036	6,650,000	2,138,019	8,788,019
2037	6,855,000	1,943,031	8,798,031
2038	7,060,000	1,741,257	8,801,257
2039	7,270,000	1,538,320	8,808,320
2040	7,485,000	1,330,436	8,815,436
2041	7,705,000	1,122,614	8,827,614
2042	7,940,000	908,275	8,848,275
2043	8,170,000	700,550	8,870,550
2044	8,410,000	480,962	8,890,962
2045	8,640,000	279,137	8,919,137
2046	1,770,000	71,800	1,841,800
2047	1,820,000	36,400	1,856,400
	<u>\$ 177,240,000</u>	<u>\$ 60,907,721</u>	<u>\$ 238,147,721</u>

See accompanying auditors' report.

EXHIBIT B

(This page intentionally left blank)

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-6. Change in Long-Term Bonded Debt
September 30, 2022

Page 1 of 4

	Bond Issue			
	Series 2012 Park	Series 2014 Levee Refunding	Series 2015 Park	Series 2015 Refunding
Interest rate	2.50 - 4.00%	2.00 - 5.00%	2.00 - 3.50%	2.00 - 4.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/13 - 9/1/22	9/1/15 - 9/1/30	9/1/15 - 9/1/38	9/1/15 - 9/1/31
Beginning bonds outstanding	\$ 85,000	\$ 11,370,000	\$ 3,115,000	\$ 10,485,000
Bonds issued				
Bonds retired	(85,000)	(1,835,000)	(130,000)	(870,000)
Ending bonds outstanding	\$ -	\$ 9,535,000	\$ 2,985,000	\$ 9,615,000
Interest paid during fiscal year	\$ 2,295	\$ 440,713	\$ 94,581	\$ 388,625
Paying agent's name and city All Series	Regions Bank, Houston, TX			
Bond Authority:	Levee			
	Improvement	Park Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 249,000,000	\$ 49,000,000	\$ 44,000,000	
Amount Issued	(211,400,000)	(29,405,000)	(5,427,491)	
Remaining To Be Issued	\$ 37,600,000	\$ 19,595,000	\$ 38,572,509	

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 September 30, 2022: \$ 4,910,140

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 9,525,909

See accompanying auditors' report.

EXHIBIT B

Bond Issue				
Series 2015A Park	Series 2015 Levee	Series 2016 Refunding	Series 2017 Levee	Series 2017 Refunding
2.50 - 5.00%	3.00 - 3.75%	2.00 - 4.00%	3.00 - 5.00%	2.00 - 3.00%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/16 - 9/1/39	9/1/16 - 9/1/39	9/1/16 - 9/1/31	9/1/29 - 9/1/41	9/1/18 - 9/1/29
\$ 14,415,000	\$ 2,750,000	\$ 9,380,000	\$ 12,135,000	\$ 4,860,000
(535,000)	(105,000)	(1,340,000)		(515,000)
\$ 13,880,000	\$ 2,645,000	\$ 8,040,000	\$ 12,135,000	\$ 4,345,000
\$ 509,863	\$ 95,025	\$ 264,300	\$ 431,750	\$ 116,175

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-6. Change in Long-Term Bonded Debt
September 30, 2022

Page 3 of 4

	Bond Issue			
	Series 2018 Park	Series 2018 Levee	Series 2019 Levee	Series 2019 Levee Refunding
Interest rate	2.00 - 3.00%	3.00 - 5.00%	3.00 - 4.00%	2.00 - 4.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/18 - 9/1/28	9/1/19 - 9/1/43	9/1/19 - 9/1/43	9/1/19 - 9/1/35
Beginning bonds outstanding	\$ 4,385,000	\$ 3,545,000	\$ 27,685,000	\$ 7,975,000
Bonds issued				
Bonds retired	(560,000)	(105,000)	(785,000)	(615,000)
Ending bonds outstanding	<u>\$ 3,825,000</u>	<u>\$ 3,440,000</u>	<u>\$ 26,900,000</u>	<u>\$ 7,360,000</u>
Interest paid during fiscal year	<u>\$ 116,875</u>	<u>\$ 140,587</u>	<u>\$ 878,157</u>	<u>\$ 279,550</u>

See accompanying auditors' report.

EXHIBIT B

Page 4 of 4

Bond Issue			
Series 2019 Park Refunding	Series 2020 Levee	Series 2022 Levee	Totals
2.00 - 4.00% 3/1; 9/1 9/1/19 - 9/1/32	2.00 - 3.00% 3/1; 9/1 9/1/32 - 9/1/45	2.00 - 4.50% 3/1; 9/1 9/1/23 - 9/1/47	
\$ 1,135,000	\$ 37,900,000	\$ -	\$ 151,220,000
		33,500,000	33,500,000
			(7,480,000)
<u>\$ 1,135,000</u>	<u>\$ 37,900,000</u>	<u>\$ 33,500,000</u>	<u>\$ 177,240,000</u>
<u>\$ 41,100</u>	<u>\$ 845,094</u>	<u>\$ 402,372</u>	<u>\$ 5,047,062</u>

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 6,032,154	\$ 4,495,572	\$ 5,278,248	\$ 5,962,537	\$ 5,227,240
User charges	214,895	241,599	231,948	127,797	111,840
Renewal and replacement					18,885
Federal awards	132,852	218,105	1,245,461	23,695	102,080
Fort Bend County - capital contribution					800,000
Miscellaneous	57,515	55,909	40,810	46,008	43,493
Investment earnings	59,222	2,991	61,562	176,415	114,052
Total Revenues	<u>6,496,638</u>	<u>5,014,176</u>	<u>6,858,029</u>	<u>6,336,452</u>	<u>6,417,590</u>
Expenditures					
Operating and administrative					
Professional fees	327,362	368,522	413,472	464,807	573,340
Contracted services	886,415	921,205	805,591	665,647	758,770
Repairs and maintenance	2,619,557	2,287,404	2,884,092	2,729,318	2,966,243
Utilities	151,999	21,937	198,996	264,582	214,730
Administrative	255,889	190,337	171,923	165,621	142,231
Payroll	76,672				
Other	44,347	54,612	62,862	108,347	45,166
Capital outlay			2,523,167	641,517	3,626,772
Intergovernmental					
TIRZ payments	312,860	240,056	246,020	240,562	206,191
Total Expenditures	<u>4,675,101</u>	<u>4,084,073</u>	<u>7,306,123</u>	<u>5,280,401</u>	<u>8,533,443</u>
Revenues Over/(Under) Expenditures	<u>\$ 1,821,537</u>	<u>\$ 930,103</u>	<u>\$ (448,094)</u>	<u>\$ 1,056,051</u>	<u>\$ (2,115,853)</u>

*Percentage is negligible

See accompanying auditors' report.

EXHIBIT B

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
93%	90%	77%	94%	81%
3%	5%	3%	2%	2%
				*
2%	4%	18%	*	2%
				12%
1%	1%	1%	1%	1%
1%	*	1%	3%	2%
100%	100%	100%	100%	100%
5%	7%	6%	7%	9%
14%	18%	12%	11%	12%
40%	46%	42%	43%	46%
2%	*	3%	4%	3%
4%	4%	3%	3%	2%
1%	1%	1%	2%	1%
		37%	10%	57%
5%	5%	4%	4%	3%
71%	81%	108%	84%	133%
29%	19%	(8%)	16%	(33%)

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 14,070,580	\$ 13,893,446	\$ 11,669,701	\$ 9,821,277	\$ 9,896,962
Penalties and interest	146,729	98,436	115,879	99,306	123,532
Miscellaneous			50		
Investment earnings	79,419	4,953	55,976	178,812	115,757
Total Revenues	<u>14,296,728</u>	<u>13,996,835</u>	<u>11,841,606</u>	<u>10,099,395</u>	<u>10,136,251</u>
Expenditures					
Tax collection services	406,231	300,485	343,066	335,761	322,371
Debt service					
Principal	7,480,000	7,215,000	6,910,000	6,930,000	5,600,000
Interest and fees	5,059,962	4,747,859	4,237,546	3,796,818	3,550,932
Debt issuance costs				369,882	
Intergovernmental					
TIRZ payments	730,008	741,990	544,757	396,221	392,429
Total Expenditures	<u>13,676,201</u>	<u>13,005,334</u>	<u>12,035,369</u>	<u>11,828,682</u>	<u>9,865,732</u>
Revenues Over/(Under) Expenditures	<u>\$ 620,527</u>	<u>\$ 991,501</u>	<u>\$ (193,763)</u>	<u>\$ (1,729,287)</u>	<u>\$ 270,519</u>

*Percentage is negligible

See accompanying auditors' report.

EXHIBIT B

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
98%	99%	99%	97%	98%
1%	1%	1%	1%	1%
		*		
1%	*	*	2%	1%
100%	100%	100%	100%	100%
3%	2%	3%	3%	3%
52%	52%	58%	69%	55%
35%	34%	36%	38%	35%
			4%	
5%	5%	5%	4%	4%
95%	93%	102%	118%	97%
5%	7%	(2%)	(18%)	3%

EXHIBIT B

Sienna Parks & Levee Improvement District of Fort Bend County, Texas
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2022

Complete District Mailing Address: 202 Century Square Boulevard Sugar Land, TX 77478
 District Business Telephone Number: (281) 500-6050
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): September 29, 2021
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Kendall Beckman	07/19 to 07/23	\$ 3,300	\$ 3,617	President
John P. Richardson	07/19 to 07/23	2,100	377	Vice President
Temika B. Jones	07/19 to 07/23	2,850	565	Secretary
Gregg Yarborough	11/19 to 07/23	2,550	199	Assistant Vice President
Stanton Nowak	11/19 to 07/23	3,150	282	Assitant Secretary
Employees				
Daniel McGraw	2022	93,456	3,744	General Manager
Consultants				
The Muller Law Group, PLLC	2014	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 231,966		
<i>Bond counsel</i>		561,250		
Levee Management Services, LLC	2012	1,505,814		Operator
McLennan & Associates	2001	72,066		Bookkeeper
Tax Tech, Inc.	1989	187,813		Tax Collector
Fort Bend Central Appraisal District	Legislation	187,780		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	1996	32,933		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc.	1997			Engineer
<i>Amounts paid directly by district</i>		2,441,542		
TBG Partners, Inc.	2010			Landscaping Architect
<i>Amounts paid directly by district</i>		14,424		
McGrath & Co., PLLC	2010	45,750		Auditor
Robert W. Baird & Co., Inc.	2015	566,741		Financial Advisor

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

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



BAM

**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

SPECIAL MEMBER

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)

SPECIMEN